



**City Council Study Session
February 9, 2015 - 5:30 PM
Auburn City Hall
MINUTES**

I. CALL TO ORDER

Deputy Mayor John Holman called the meeting to order at 5:30 p.m. in the Council Chambers at Auburn City Hall, 25 West Main Street in Auburn.

A. Roll Call

City Councilmembers present: Deputy Mayor Holman, Rich Wagner, Bill Peloza, Largo Wales, Wayne Osborne, Claude DaCorsi. Councilmember Yolanda Trout was excused.

City officials and staff members present included: Mayor Nancy Backus, City Attorney Daniel B. Heid, Community Development and Public Works Director Kevin Snyder, Assistant Director of Engineering Services/City Engineer Ingrid Gaub, Finance Director Shelley Coleman, Financial Planning Manager Bob Brooks, Utilities Engineering Manager Lisa Tobin, Assistant Chief of Police William Pierson, Director of Administration Michael Hursh, Public Affairs and Marketing Liaison Dana Hinman, IT Operations Manager Ashley Riggs, IT Customer Support Manager Reba Stowe, and Deputy City Clerk Shawn Campbell.

II. Announcements, Reports, and Presentations

A. Downtown Association (15 Minutes)

Laura Westergard from the Downtown Association presented 2014 Downtown Façade Recommendations.

She explained the Main Street Program has a four point approach including the Design Committee, economic development, organization, and promotion of the downtown area. The City is offering a Main Street Tax credit where the business receives a 75% sales tax credit in the following tax year if they use the funds to do improvements. Currently only one business has taken advantage of this sales tax credit.

Ms. Westergard explained the Downtown Association Has divided restorations into two categories; simple, anything under \$5,000.00 and major anything over \$5,000.00. She noted that Key

Bank has offered low interest business loans to the downtown area businesses. The next step is to meet with each area business and assess their needs.

Councilmember Wales noted attention to branding for each business is very important. Councilmember Osborne asked if the Downtown association has reached out to the building owners rather than the tenants. Ms. Westergard stated currently they are only working with one owner. Councilmember DaCorsi stated the Downtown Association needs shoppers more involved in the planning process. Councilmember Wales wants to ensure there would be centralized branding throughout downtown.

III. AGENDA ITEMS FOR COUNCIL DISCUSSION

A. Legislative Update (10 Minutes) (Hursh)

Director of Administration Hursh explained the City of Auburn has two consulting groups working for the City. Washington2 Advocates and Thompson Consulting Group. Both have been good partners to the City. Director Hursh highlighted the activities in 2014 including the SR167 completion, oil train safety, Marketplace Fairness Act, Water Resources Development Act, regulatory issues, Veterans and Human Services Center, Sound Transit and local issues.

Director Hursh reviewed the City's priorities in the 2015 Legislative Session including a transportation package that includes funds to complete SR167 and Hwy 520, Market Place Fairness Act and Municipal Bond Tax exemptions and the Indian Gaming Regulatory Act. The City is working on continuing to improve the relationship with the Muckleshoot Tribe, working with Sound Transit to move forward on a plan to start construction on the second parking garage, considering a property tax limit, receiving funding from the sales of marijuana, restoring funding from the State for infrastructure investment from the Public Works Trust Funds Loans, maintaining the revenue sharing between the cities and to restore local liquor revenues, and keeping streamlined sales tax mitigation.

Councilmember Wagner stated Association of Washington Cities requested the legislature authorize funding for a new Post Office and other funding opportunities for transportation. Councilmember Wales asked if the administration had considered having a group of councilmembers meeting with the King County Executive quarterly. Mayor Backus noted she does have monthly meetings with Executive Constantine as part of the Sound Cities Association meetings.

B. Utility Cost of Service Study (30 Minutes) (Coleman)

Financial Planning Manager Brooks and Utilities Engineering Manager Tobin presented Council with the Water, Sewer and Storm Drainage Cost of Service Study.

Financial Planning Manager Brooks explained the purpose of the presentation is to review the ratemaking process, update the Council on the status of the consultant's study, determine what actions if any are needed now or later and answer any questions for Council. Financial Planning Manager Brooks reviewed the ratemaking process. He stated the criteria for sound rate design include simplicity and understandability, effectiveness in yielding total revenue requirements, revenue stability from year to year, rate stability, fairness in apportionment of total cost of services among customers and discouraging wasteful use of service while promoting all justified uses.

Financial Planning Manager Brooks reviewed the rate making requirements including how much the City needs to collect overall and from each ratepayer, developing the cost of service amount for each customer class, and develop specific rate alternatives for each customer class.

Financial Planning Manager Brooks explained the City hired FCS Group in 2013 to conduct a Cost of Service Study. The major tasks of the consultant were to prepare a cost of service analysis that assigns costs to each class of customers based on their respective use of each utility system, evaluating the retail rate structure for each utility addressing both cost of service finding and rate policy objectives and recommendation for modifications to rate structures and rate levels considering factors such as rate and revenue stability, customer equity, efficiency of use, and administrative practicality.

Financial Planning Manager Brooks reviewed the Water Cost of Service Study. He explained FCS reviewed the seven existing retail rate classifications and recommended the City combine the City and school accounts into the commercial class. He also noted there is currently a single base charge for each classification regardless of the meter size. He said some items Council may want to consider in the future are varied base charges based on meter size, charging single family residential in volume tiers, and a re-designed fixed versus volume-based charges.

Councilmember Wagner asked how the purchase of water from Tacoma Water is included in the Cost of Service Study. Financial Planning Manager Brooks explained it is included in the requirements from the budget. Councilmember Pelozo asked if the Council adjusted the rates if it would cover the costs of service in the

upcoming years. Financial Planning Manager Brooks stated the department will need to review the rates against the new budget.

Financial Planning Manager Brooks spoke about the single base charges for each classification of the meter sizes. The cost of the service could change substantially for a commercial customer if the City changed to different base charges for each meter size or account classification. Councilmember Wales asked how many different sizes of meters the City uses. Financial Planning Manager Brooks stated the City uses 10 different sized meters. The City is currently in the process of converting to remote read meters. Councilmember Wagner stated the Council policy previously was based on water conservation. Financial Planning Manager Brooks explained the Council will have the opportunity to explore the rate structures, schedules and other options in greater detail when this topic is brought back before Council. The department is looking for guidance on a direction to move forward. Council discussed forming an ad hoc committee. It was the consensus of the Council to keep this item before the full Council.

Financial Planning Manager Brooks explained the City is also reviewing the cost of service for sewer. The City is reviewing the cost of services to ensure the customers are paying for the services provided. The sewer rates are based on the average water consumption during the winter since the City does not have a method of reading the amount of waste water that goes through the sewer system. Items for the Council to consider in the future is an increase to non-single family residential base and usage charges.

Financial Planning Manager Brooks stated the FSC recommendation is for the City to eliminate the non-single family base rate and have an un-discounted rate per ESU equal to the single family rate, and updating the non-single family rate credits.

Financial Planning Manager Brooks stated the department is seeking for recommendations and policy guidance for a future meeting. Should the rates be equitable or is some inequality acceptable if it promotes City objectives such as economic development, what rate changes should be addressed now versus being considered during the next ratemaking processes.

- C. Ordinance No. 6556 (10 Minutes) (Snyder/Gaub)
An Ordinance of the City Council of the City of Auburn, Washington, amending Auburn City Code Chapter 2.94 entitled "Citizen's Committee for Transportation, Transit and Trails" for the purpose of revising the code language and creating a new Transportation Advisory Board

Director Snyder explained the City is asking to change the make up of the Transportation, Transit and Trails Advisory Committee. Staff is asking to increase the membership to 15 members including specific special interest and advocacy members.

Councilmember Wagner noted he believes the committee should meet at a minimum every two months. Councilmember DaCorsi questioned requiring having the full 15 members. He asked for the ordinance to be amended to be more flexible in the number of members. Director Snyder explained the size is needed due to the issues and scope of items before the Committee. Councilmember Wales stated if the size does not work then the Council could adjust it in the future. Mayor Backus explained the frequency of the meetings will have some flexibility depending on the complex issues before the committee. The size of the Committee is needed due to the complexity of issues. Director Snyder explained the Committee will be advising staff and the Mayor; staff will compile the information and provide the recommendation to Council. Councilmember Wagner asked for this Ordinance to be reviewed annually to see how the size and function is working. Mayor Backus requested Council allow the Committee to start with 15 members, and if needed they can come back for amendments.

D. Economic Development Update (10 Minutes) (Hursh)

Economic Development Manager Lein reviewed the City's Sustainable Growth Plan. He reviewed the year end numbers for permitting in single family housing, commercial permits, new business licenses, real estate excise tax and sales tax revenue. He reviewed the top 10 employers in 2014 including the Boeing Company, The Outlet Collection and the Auburn School District.

Economic Development Manager Lein stated it is important to help business attain the information on how to stay up to date on accounting process, laws and technology. The City has provided a Business Development Workshop series for local businesses.

The economic development goals are to produce a robust business workshop series, market the community as the "Place to do Business", continue to recruit and support development in our Station District, implement the Downtown Façade Improvement Program, development of a 10 year Economic Strategic Plan, move forward activities in our Innovation Partnership Zone, continue and expand the weekly networking event.

IV. OTHER DISCUSSION ITEMS

There was no other discussion.

V. **ADJOURNMENT**

There being no further discussion, the meeting adjourned at 7:52 p.m.

APPROVED this 17th day of March, 2015.



JOHN HOLMAN, DEPUTY MAYOR



Shawn Campbell, Deputy City Clerk