

**CITY COUNCIL WORKSHOP**

**March 16, 2010**

**5:30 p.m.**

**AGENDA**



*"Where Dreams Can Soar"*

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

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

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*The City Council may act on items listed on this agenda, or by consensus give direction for future action. The council may also add and take action on other items not listed on this agenda.*

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**I. Call to Order:**

Mayor Neil Johnson @ The Greenwood Project (The Greenwood project is located on the north side of the new Main Street extension in Bonney Lake. Curbside parking is available along the south side of Main Street across from the project.)

**II. Roll Call:**

**Elected Officials:** Mayor Neil Johnson, Jr., Deputy Mayor Dan Swatman, Councilmember Laurie Carter, Councilmember Dan Decker, Councilmember Mark Hamilton, Councilmember Donn Lewis, Councilmember Randy McKibbin and Councilmember Jim Rackley.

**Expected Staff Members:** City Administrator Don Morrison, Chief Financial Officer Al Juarez, Public Works Director Dan Grigsby, Community Development Director John Vodopich, Police Chief Mike Mitchell, Community Services Director Gary Leaf, Administrative Services Director/City Clerk Harwood Edvalson and City Attorney Jim Dionne.

**III. Agenda Items:**

- A. **Council Site Visit: 5:00 p.m. - Greenwood Project** (The Greenwood project is located on the north side of the new Main Street extension in Bonney Lake. Curbside parking is available along the south side of Main Street across from the project.)
- B. *The items below will start at 6:00 p.m. in the Council Chambers at City Hall-19306 Bonney Lake Blvd.*
- C. **Presentation:** Sound Transit – Mayor Enslow of the City of Sumner and Rachel Smith of Sound Transit. (No advance materials for this item.)
- D. **Presentation and Discussion:** AB10-43 - Sewer O&M Rate Analysis - FCS Group.
- E. **Council Open Discussion**
- F. **Review of Draft Council Minutes:** March 2, 2010 Workshop and March 9, 2010 Meeting Draft Minutes.

**IV. Executive Session:**

Executive Session: Pursuant to RCW 42.30.110, the City Council may meet in executive session. The topic(s) and duration will be announced prior to the executive session.

**V. Adjournment:**

**For citizens with disabilities requesting translators or adaptive equipment for communication purposes, the City requests notification as soon as possible of the type of service or equipment needed.**

**THE COUNCIL MAY ADD AND TAKE ACTION ON OTHER ITEMS NOT LISTED ON THIS AGENDA.**



**City of Bonney Lake, Washington  
City Council Agenda Bill (C.A.B.) Approval Form**

<b><u>Department / Staff Contact:</u></b> PW / Director Dan Grigsby	<b><u>Workshop / Meeting Date:</u></b> 16 Mar 2010	<b><u>Agenda Bill Number:</u></b> AB10-43
<b><u>Ordinance Number:</u></b>	<b><u>Resolution Number:</u></b>	<b><u>Councilmember Sponsor:</u></b>

**Agenda Subject:** Presentation - Sewer O&M Monthly Rate Analysis

**Proposed Motion:**

**Administrative Recommendation:** Review and discuss the information provided by FCSG and provide staff with guidance on how to proceed with adjusting the Sewer O&M Rate in 2010 and 2011. From this guidance, an ordinance will be drafted and submitted to City Council for review and approval.

**Background Summary:** The last Sewer O&M Rate Analysis was prepared in 2004 by HDR/EES. Every five to six years, a new rate analysis is prepared to update the baseline that annual CPI adjustments are applied to. Normally this occurs in the year that the Comprehensive Sewer System Plan is updated, which occurred in 2009. While annual adjustments do reflect cost of living increases, they do not reflect cost increases/decreases since 2004 from other actions that impact this utility rate such as:

- o More staff added
- o More ER&R equipment added
- o Increase in sewer infrastructure that needs to be maintained with corresponding increase in resources to do so.
- o ER&R fund cost sharing change and resultant increase in 2007
- o Sanitary Sewer accounting and expenditures separated from Storm Water utility
- o Unfunded State/Federal Mandates such as copper removal at the WWTF
- o Need to fund projects to reduce Infiltration and Interception (I&I)
- o Flood preparation/prevention at WWTF site and other unforeseen O&M costs.
- o Incremental addition of infrastructure renewal costs to O&M rate rather than CIP being funded solely by SDC revenue...slowly build up amount over several years
- o Enterprise Fund requirement for sufficient fund balance to be maintained.

City Council limited the sewer monthly rate increase from 2005-2007 to 2% each year because the water O&M rate was increased by 20% each year during the same period. Instead, the sewer fund balance was drawn down by over \$550,000 to offset expenses that exceeded the 2% increase. At that time, the consultant (HDR/EES) indicated that a rate increase would be needed by 2008. Due to the recession, this increase has been delayed to 2011.

FCS Group Principal, Angie Sanchez Virnoche, will present the results of the Sewer O&M Rate analysis prepared in 2009. She will explain the basis for this rate and will provide recommendations on how this rate can be adjusted to ensure that the Sewer Enterprise Fund remains healthy in coming years. This is a separate discussion from the Sewer System Development Charge (SDC) Rate Analysis she prepared and presented last year.

Attachments: FCSG Presentation; Comparison to 2009 Summer O&M Utility Rate; Analysis of monthly impact on Residential Customer sewer bill.

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**BUDGET INFORMATION:**

**Budget Amount      Required Expenditure      Budget Impact      Budget Balance**

**Budget Explanation:**

**COMMITTEE/BOARD REVIEW:**

**Subcommittee Review Date: -**

**Commission/Board Review Date: -**

**Hearing Examiner Date:**

**COUNCIL ACTION:**

**Workshop Date(s): 16 March 2010**

**Public Hearing Date(s):**

**Meeting Date(s):**

**Tabled To Date:**

**Signatures:**

Director Authorization	Mayor	Date City Attorney Reviewed
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**Comparison of Bonney Lake with Sumner**  
**Monthly Sewer Rates**

15 July 2009

**Single Family Residential Monthly Rate Analysis:**

<b><u>City of Bonney Lake</u></b>			<b><u>One-Month Water Use</u></b>			
<b>Sewer Availability Charge Single Family Residents</b>	<b>Sewer Volumetric Rate per Month</b>	<b>Rate Cap</b>	<b>10 CCF</b>	<b>15 CCF</b>	<b>20 CCF</b>	<b>25 CCF</b>
\$34.96	\$2.17 per 100 cubic ft	1,000 cubic feet per moth	\$56.66	\$56.66	\$56.66	\$56.66

- 1. Bonney Lake caps sewer charges at 10 CCF to allow for greater consumption due to irrigation water use that is not sent to the WWTF.**
- 2. Bonney Lake does not charge more to sewer customers outside the City limits.**
- 3. Bonney Lake Charges an 8% utility tax on all utilities.**
- 4. Bonney Lake updated it's sewer SDC rate analysis in 2005 and 2009.**

<b><u>City of Sumner</u></b>			<b><u>One-Month Water Use</u></b>			
<b>Sewer Availability Charge Single Family Residents for up to 5 ccf</b>	<b>Sewer Volumetric Rate per Month</b>	<b>Rate Cap</b>	<b>10 CCF</b>	<b>15 CCF</b>	<b>20 CCF</b>	<b>25 CCF</b>
\$37.76	\$5.55 per each additional 100 cf after initial 500 cf Outside City Limits **	NA	\$65.51	\$93.26	\$121.01	\$148.76
			\$75.34	\$107.25	\$139.16	\$171.07

- 1. Sumner does not cap sewer rates for water consumption.**
- 2. \*\*Outside City limits - 15% additional rounded to the nearest \$.05.**
- 3. Sumner Charges the following Utility Taxes:**  
**Storm Water Tax = 1.5% increasing to 6% effective 1 July 2009**  
**Sewer Tax = 8.253%**  
**Water Tax = 12.529%**
- 4. Sumner last updated it's sewer SDC rate analysis in 2004.**

**NOTES:**

100 cf = 1 CCF and 500 cf = 5 ccf  
 Normal water consumption in winter ~ 7-8 ccf  
 Normal water consumption in summer ~ 15-20 CCF (if irrigation is occurring)

**Conclusion:**

*While builders and developers pay less of a System Development Charge (SDC) in Sumner, the sewer customers pay more in their monthly sewer utility bills "In Perpetuity". Thus, comparing Bonney Lake to Sumner SDCs is not comparing apples to apples.*

## 2010 Sewer Monthly Charge Calculation for Single Family Homes

(1 January 2010)

The average City of Bonney Lake water customer uses about 8 CCF (**CCF = 100 Cubic Feet; 8 CCF = 5,984 gallons**) of water each month for domestic use. Most families use more water in the summer for landscape irrigation, washing cars, patios, driveways, etc. However, recognizing that in the summer, much of the water use increase is for landscape irrigation, a maximum cap of 10 CCF per month (or 20 CCF for each two month billing cycle) water use is used to calculate sewer charges. This establishes a fair means to avoid penalizing sewer users for water that is used for irrigation and other outside activities that does not get sent to the Sumner Waste Water Treatment Plant. Any other method would be administratively difficult and time consuming for city staff to use.

City-wide, there is a 144% increase in water use in July-August compared to January. If residential property owners desire to measure irrigation water separately, they can do so by installing a separate water meter. In most cases, this would not be cost effective for a single family residence due to the **2010 Water System Development Charge (\$7.745)** and **Connection Charge (\$201)** the property owner would incur to install this second water meter.

Sewer rates are adjusted each year, effective 1 January. Normally this adjustment results in a 1-4% increase for both the sewer availability and consumption charges. This adjustment is necessary to reflect increases in labor, material and equipment costs that occurred during the prior year. **In 2010**, residential private property owners are charged a **monthly sewer availability charge of \$35.02**, as well as a **sewer volumetric/use charge of \$2.18 per CCF** that is capped at 10 CCF each month.

**2009 Maximum Monthly Sewer Charge.** Assuming 10 or more CCF use of water, the monthly charge would be =  $\$34.96 + \$21.70 = \$56.66$

**2010 Maximum Monthly Sewer Charge.** =  $\$35.02 + \$21.80 = \$56.82 (+0.17\%)$

**Senior Citizen and Disabled Person Discount.** Single family house owners who have qualified for real estate property tax exemption through the Pierce County assessor-treasurer's office on the basis of age and/or disability can apply for a 20% reduction of the sewer availability charge (from \$35.02 to \$28.02). This would reduce their maximum monthly sewer bill to  $\$28.02 + \$21.80 = \$49.82$

However, water meters are read bi-monthly; so, sewer use charges are billed on alternate months. Utility bills are mailed out each month to customers living inside the City and every other month to those living outside the city limits. Rates for customers with City owned grinder pumps are higher.

### **Maximum Monthly Sewer Bill – Customers Living Inside the City Limits**

- The first month, the maximum sewer charge is only the sewer availability fee:
  - Customers with the age and/or disability discount = **\$28.02**
  - Customers without a discount = **\$35.02**
- Alternate months, the maximum sewer use charge would be based on two months of water consumption/use plus the second month's sewer availability charge:
  - Customers with the age and/or disability discount =  $\$21.80 + \$21.80 + \$28.02 = \$71.62$
  - Customers without a discount =  $\$21.80 + \$21.80 + \$35.02 = \$78.62$

### **Maximum Bi-Monthly Sewer Bill – Customers Living Outside the City Limits**

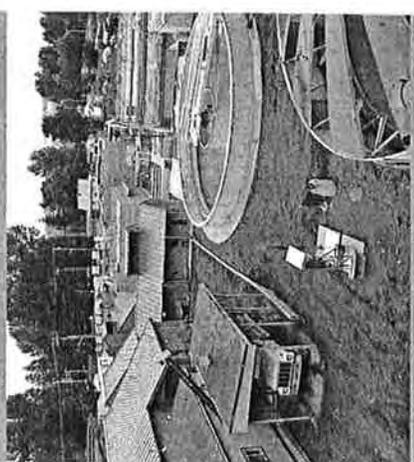
- Customers with the age and/or disability discount =  $\$28.02 + \$71.62 = \$99.64$
- Customers without a discount =  $\$35.02 + \$78.62 = \$113.64$

***If there are any questions about a utility bill received from the City, please call (253) 447-4317.***

<b>Bonney Lake -</b>		<b>Maximum Monthly Sewer Utility Cost</b>			March 8, 2010
	<b>Availability Charge (Fixed/Flat Rate)</b>	<b>Volumetric/Use Charge (Variable Rate with 10 CCF Cap)</b>	<b>MAX TOTAL</b>	<b>% Increase</b>	
Ordinance 1098 11 January 2005					
<b>2005</b>	<b>\$31.30</b>	<b>\$19.50</b>	<b>\$50.80</b>	<b>2.00%</b>	
<b>2006</b>	<b>\$31.90</b>	<b>\$19.90</b>	<b>\$51.80</b>	<b>2.00%</b>	
<b>2007</b>	<b>\$32.60</b>	<b>\$20.30</b>	<b>\$52.90</b>	<b>2.00%</b>	
Ordinance 1278 13 May 2008					<b>CPI Adjustment</b>
<b>2008</b>	<b>\$33.80</b>	<b>\$21.00</b>	<b>\$54.80</b>	<b>3.65%</b>	
<b>2009</b>	<b>\$34.96</b>	<b>\$21.70</b>	<b>\$56.66</b>	<b>3.43%</b>	
<b>2010</b>	<b>\$35.02</b>	<b>\$21.80</b>	<b>\$56.82</b>	<b>0.17%</b>	
<b><u>Sumner 2010 =</u></b>	<b><u>\$65.51</u></b>	<b><u>Buckley 2010 =</u></b>	<b><u>\$65.55</u></b>		
<b>Rate Increase Alternative A2 - Even Adjustments</b>					
<b>2011</b>	<b>\$38.17</b>	<b>\$23.76</b>	<b>\$61.93</b>	<b>9.00%</b>	
<b>2012</b>	<b>\$41.61</b>	<b>\$25.90</b>	<b>\$67.51</b>	<b>9.00%</b>	
<b>2013</b>	<b>\$45.35</b>	<b>\$28.23</b>	<b>\$73.58</b>	<b>9.00%</b>	
<b>2014</b>	<b>\$48.98</b>	<b>\$30.49</b>	<b>\$79.47</b>	<b>8.00%</b>	
<b>2015</b>	<b>\$52.90</b>	<b>\$32.93</b>	<b>\$85.83</b>	<b>8.00%</b>	
<b>2016</b>	<b>\$46.71</b>	<b>\$33.92</b>	<b>\$80.63</b>	<b>3.00%</b>	
<b>Rate Increase Alternative A3 - High then Low</b>					
<b>2011</b>	<b>\$38.87</b>	<b>\$24.20</b>	<b>\$63.07</b>	<b>11.00%</b>	
<b>2012</b>	<b>\$43.15</b>	<b>\$26.86</b>	<b>\$70.01</b>	<b>11.00%</b>	
<b>2013</b>	<b>\$47.89</b>	<b>\$29.81</b>	<b>\$77.71</b>	<b>11.00%</b>	
<b>2014</b>	<b>\$50.05</b>	<b>\$31.16</b>	<b>\$81.21</b>	<b>4.50%</b>	
<b>2015</b>	<b>\$52.05</b>	<b>\$32.40</b>	<b>\$84.45</b>	<b>4.00%</b>	
<b>2016</b>	<b>\$53.61</b>	<b>\$33.37</b>	<b>\$86.99</b>	<b>3.00%</b>	
<b>Rate Increase Alternative A4 - Low then High</b>					
<b>2011</b>	<b>\$36.95</b>	<b>\$23.00</b>	<b>\$59.95</b>	<b>5.50%</b>	
<b>2012</b>	<b>\$38.98</b>	<b>\$24.26</b>	<b>\$63.24</b>	<b>5.50%</b>	
<b>2013</b>	<b>\$44.82</b>	<b>\$27.90</b>	<b>\$72.73</b>	<b>15.00%</b>	
<b>2014</b>	<b>\$51.55</b>	<b>\$32.09</b>	<b>\$83.64</b>	<b>15.00%</b>	
<b>2015</b>	<b>\$54.38</b>	<b>\$33.85</b>	<b>\$88.24</b>	<b>5.50%</b>	
<b>2016</b>	<b>\$56.02</b>	<b>\$34.87</b>	<b>\$90.88</b>	<b>3.00%</b>	
<b>NOTE:</b>					
1. The earlier rate increases are imposed, the less the Maximum Total amount will be in six years.					
2. Starting the rate increase in mid-year, say July 2010, at 50% of the 2011 increase will reduce the impact of the first full year increase in 2011 by 50%. It will also reduce the Maximum Total amount paid in six years.					

**Council  
Workshop**

**March 16, 2010**



# Sewer Utility Financial Plan and O&M Rate Forecast



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Redmond, WA 98052; T: (425) 867-1802 F: (425) 867-1937  
[www.fcsgroup.com](http://www.fcsgroup.com)

# Background

- Last Comprehensive Rate Study Completed in 2004
  - ✓ 2% annual increases assumed for 2005 – 2008
  - ✓ Use of reserves \$535,000 (2004 – 2008)
  - ✓ Study did not include funding for infrastructure renewal
  
- This study part of Comprehensive Sewer System Plan completed in 2009 – included:
  - ✓ SDC analysis (presented findings July 2009)
  - ✓ O&M rate forecast (today's discussion)

# Objectives of Sewer O&M Rate

## Forecast

- Evaluate financial impact of funding capital projects identified in Sewer Plan
- Determine sufficiency of current O&M rates in meeting ALL system financial obligations
  - ✓ baseline for annual CPI adjustments
- Develop O&M rate forecast

# Financial Plan Elements

- Fiscal policies
  - ✓ Target reserve levels; debt service coverage, infrastructure renewal funding
- Forecast of revenue (rate revenue + miscellaneous)
  - ✓ Self supporting – measures sufficiency of ongoing revenue
  - ✓ Does not start with beginning balance
- Operating & maintenance expense
- Capital program & impacts of capital financing plan
  - ✓ Identify capital needs (from Sewer Plan)

## Key Factors: Fiscal Policies

- **Operating Fund**
  - ✓ Minimum 8% or 30 days of operating expenses
  - ✓ Maximum 25% or 90 days of operating expenses
  - ✓ Additional funds above maximum transferred to capital fund
- **Capital Infrastructure Renewal Fund**
  - ✓ Annual rate funded contributions included here
  - ✓ Contribution from \$126,000 to \$1.026 million (not a current policy)
    - target based on depreciation expense less debt principal
  - ✓ Minimum \$250,000 (from last rate study)
- **Debt service coverage target of 1.50 (minimum 1.25)**

# Key Factors: Revenue & Expenses

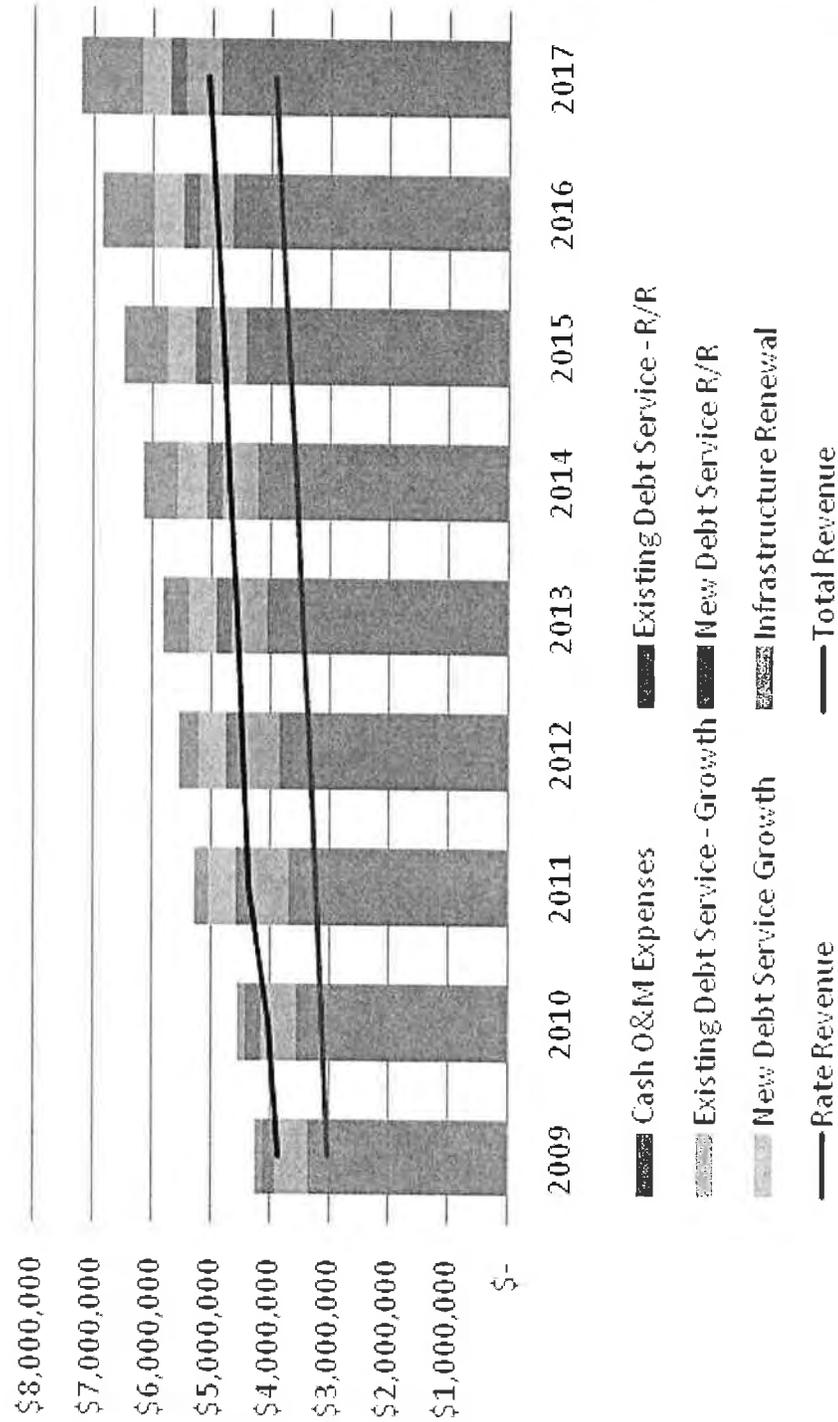
- Budget 2009 and 2010 used as basis
- Annual escalation factors; general -3.5%, labor 3.0%, construction- 4.0%,
- Customer growth 200-300 RU's per year (3.0% – 3.37%)
- Currently all SDC revenue being used to offset debt service
  - ✓ analysis of debt indicates 70%-80% applicable for SDC offset
  - ✓ misc revenue includes \$600,000 - \$1.1 million per year
- Includes \$80,000/year copper removal
- Includes \$511,275 transfer out for internal services charges
- Includes \$200,000 annual true-up for Summer WWTPF (previously in capital)
- Various other O&M cost increases (see tech appendix)

# Key Factors: Capital & Debt

- Total capital projects from Sewer Plan
  - ✓ \$26.1 million 2008-2017 (inflated \$ 31.1 million)
- Capital Funding from
  - ✓ PWTF Loan \$4.648 million (2009-2010)
  - ✓ New Revenue bond of \$5.4 million (2011) – WWTPF Upgrade
  - ✓ System Development Charges (\$2.0 - \$2.5 million per year + fund balance of \$7.5 million in 2010)
  - ✓ Infrastructure Renewal (rate funding)
    - 68% of 10 year projects related to renewal/replacement
    - \$126,000 increasing to \$1.026 million by 2017
- Annual Debt Service Payments- \$1.4 million total
  - ✓ Existing debt - \$646,000; new debt - \$747,000
  - ✓ 22% total debt infrastructure renewal, remaining 78% growth/expansion

# Summary of Financial Plan

**City of Bonney Lake - Sewer Utility  
Comparison of Annual Revenue and Expenses**



## Findings

- Existing rates not sufficient to cover total sewer system financial obligations
  - ✓ Deficiency of \$366,400 in 2009 increasing to \$2.1 million by 2017
  - ✓ Existing rates projected deficient in 2009 by 12.6% increasing to 57.75% by 2017
- Increases a result of:
  - ✓ Existing rates do not cover existing O&M
  - ✓ SDC revenue tied to debt
  - ✓ Addition of specific infrastructure renewal funding
  - ✓ New debt service (Summer WWTP expansion)

# Example Rate Transition Plans

- Alternative rate transition plans can be developed to collect required revenue needs
- Need to meet cash flow needs AND debt service requirements
- Cash balances will diminish in the near-term while rates phased in
- Larger increases in the near term most beneficial

	2011	2012	2013	2014	2015	2016	2017	cumulative	Reserves Used
A1. Increases As needed	30.00%	5.00%	3.00%	3.00%	3.00%	3.00%	3.00%	56.73%	\$ 894,624
A2. Even Adjustments	9.00%	9.00%	9.00%	8.00%	8.00%	3.00%	3.00%	60.25%	\$ 2,351,370
A3. High then Low	11.00%	11.00%	11.00%	4.50%	4.00%	3.00%	3.00%	57.69%	\$ 1,800,469
A4. Low then High	5.50%	5.50%	15.00%	15.00%	5.50%	3.00%	3.00%	64.75%	\$ 2,664,572

*Note: single rate increase not necessary or politically acceptable – phase in transition plan proposed*



# Example Rates Under A3 Rate Transition Plan

	2010		2011		2012		2013		2014	
	Availability	Volumetric (per CCF)	Availability	Volumetric (per CCF)	Availability	Volumetric (per CCF)	Availability	Volumetric (per CCF)	Availability	Volumetric (per CCF)
Paragraph A Single Family	\$35.02	\$2.18	\$38.87	\$2.42	\$43.15	\$2.69	\$47.90	\$2.99	\$50.06	\$3.12
Paragraph B Single Family w/ Grinder Pump	\$42.01	\$2.18	\$46.63	\$2.42	\$51.76	\$2.69	\$57.45	\$2.99	\$60.04	\$3.12
Paragraph C Discount for Senior Citizen and Disabled Persons	\$27.97	\$2.18	\$31.05	\$2.42	\$34.47	\$2.69	\$38.26	\$2.99	\$39.98	\$3.12
Overall Rate Increase	CPI Adjust 0.00%		11.00%		11.00%		11.00%		4.50%	

**Availability charge** – fixed charge intended to cover costs incurred regardless of use  
**Volume charge** – varies with use.

Approx. 70% of City’s operating costs fixed. Fixed cost increase to 75-80% if include debt and infrastructure renewal.  
 Common in Industry for 25-30% of revenue to come from fixed revenue (availability charge).



# Single Family Monthly Bill

## Comparison 2009

Buckley	\$63.64
Shoreline*	\$63.05
Snohomish	\$52.50
Enumclaw	\$52.14
Sumner	\$51.64
Puyallup	\$51.39
Issaquah*	\$49.91
Renton*	\$48.07
Sammamish*	\$44.83
Auburn*	\$42.92
Fife**	\$42.01
Yelm	\$40.45
Marysville	\$33.20
Pierce Co.	\$25.72
<b>Bonney Lake Current</b>	<b>\$51.37</b>
<b>Bonney Lake 2011 - Alt 3</b>	<b>\$57.02</b>

Includes 7.5 ccf of flow when applicable

\* includes King County Metro Treatment Charge

\*\* includes treatment from City of Tacoma

## Next Steps

- Discussion and Input
- Meeting with Finance Committee and City Council?

# Technical Appendix

# Various Other O&M Increases

- more staff added	- More ER&R Equipment Added
- Sewer accounting separated from storm utility	- ER&R cost sharing change & resulting increase in 2007
Unfunded State/Federal mandates: copper removal	- Projects to reduce I&I
- Flood Prevention at WWTF site	- Increase in sewer infrastructure needing to be maintained
- Incremental infrastructure renewal cost to O&M rate rather than funded solely by SDC revenue	- Fund requirement to maintain sufficient balance

# Summary of Financial Plan and O&M Rate Forecast

Revenue Requirements	2010	2011	2012	2013	2014	2015	2016	2017
<b>Revenues</b>								
Current O&M Rate Revenues **	\$ 3,128,986	\$ 3,234,433	\$ 3,343,433	\$ 3,456,107	\$ 3,572,578	\$ 3,692,974	\$ 3,817,427	\$ 3,946,074
SDC Revenue	610,035	1,089,534	1,088,898	1,085,217	1,082,429	1,080,432	1,076,492	1,074,279
Non-Rate Revenues	281,268	42,108	37,198	33,914	33,486	34,030	35,340	36,260
<b>Total Revenues</b>	<b>\$ 4,020,289</b>	<b>\$ 4,366,075</b>	<b>\$ 4,469,529</b>	<b>\$ 4,575,238</b>	<b>\$ 4,688,492</b>	<b>\$ 4,807,436</b>	<b>\$ 4,929,259</b>	<b>\$ 5,056,614</b>
<b>Expenses</b>								
Cash O&M Expenses	\$ 3,505,694	\$ 3,655,375	\$ 3,822,162	\$ 3,999,226	\$ 4,187,433	\$ 4,387,551	\$ 4,600,164	\$ 4,826,389
Existing Debt Service - R/R	39,737	38,947	38,158	37,368	36,579	35,789	35,000	34,211
Existing Debt Service - Growth	610,035	607,949	607,312	603,632	600,843	598,847	594,906	592,694
New Debt Service R/R	266,990	265,767	264,544	263,321	262,097	260,874	259,651	258,428
New Debt Service Growth	-	481,585	481,585	481,585	481,585	481,585	481,585	481,585
Infrastructure Renewal	126,000	226,000	326,000	426,000	576,000	726,000	876,000	1,026,000
<b>Total Expenses</b>	<b>\$ 4,548,456</b>	<b>\$ 5,275,624</b>	<b>\$ 5,539,761</b>	<b>\$ 5,811,132</b>	<b>\$ 6,144,538</b>	<b>\$ 6,490,647</b>	<b>\$ 6,847,307</b>	<b>\$ 7,219,307</b>
<b>Net Surplus (Deficiency)</b>	<b>\$ (528,167)</b>	<b>\$ (909,549)</b>	<b>\$ (1,070,232)</b>	<b>\$ (1,235,894)</b>	<b>\$ (1,456,046)</b>	<b>\$ (1,683,210)</b>	<b>\$ (1,918,048)</b>	<b>\$ (2,162,693)</b>
<b>Annual Rate Adjustment</b>	<b>0.00%</b>	<b>11.00%</b>	<b>11.00%</b>	<b>11.00%</b>	<b>4.50%</b>	<b>4.00%</b>	<b>3.00%</b>	<b>3.00%</b>
Rate Revenues After Rate Increase	\$ 3,128,986	\$ 3,590,220	\$ 4,119,444	\$ 4,726,679	\$ 5,105,837	\$ 5,489,019	\$ 5,844,219	\$ 6,222,405
Additional Taxes from Rate Increase	-	13,705	29,892	48,942	59,061	69,184	78,072	87,684
<b>Net Cash Flow After Rate Increase</b>	<b>\$ (528,167)</b>	<b>\$ (567,467)</b>	<b>\$ (324,114)</b>	<b>\$ (14,265)</b>	<b>\$ 18,152</b>	<b>\$ 43,652</b>	<b>\$ 30,672</b>	<b>\$ 25,953</b>

# Fund Balance Summary

Fund Balances	2010	2011	2012	2013	2014	2015	2016	2017
<b>Operating</b>								
Beginning Balance	\$ 2,133,543	\$ 1,605,376	\$ 1,037,910	\$ 713,796	\$ 699,531	\$ 717,683	\$ 761,335	\$ 792,007
Net Cash Flow after Rate Increase	(528,167)	(567,467)	(324,114)	(14,265)	18,152	43,652	30,672	25,953
Transfer of Surplus to Capital Fund	-	-	-	-	-	-	-	-
<b>Ending Balance</b>	\$ 1,605,376	\$ 1,037,910	\$ 713,796	\$ 699,531	\$ 717,683	\$ 761,335	\$ 792,007	\$ 817,960
<i>Min target of 8% annual Operating Exp.</i>	\$ 278,535	\$ 290,427	\$ 303,679	\$ 317,747	\$ 332,700	\$ 348,600	\$ 365,493	\$ 383,467
<i>Max target 90 Day O&amp;M</i>	864,418	901,325	942,451	986,111	1,032,518	1,081,862	1,134,287	1,190,068
<b>SDC Fund</b>								
Beginning Balance	\$ 7,498,296	\$ 3,684,214	\$ 2,967,241	\$ 1,954,867	\$ 1,725,314	\$ 917,254	\$ 1,376,270	\$ 2,012,232
plus: Annual SDC Revenue	1,029,661	2,074,572	2,147,364	2,220,156	2,292,948	2,374,839	2,447,631	2,529,522
plus: New Debt Proceeds	-	5,400,000	-	-	-	-	-	-
plus: Interest Income	149,966	73,684	74,181	58,646	51,759	27,518	41,288	60,367
less: Debt Service Payment	(610,035)	(1,089,534)	(1,088,898)	(1,085,217)	(1,082,429)	(1,080,432)	(1,076,492)	(1,074,279)
less: Funding for Other CIP	(2,735,747)	(1,343,224)	(2,096,356)	(916,503)	(1,971,644)	(780,795)	(691,066)	(603,749)
less: Funding for Growth CIP	(1,647,926)	(5,832,471)	(48,666)	(506,634)	(98,695)	(82,114)	(85,399)	(88,815)
<b>Ending Balance</b>	\$ 3,684,214	\$ 2,967,241	\$ 1,954,867	\$ 1,725,314	\$ 917,254	\$ 1,376,270	\$ 2,012,232	\$ 2,835,278
<b>Infrastructure Renewal</b>								
Beginning Balance	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000
plus: Annual Rate Funded Contribution	126,000	226,000	326,000	426,000	576,000	726,000	876,000	1,026,000
plus: Transfer of Surplus from Operating	-	-	-	-	-	-	-	-
Plus: Capital Fund Balance/Deficiency	-	-	-	-	-	-	-	-
less: Funding for Infrastructure Renewal	(126,000)	(226,000)	(326,000)	(426,000)	(576,000)	(726,000)	(876,000)	(1,026,000)
<b>Ending Balance</b>	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000

**CITY COUNCIL  
WORKSHOP**

**March 2, 2010  
5:30 p.m.**

**DRAFT MINUTES**



*“Where Dreams Can Soar”*

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

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

Audio Time  
Stamp ↓

**I. Call to Order:**

Mayor Neil Johnson, Jr. called the workshop to order at 5:32 p.m.

**II. Roll Call:** [A1.3]

Administrative Services Director/City Clerk Edvalson called the roll. In addition to Mayor Johnson, elected officials attending were Deputy Mayor Dan Swatman, Councilmember Laurie Carter, Councilmember Dan Decker, Councilmember Mark Hamilton, Councilmember Donn Lewis, Councilmember Randy McKibbin and Councilmember James Rackley.

[Staff members in attendance were City Administrator Don Morrison, Judge James Helbling, Public Works Director Dan Grigsby, Police Chief Mike Mitchell, Community Development Director John Vodopich, Community Services Director Gary Leaf, Administrative Services Director/City Clerk Harwood Edvalson, City Attorney Jim Dionne, Court Administrator Kathy Seymour, Information Services Coordinator Chuck McEwen and Records & Information Specialist Susan Duis.]

**III. Agenda Items:**

5:32:31

**A. Presentation and Discussion:** YMCA – Bob Ecklund, President – YMCA of Pierce and Kitsap Counties.

YMCA representatives Bob Ecklund and Michelle LaRue spoke to the Council about the long-range plan and vision of the YMCA and options for a YMCA in Bonney Lake. The current plan is for a YMCA branch to open in Sumner in 2013, and another branch in Bonney Lake to open in 2018. They discussed funding options and alternative timelines. They stressed that there is very strong demand in Sumner and Bonney Lake, and they feel the best solution is to have branches in both communities to meet demand. Mayor Johnson noted that the City has land set aside for a community center in the WSU Forest and asked if the Bonney Lake branch could be completed earlier. Mr. Ecklund said funding is a major factor in determining when construction can begin. He also said his agency can only build one facility at a time for bonding purposes. Once constructed, the Bonney Lake and Sumner YMCAs would complement each other, and people who join one YMCA can use any branch. Mayor Johnson thanked Mr. Ecklund and Ms. LaRue for their time and said the Council will continue these discussions in the future.

The Council recessed the Workshop for a break at 6:29 p.m. The Workshop reconvened at 6:40 p.m.

6:40:42

**B. Presentation and Discussion:** Design Charrette for the Interim Justice Center Council/Court Chambers.

City Administrator Morrison said the Interim Justice Center shell is under construction and plans for interior walls and infrastructure are being prepared to go out to bid. He introduced Rex Bond from ARC Architects. Mr. Bond thanked the Council for their time and introduced Thomas Mullins from BRC Acoustics, who he has worked with on several council chambers designs in the past. They asked the Council and Court staff for input on their needs and desires for the IJC Chambers space.

Judge Helbling and Court Administrator Seymour described their needs, including spaces for in-custody defendants and public defenders, a workstation for the Court Clerk, and the Judge's podium. Councilmembers discussed preferences for the Council dais, staff seating and public seating, as well as audio/visual presentation and computer equipment. Councilmember Rackley said the design should take Rainier Media Commission requirements for televising Council meetings into account. Deputy Mayor Swatman said the needs of Court staff should take priority, since those staff members will use the Chambers for Court daily while Council meetings occur only once per week. Mr. Bond said he and Mr. Mullins will work on several preliminary design options and audio/visual equipment pricing for the Council's review at a future workshop.

The Council recessed the Workshop for a break at 7:57 p.m. The Workshop reconvened at 8:03 p.m.

8:03:59

C. **Council Open Discussion:**

Council Retreat: Mayor Johnson thanked the Council for a successful retreat on February 27, 2010. Deputy Mayor Swatman thanked staff for attending and said discussion and deliberation will continue in the future.

Water Sources: Deputy Mayor Swatman asked whether the City can expect water shortages in the coming year due to the lack of rainfall over the winter. Public Works Director Grigsby said the City should meet its demands with the Peaking Storage tank, unless another jurisdiction again needs water like Auburn did in 2009. Councilmember Rackley asked Director Grigsby to notify the Council if the City uses Tacoma water at some point later in the year.

Dog Park: Deputy Mayor Swatman discussed options for setting up a dog park on a City location such as Viking Park. He said a group of interested citizens have met to discuss options and plan to submit a proposal to the Park Board for consideration. He said in his proposal, the citizen group would be responsible for all work and funding, with the City only contributing open space for the park.

Planning Commissioner Vacancies: Mayor Johnson said four candidates will be interviewed for the two open positions on the Planning Commission. He asked current Councilmember and past Planning Commission chair Randy McKibbin to participate in the interview process.

Sign Code: Deputy Mayor Swatman said citizens spoke about the sign code at the previous meeting. He clarified that A-board signs are not always illegal, but they must be placed appropriately and not in the right-of-way. He said if business owners want changes to City regulations, they should ask the Council to consider

amendments to the Municipal Code. Mayor Johnson said Community Services Director John Vodopich, Code Enforcement Officer Denney Bryan and Assistant Planner Dan Buhl plan to attend the March 10, 2010 Chamber of Commerce meeting to discuss sign code issues with business owners.

Council Committees: Councilmember Rackley said the Community Development Committee met on March 1<sup>st</sup> and encouraged the Council to view the meeting notes regarding their discussions. Councilmember Hamilton said the Public Safety Committee also met on March 1<sup>st</sup> and discussed Lake Tapps boat noise issues. He said no one has volunteered for a citizen advisory committee, and suggested that the City publish an article in the local newspaper encouraging people to get involved. He said the committee would be a short-term commitment for 5-6 people to discuss boat noise and speed issues and provide input to the Council.

Youth Art: Councilmember Carter provided sketches of youth artwork available for free from Pierce Transit. She said the panels could be placed in City buildings as public art. Councilmembers selected several designs and asked the Mayor to have staff pick up available glass panels from Pierce Transit.

Upcoming Events: Councilmember Carter reminded Councilmembers of upcoming events including the Community Summit on March 18<sup>th</sup>, Spring Clean Up from April 12<sup>th</sup> to 16<sup>th</sup>, Bonney Lake Kiwanis' 'Dog Days' event on April 10<sup>th</sup> and 'Death by Chocolate' fundraiser on April 17<sup>th</sup>, and the upcoming Community Leaders Coffee.

8:23:19

D. **Review of Draft Council Minutes:** February 16, 2010 Council Workshop and February 23, 2010 Council Meeting.

Councilmember Carter requested the February 16, 2010 minutes be revised on p. 2 to read: "~~contract~~ project was a couple weeks behind." Councilmember Carter and Lewis also noted several grammatical errors in the February 16<sup>th</sup> and 23<sup>rd</sup> minutes. The corrected minutes were moved forward to the March 9, 2010 Meeting for Council approval.

IV. **Executive Session:** None.

8:25:53

V. **Adjournment:**

**At 8:25 p.m., Councilmember Rackley moved to adjourn the workshop. Councilmember Lewis seconded the motion.**

**Motion approved 7 – 0.**

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Harwood T. Edvalson, CMC  
City Clerk

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Neil Johnson, Jr.  
Mayor

Items submitted to the Council Workshop of March 2, 2010: None.



**CITY COUNCIL MEETING**

**March 9, 2010  
7:00 P.M.**



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

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

**DRAFT MINUTES**

*"Where Dreams Can Soar"*

Audio Time  
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**I. CALL TO ORDER** – Mayor Johnson called the meeting to order at 6:59 p.m.

A. Flag Salute – Mayor Johnson led the audience in the Pledge of Allegiance.

B. Roll Call:

Administrative Services Director/City Clerk Harwood Edvalson called the roll. In addition to Mayor Neil Johnson, Jr., elected officials attending were Deputy Mayor Dan Swatman, Councilmember Laurie Carter, Councilmember Dan Decker, Councilmember Mark Hamilton, Councilmember Donn Lewis, Councilmember Randy McKibbin and Councilmember Jim Rackley.

[Staff members in attendance were City Administrator Don Morrison, Chief Financial Officer Al Juarez, Public Works Director Dan Grigsby, Police Chief Mike Mitchell, Community Development Director John Vodopich, Community Services Director Gary Leaf, Administrative Services Director/City Clerk Harwood Edvalson, City Attorney Jim Dionne and Records & Information Specialist Susan Duis.]

C. Announcements, Appointments and Presentations:

1. Announcements: None.
2. Appointments: None.
3. Presentations: None.

D. Agenda Modifications: None.

7:00:06

**II. PUBLIC HEARINGS, CITIZEN COMMENTS & CORRESPONDENCE:**

A. Public Hearings: None.

B. Citizen Comments:

Michele Gunn, 8708 88<sup>th</sup> Ave E, Bonney Lake, said she spoke at the February 23, 2010 Council Meeting and that a subsequent article in the Courier Herald misrepresented her statements and contains incorrect information. She said she called the City on February 24<sup>th</sup> to request a temporary sign application, and Community Development Director Vodopich left her a voicemail later saying he had been mistaken at the meeting, and that temporary signs are not allowed in the right-of-way. He said that there is no application to place signs in the right-of-way since it is not allowed in the code. Ms. Gunn asked for a retraction and asked the Mayor to provide a written apology to the group promoting the high school band event. She said in past years she has seen temporary signs for community events around the City, and it is important to get people involved in these events.

Mayor Johnson said the Municipal Code says that signs are not allowed in the right-of-way, including those for community events. He noted that the City is exempt and can therefore place signs in the right-of-way. He said on March 10<sup>th</sup>, he will meet with the Chamber of Commerce along with Director Vodopich, Code Enforcement Officer Denney Bryan and Assistant Planner Dan Buhl to discuss the sign code. Mayor Johnson encouraged business owners to attend the meeting and to ask questions and offer suggestions for possible code amendments.

Marilee Hill-Anderson, Sumner School District, invited the Mayor and Council to attend the Communities for Families 17<sup>th</sup> Annual Community Summit on March 18, 2010 at Bonney Lake High School. This year's event theme is "Hope – Confidence in Our Future," and includes workshops, discussion groups, dinner, a keynote address, and the presentation of Community Impact Awards. She thanked the Council for their financial support and encouraged all to attend.

- C. Correspondence: None.

7:12:50

### III. COUNCIL COMMITTEE REPORTS:

- A. Finance Committee: Deputy Mayor Swatman said the committee met at 5:30 p.m. earlier in the evening and discussed minutes, performance audits, a water agreement with Joe Fessler in Eastown, and continued discussions of TIF fees and fund usage.
- B. Community Development Committee: Councilmember Rackley reported that the committee met on March 1<sup>st</sup> and discussed the City curb marker program, unaccounted for water, and the Fessler water agreement, and forwarded Resolutions 2013, 2014 and 2015 to the current agenda for action.
- C. Public Safety Committee: Councilmember Hamilton reported that the committee met on March 1<sup>st</sup> and discussed pet license fee updates and boat launch policies to deal with overcrowding on Lake Tapps, and forwarded Resolution 2016 to the current agenda for action.
- D. Other Reports: None.

7:16:29

### IV. CONSENT AGENDA:

- A. **Approval of Minutes**: February 16, 2010 Council Workshop and February 23, 2010 Council Meeting.
- B. **Accounts Payable Checks/Vouchers**: Accounts Payable checks/vouchers #58032 thru 58062 (including wire transfer # 5589695) in the amount of \$100,023.25; Accounts Payable checks/vouchers #58063 thru 58064 for Accounts Receivable Refunds in the amount of \$936.28; Accounts Payable checks/vouchers #58065 for a Utility Refund in the amount of \$199.96; Accounts Payable checks/vouchers #58066 thru 58116 in the amount of \$459,041.49; Accounts Payable checks/vouchers #58117 thru 58137 for Utility Refunds in the amount of \$1,413.23.
- C. **Approval of Payroll**: Payroll for February 16-28, 2010 for checks 28840-28871 including Direct Deposits and Electronic Transfers in the amount of \$ 541,716.43.

- D. **AB10-38 – Ordinance D10-38** – An Ordinance of the City Council of the City of Bonney Lake, Pierce County, Washington, Amending Chapter 2.70.090 of the Bonney Lake and Ordinance No. 1310 Relating to Credit Cards, and Authorizing an Account for Fleet Services.
- E. **AB10-39 – Ordinance D10-39** – An Ordinance of the City of Bonney Lake, Washington Amending Ordinance Nos. 588 and 1202 and BLMC Sections 13.04.120 and 10.32.010, Relating to Obstructions to Water Meters.
- F. **AB10-34 – Resolution 2012** – A Resolution of the City Council of the City of Bonney Lake, Pierce County, Washington, Authorizing City Administration to Develop and Administer Internal Procedures Covering the Acceptance of Credit/Debit Card Payment Solutions Pursuant to RCW 39.58.750 and to Enter Into Enhanced Merchant Bankcard Services with Bank of America.
- G. **AB10-35 – Resolution 2013** – A Resolution of the City Council of the City of Bonney Lake, Pierce County, Washington, Authorizing a Water and Sewer Developer Extension Agreement with Ronald L. Angeline for the Angeline Short Plat.
- H. **AB10-40 – Resolution 2014** – A Resolution of the City Council of the City of Bonney Lake, Pierce County, Washington, Authorizing the Mayor to Sign the Puget Sound Energy, Inc. Easement on Parcel # 564000-160-0 & 564000-157-0 to Serve the Interim Justice Center.

**Councilmember Decker moved to approve the Consent Agenda.  
Councilmember Rackley seconded the motion.**

**Consent Agenda approved 7 – 0.**

**V. FINANCE COMMITTEE ISSUES:** None.

7:16:45

**VI. COMMUNITY DEVELOPMENT COMMITTEE ISSUES:**

- A. **AB10-42 – Resolution 2015** – A Resolution of the City Council of the City of Bonney Lake, Pierce County Washington, Authorizing an Amendment to the Professional Services Agreement with the Transpo Group for Phase 2 of the Design of the SR 410 and Sumner Buckley Highway Intersection Improvements.

**Councilmember Rackley moved to adopt Resolution 2015. Councilmember Decker seconded the motion.**

Deputy Mayor Swatman said the Finance Committee reviewed available TIF funds extensively and confirmed that funds are available for this project. City Clerk Edvalson noted that due to a typographical error, the agenda packet attachment is labeled “Supplemental Agreement 1” but should be labeled “Supplemental Agreement 2”; all other information on the attachments is the same.

**Resolution 2015 approved 7 – 0.**

**VII. PUBLIC SAFETY COMMITTEE ISSUES:** None.

7:19:13

**VIII. FULL COUNCIL ISSUES:**

- A. **AB10-44 – Resolution 2016** – A Resolution of the City Council of the City of Bonney Lake, Pierce County, Washington, Authorizing the Purchase of a 21 Ft Law Enforcement Vessel from Aluminum Chambered Boats Inc.

**Councilmember Decker moved to adopt Resolution 2016. Councilmember Lewis seconded the motion.**

Police Chief Mitchell said the department has needed a new boat for a long time. He added that drug seizure funds will cover the entire cost of the purchase, with no impacts to the general fund or taxpayers. He said a temporary storage space has been set up; Councilmember Hamilton said the Public Safety Committee and Chief are diligently looking for a permanent home for the new boat. Chief Mitchell confirmed that the new aluminum boat is more durable than the old fiberglass boat. Deputy Mayor Swatman said he supports the purchase and hopes the Police Department can use the boat to deal with issues on the lake including excessive speed.

**Resolution 2016 approved 7 – 0.**

**IX. EXECUTIVE SESSION:** None.

7:23:27

**X. ADJOURNMENT:**

**At 7:23 p.m., Councilmember Rackley moved to adjourn the meeting. Councilmember Lewis seconded the motion.**

**Motion approved 7 – 0.**

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Harwood Edvalson, CMC  
City Clerk

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Neil Johnson  
Mayor

*Items submitted to the Council Meeting of March 9, 2010:*

- City of Bonney Lake – *City Council Update – Eastown ULA* – Public Works Director Dan Grigsby.