REGULAR CITY COUNCIL MEETING
JUNE 26, 2013

ITEMS DISCUSSED

1. EXECUTIVE SESSION/SPECIAL MEETING: PROPERTY ACQUISITION (RCW 42.30.110(1)(b))
2. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE
3. ADDITIONS AND DELETIONS TO THE AGENDA / CONFLICT OF INTEREST DISCLOSURE
4. PUBLIC COMMENT
5. CONSENT AGENDA
   A. ACCOUNTS PAYABLE VOUCHER AND PAYROLL APPROVAL
   B. SPECIAL/REGULAR BUSINESS MEETING MINUTES, MAY 22, 2013
   C. SPECIAL/REGULAR STUDY SESSION MEETING MINUTES, JUNE 5, 2013
   D. RESOLUTION NO. 2013-12, COMPREHENSIVE EMERGENCY MANAGEMENT PLAN – EXECUTIVE
   E. ORDINANCE NO. 2013-10, ADOPT 2012 WASHINGTON STATE BUILDING CODES AND AMEND CHAPTER 15.04 BIMC AND BUILDING DIVISION 2013 STATUS UPDATE – PLANNING
   F. ORDINANCE NO. 2013-12, REVISIONS TO THE FIRE CODE – PLANNING
   G. ORDINANCE NO. 2013-14, BOND REFINANCING – FINANCE
6. UNFINISHED BUSINESS
   A. SEDIMENT AND TARGETED STORM EVENT SAMPLING, PROFESSIONAL SERVICES AGREEMENT, FREMONT ANALYTICAL, INC., AB 13-081 – PUBLIC WORK
7. NEW BUSINESS:
   A. DEPARTMENT OF ECOLOGY GRANT AMENDMENT [ADDED]
   B. WATER DISCUSSION POTENTIAL ACTION [ADDED]
   C. JUNE 30, 2013 RETREAT
8. COMMITTEE REPORTS
9. REVIEW UPCOMING COUNCIL MEETING AGENDAS
10. FOR THE GOOD OF THE ORDER
11. ADJOURNMENT

1. EXECUTIVE SESSION/SPECIAL MEETING: PROPERTY ACQUISITION (RCW 42.30.110(1)(b)) 6:29:53 PM
At 6:29 PM, Mayor Bonkowski adjourned the meeting to executive session with legal counsel to discuss property acquisition. A quorum was present consisting of Councilmembers Blair, Lester, Ward and Mayor Bonkowski. The recording system was turned off and the door to Council Chambers was posted. No decisions were made.

2. CALL TO ORDER / ROLL CALL / PLEDGE OF ALLEGIANCE 6:59:26 PM
Mayor Bonkowski called the meeting to order at 6:59 PM. A quorum was present consisting of Councilmembers Blair, Blossom, Lester, Ward and Mayor Bonkowski. Councilmember Hytopoulos arrived at 7:04 PM. Councilmember Scales was absent and excused. City Clerk Lassoff monitored the recording of the meeting and prepared the minutes. Everyone stood for the Pledge of Allegiance.

3. ADDITIONS AND DELETIONS TO THE AGENDA / CONFLICT OF INTEREST DISCLOSURE 7:00:17 PM
Mayor Bonkowski explained the City was notified by the Department of Ecology that an issue has come up with respect to funding in Olympia and the potential of not having a budget passed by July 1. He requested a grant amendment be added under New Business item 7A. He also added a water utility discussion and potential action under item7B. The June 30 retreat discussion was scheduled as item 7C.

Councilmember Lester moved to accept the agenda, which was seconded by Councilmember Ward and unanimously approved, 4-0.

4. PUBLIC COMMENT 7:01:47 PM
No one signed up for public comment.

5. CONSENT AGENDA 7:02:15 PM

A. ACCOUNTS PAYABLE VOUCHER AND PAYROLL APPROVAL
Accounts Payable Manual Check Numbers 333191 through 333197 and Regular Check Run Numbers 333198 through 333327 for a total of $1,193,661.27. Payroll Direct Deposit Check Numbers 028012 through 028116, Regular Check Numbers 106248 through 106253, Vendor Check Numbers 106254 through 106265 and Federal Tax Electronic Transfer for a total of $389,464.16.

B. SPECIAL/REGULAR BUSINESS MEETING MINUTES, MAY 22, 2013

C. SPECIAL/REGULAR STUDY SESSION MEETING MINUTES, JUNE 5, 2013

D. RESOLUTION NO. 2013-12, COMPREHENSIVE EMERGENCY MANAGEMENT PLAN – EXECUTIVE
E. ORDINANCE NO. 2013-10, ADOPT 2012 WASHINGTON STATE BUILDING CODES AND AMEND CHAPTER 15.04 BIMC AND BUILDING DIVISION 2013 STATUS UPDATE – PLANNING
F. ORDINANCE NO. 2013-12, REVISIONS TO THE FIRE CODE – PLANNING
G. ORDINANCE NO. 2013-14, BOND REFINANCING – FINANCE

MOTION: *I move we approve Consent Agenda Items A through G: A. Accounts Payable Voucher and Payroll Approval, Item B. Special/Regular Business Meeting Minutes, May 22, 2013, C. Special/Regular Study Session Meeting Minutes, June 5, 2013, D. Resolution No. 2013-12, Comprehensive Emergency Management Plan, E. Ordinance No. 2013-10, Adopt 2012 Washington State Building Codes and Amend Chapter 15.04 BIMC and Building Division 2013 Status Update, F. Ordinance No. 2013-12, Revisions to the Fire Code and Ordinance No. 2013-14, Bond Refinancing.*
WARD/LESTER– *Motion carried unanimously, 4-0.*

6. UNFINISHED BUSINESS
A. SEDIMENT AND TARGETED STORM EVENT SAMPLING, PROFESSIONAL SERVICES AGREEMENT, FREMONT ANALYTICAL, INC., AB 13-081 – PUBLIC WORKS 7:04:05 PM

Interim Public Works Director Cunningham responded to questions posed by Council at last week's study session. He explained the cost on a per site sample basis is the same as it was in 2008. He indicated the sampling being done under this program will be coordinated with the sampling being done under the City's recently adopted Shoreline Master Program. He requested Council input regarding how the sampling might be affected by or integrated with the sampling done as part of the NPDES permit being overseen by the Department of Ecology. He explained under the NPDES permit, the Council needs to either opt in with the DOE's Regional Stormwater Monitoring Program for approximately $17, 000 or opt out and do all of the sampling required at a cost of approximately $400,000 annually. He explained the Council also needs to decide to what extent they want to continue the Water Quality and Flow Monitoring Program, which has been budgeted and implemented since 2008.

7:11:25 PM Councilmember Lester asked whether sampling would be done at Point Monroe to which staff replied not through this agreement. Councilmember Ward said he was not prepared to make a decision until the City Manager provided an update on KPUD performing the flow monitoring. Councilmember Lester wondered if the City had thought about providing the service to neighboring municipalities. Councilmember Blair wanted clarification on whether City staff would be providing services to other jurisdictions or just lending them equipment. Mayor Bonkowski clarified that the monitoring Councilmember Ward referred to earlier was different then the monitoring related to storm event sampling. Councilmember Hytopoulos wanted to know what the opting in method meant. Interim Public Works Director Cunningham explained DOE has selected 50 sites however, none of them are located on Bainbridge Island. Councilmember Hytopoulos asked how would opting in to meet our permit requirements fits in with the pending changes being proposed in appeal. Interim Public Works Director Cunningham replied that this issue is not one of the points in the appeal. Mayor Bonkowski said the only decision on the table is to support the ability to do storm event monitoring. Interim Public Works Director Cunningham explained the City's current water quality flow monitoring program would not meet the opt out option because it is not robust enough.

7:23:13 PM ***MOTION:*** *I move that the City Council approve the Professional Service Agreement with Fremont Analytical, Incorporated in the amount of $29,900 for Sediment and Targeted Storm Event Sampling.*
LESTER/BLOSSOM – *Motion, 6-0.*

7. NEW BUSINESS
A. DEPARTMENT OF ECOLOGY GRANT AMENDMENT [ADDED] 7:24:10 PM

Acting City Manager Schroer explained the City received a letter this week from the Department of Ecology notifying us that we have the option to suspend then resume the Lynwood Center Outfall project grant once budget issues in Olympia are resolved. Councilmember Blossom recused herself from voting since part of the project takes place on property that she has a financial interest in.

7:26:00 PM ***MOTION:*** *I move that the City Council approve the amendment to the Department of Ecology Grant Agreement Number G1200546 and authorized the Acting City Manager to sign it.*
WARD/LESTER – *5-0. Councilmember Blossom recused herself from the vote.*

B. WATER DISCUSSION AND POTENTIAL ACTION [ADDED] 7:26:38 PM

Mayor Bonkowski asked that Mayor Pro Tem Lester chair the meeting during the discussion. Mayor Bonkowski explained this was a continuation of last week's discussion on a number of issues related to the water utility. He noted that City Manager Schulze prepared a memorandum, which was distributed at the dais that provides a good basis for the discussion.

7:27:51 PM ***MOTION:*** *I move the City Council direct the City staff to draft a resolution that each City utility be managed for the benefit of its customers and this is for review and a potential vote on the Council's business meeting of July 10.*
BONKOWSKI/WARD

Mayor Bonkowski explained the proposed motion would make it clear how we expect to be managing the different utilities. He noted the UAC has been asking for this type of clarification and this is merely a way to codify, in resolution form, Council's commitment to managing the utilities. Councilmember Blair said it would behoove Council to think about the implications of this and the fact that the word benefits could be measured in many different ways. Councilmember Ward explained why he would be supporting the motion. Councilmember Hytopoulos did not support the motion feeling it makes a policy statement that reflects the mantra of the Ratepayer's Alliance and acknowledging some level of guilt on behalf of the City that she does not agree exists. Councilmember Lester believed the resolution would reaffirm Council's commitments and was in favor of the motion. Mayor Bonkowski noted the motion was guidance to the City Manager to draft a resolution for discussion.

7:34:24 PM ***RESTATED MOTION:*** *I move the Council direct the City staff to draft a resolution that each City utility be managed for the benefit for its customer for review and potential vote at the Council meeting on July 10.*

Councilmember Hytopoulos said if certain Councilmembers want this resolution, that they should be responsible for directing the City Manager as to what they want included. She also wondered why the motion was isolating one constituency. Councilmember Blair believed it was not the City Manager's job to draft the resolution but rather the Council's job to establish their philosophy and policy.

7:42:06 PM ***RESTATED MOTION:*** *I move the Council direct the City staff to draft a resolution that each City utility be managed for the benefit of its customers, for review and potential vote on the Council business meeting of July 10.*
Motion carried 4-2 with Councilmembers Blossom, Bonkowski, Lester and Ward voting in favor. Councilmembers Blair and Hytopoulos voted against.

7:42:34 PM Mayor Bonkowski commented on what he believed to be misinformation at the last meeting, which was subsequently repeated in the press regarding the rate reduction percentage.

7:45:05 PM ***MOTION:*** *I move the City Council direct the City Manger to draft an ordinance to reduce waters by 30 percent across all users for review and potential vote at the Council business meeting of July 10.*
BONKOWSKI/WARD

Councilmember Blair asked whether the City Manager suggested the 30 percent. Mayor Bonkowski replied he and the City Manager discussed a figure between 25-35 percent and they both settled on 30 percent for the analysis. Councilmember Hytopoulos felt the characterization of how the number came about and what the memo says is inaccurate. Councilmember Blair explained how she did not think there was an emergent need to make this decision now and read from a prepared statement. Councilmember Ward believed this was a solid business decision and supported the motion. Councilmember Lester explained why she supported the motion. Councilmember Hytopoulos felt it was not the percentage but the process used.

7:57:22 PM ***RESTATED MOTION:*** *I move the Council direct the City Manager to draft an ordinance to reduce the water rates by 30 percent across all users for review and a potential vote on the Council business meeting of July 10.*
Motion carried 4-2 with Councilmembers Blossom, Bonkowski, Lester and Ward voting in favor. Councilmembers Blair and Hytopoulos voted against.

Following a brief calendaring discussion, a motion was made.

8:00:08 PM ***AMENDED MOTION:*** *I would like to amend both motions for both the resolution on the first motion and the rate reduction instead of July 10 change the dates to July 17 so the City Manager can…*

Councilmember Blossom suggested July 24 since the calendar shows everyone would be available.

Mayor Bonkowski amended his motion to schedule both earlier motions to June 24, which was seconded by Councilmember Blossom and approved 5-1 with Councilmembers Blossom, Bonkowski, Hytopoulos, Lester and Ward voting in favor. Councilmembers Blair voted against.

8:01:42 PM ***MOTION:*** *I move the Council direct the City Manager to initiate a water plan immediately with a 90-day operating reserve per the City Manager's recommendation.*
BONKOWSKI

RESTATED MOTION: *I move the City Council direct the City Manager to initiate a water plan immediately with the addition of a 90-day operating reserve per the City Manager's recommendation in his memo.*
BONKOWSKI/WARD

Mayor Bonkowski said in order to accommodate and accomplish what has been discussed, he thought it was imperative to start a water plan now for the 2014 timeframe. Councilmember Blossom was puzzled about the 90-day reserve language. Mayor Bonkowski referred to language contained in the City Manager's memo. Councilmember Blair was in favor of a water plan however was concerned about starting a plan with a conclusion which seems inherent in the motion. Councilmember Hytopoulos said there was no agenda bill prepared for the motions and she did not think it was a good process to direct management and staff to craft the plan and start giving detailed direction to them via a motion. Councilmember Ward saw nothing wrong with giving staff this direction. Councilmember Blossom noted the reserve is something that comes out of the plan.

8:08:32 PM ***AMENDED MOTION:*** *I would like to amend the motion to delete with a 90-day operating reserve per the City Manager's recommendation.*
BONKOWSKI/WARD *– The amended motion carried unanimously, 6-0.*

Councilmember Hytopoulos asked that the original motion be restated.

8:09:30 PM ***RESTATED MOTION:*** *I move the Council direct the City Manager to initiate a water plan immediately.*

Councilmember Hytopoulos wanted to know whether Council was giving any more direction to staff other than to initiate immediately. Mayor Bonkowski replied he wanted the water plan to be one of the highest priorities.

The motion carried unanimously, 6-0.

8:10:46 PM ***MOTION:*** *I move the City Manager develop allocation policy alternatives for the three City utilities to be available for Council review in two months at the August 28 Council meeting.*
BONKOWSKI/WARD *– the motion carried unanimously, 6-0.*

8:11:50 PM ***MOTION:*** *Whereas the water reserve account was established to fund capital projects, I move that all capital projects, including the water plan, be funded out of the water reserve account.*
BONKOWSKI/WARD

8:12:04 PM ***RESTATED MOTION:*** *Whereas the water reserve account was established to fund capital projects, I move that all capital projects, including the water plan, be funded out of the water reserve account.*

8:12:25 PM Councilmember Hytopoulos thought the motion was making an important policy decision that would evolve out of the water system plan.

Mayor Bonkowski clarified the motion should read ... for all <u>water</u> capital projects.

8:13:06 PM Mayor Bonkowski clarified that the motion was meant as an interim step until we get a water plan. Councilmember Hytopoulos asked what the alternative would be with such an enormous balance. Mayor Bonkowski said it was an accounting clarification so Council can separate out and see on an expense basis funding going to capital. Councilmember Blair asked Finance Director Schroer whether it was realistic and made sense. Finance Director Schroer explained Council would still need to appropriate funds all of the projects so we have spending authority however what it would change are the revenue requirement for structuring rates. Councilmember Hytopoulos asked why make a piece meal decision. Councilmember Lester said she was comfortable with supporting the motion until the water system plan comes into play. Councilmember Hytopoulos wanted to know what else we would have done since the money is already there and if a capital project comes up it is obvious it would be funded from there. Mayor Bonkowski explained the motion was made so that the Council can see the capital actually being spent for the projects. Councilmember Blair wondered if the motion could have been accomplished by saying we want a report that shows that water-related capital projects come from the reserve account. Mayor Bonkowski replied it was truly a reporting issue.

The motion carried 5-1 with Councilmembers Blossom, Bonkowski, Lester and Ward voting in favor. Councilmembers Hytopoulos voted against.

8:23:29 PM ***MOTION:*** *I move the City Manager, in concert with the Utility Advisory Committee, present the policy issues that need to be reviewed and discussed by Council before we initiate a water rate study. These policy issues shall be presented at the Council meeting on July 24.*
BONKOWSKI/WARD(?)

Councilmember Blossom commented on what she believed the Utility Advisory Committee's role was in identifying what issues need to be considered. Councilmember Hytopoulos asked why not do a rate study instead. Mayor Bonkowski replied this was a precursor to the rate study. Councilmember Hytopoulos asked whether a rate study looks at all aspects. Finance Director Schroer replied she would imagine it would but she has not looked into recently. Councilmember Hytopoulos supported beginning a rate study as soon as it is practical. Council discussed identifying policy issues to be considered when doing a water system plan and conducting a rate study. Councilmember Hytopoulos thought it would be appropriate to bring the City Manager into the conversation and follow the appropriate steps. Councilmember Blossom said the Utility Advisory Committee would be helpful in identifying the issues and she did not think there needed to be a new rate study since we have one that has not been implemented. Councilmember Blair shared her concern about specifically choosing July 24 and the order in which things were being done. Mayor Bonkowski explained that date was chosen because everyone would be present and it was when the other water related issues were being discussed. Councilmember Blossom indicated the Utility Advisory Committee has two meetings prior to July 24 and did not think they needed that much time since they have talked about the topic quite a bit. Councilmember Ward did not want to waste two months talking about the issues after the water plan is done when we could be discussing issues while the water plan is underway. Councilmember Hytopoulos shared her concern about not including the City Manager is the discussion. Councilmember Blossom said given the fact that the water study was going to be done first, there was no rush for the Utility Advisory Committee to come back. Councilmember Blair appreciated doing things simultaneously. Councilmember Blossom explained why the Utility Advisory Committee needed a date to respond by.

The motion carried 5-1 with Councilmembers Blossom, Bonkowski, Hytopoulos, Lester and Ward voting in favor. Councilmembers Hytopoulos voted against.

Mayor Bonkowski resumed chairing the meeting.

7. JUNE 30, 2013 RETREAT 8:38:20 PM
Mayor Bonkowski reviewed the retreat agenda. He indicated the City Manager would facilitate the discussion. Agenda topics would include strategic visioning, accomplishments, 2013 reprogramming and the 2014 Budget.

8. COMMITTEE REPORTS 8:44:20 PM
Councilmember Blair reported the Road Ends Committee has been working on various projects and was looking forward to meeting with Interim City Manager Smith to establish a public process for the Fletcher Bay Road End improvement project. Mayor Bonkowski reported on items discussed during a Kitsap Regional Coordinating Council board meeting. Councilmember Lester reported on proposed changes from a two-year to four-year granting cycle and that both the Transportation Policy Board and Kitsap Regional Coordinating Council Executive Board were vehemently against the change.

9. REVIEW UPCOMING COUNCIL MEETING AGENDAS 8:49:26 PM
Councilmember Lester suggested the June 30 retreat be held from 9:00 to 11:30 AM. Mayor Bonkowski reviewed the July 1, 2013 agenda and the long-range calendar. Councilmember Blair asked that a 10-15 minute discussion regarding the Planning Commission appointment process be scheduled for July 10. Councilmember Hytopoulos said she would be absent July 10 and would like to be involved in that discussion. Following a brief discussion, it was decided that the appointment process would be discussed on July 10 and a follow-up discussion and decision would occur on July 24 when all Councilmembers and the City Manager were present. Councilmember Lester hoped to dovetail the Public Art Committee scope of work on that timeframe as well. Mayor Bonkowski suggested if any work was being done for items listed in the TBD column that a date be shown. Councilmember Hytopoulos asked whether the Council was willing to broaden the public outreach process for development applications discussion to include City processes, policies, and code compliance. Mayor Bonkowski asked whether that discussion could include the tree ordinance and why has it taken so long. Councilmember Hytopoulos said she would be suggesting another FTE as a SEPA official to assist in various instances. Mayor Bonkowski and Councilmember Lester will follow-up on calendaring the topic.

10. FOR THE GOOD OF THE ORDER 9:03:34 PM
Mayor Bonkowski reported on upcoming Rotary Auction events this Saturday. Councilmember Lester reported on the Waterfront Park Community Design Workshop, the grand opening of the Bainbridge Island Museum of Art opening and the swearing in ceremony of Police Chief Hamner.

11. ADJOURNMENT 9:07:40 PM
Councilmember Ward moved to adjourn the meeting at 9:07 PM.

Steven Bonkowski, Mayor

Rosalind D. Lassoff

Rosalind D. Lassoff, City Clerk