# REDMOND CITY COUNCIL STUDY SESSION

July 27, 2010

Mayor

John Marchione

**Members of the Council** 

Richard Cole, Council President Pat Vache, Council Vice-president

Kim Allen David Carson Hank Margeson Hank Myers John Stilin **Staff** 

Mike Bailey, Finance and Information Services Director

Rob Odle, Planning and Land Use Director Ron Grant, Deputy Public Works Director

Kim Dietz, Senior Planner

Kelley Cochran, Public Works Management Analyst Jon Spangler, Public Works Engineering Manager Jeanne Justice, Public Works Engineering Supervisor

Michelle M. McGehee, CMC, City Clerk

#### **MEETING SUMMARY**

Convened: 7:15 p.m. Adjourned: 10:09 p.m.

Council President Richard Cole opened the meeting and overviewed the agenda for the evening.

# **Stormwater Rate Study**

Mr. Jon Spangler, Public Works Engineering Manager, and Ms. Jeanne Justice, Public Works Engineering Supervisor, provided a presentation to the Mayor and Members of the Council regarding the stormwater rate study. Joining them was Mr. John Ghilarducci, consultant from the FCS Group.

The presentation addressed, and discussion took place, regarding:

- the stormwater rate study;
  - > purpose:
    - identify financial and revenue requirements for the 2011/12 budget biennium:
    - analyze utility policy and practices; and
    - update regional capital facilities charges (CFCs);
  - > part of the budget process;
  - > the utility is mostly mandate-driven;
  - > utility is in good shape and needs no additional rate revenue at this time;
  - > study focused on policy and equity; and
  - citizen's advisory committee (CAC) was formed to study and report regarding the study;
- what does the utility do?;
  - > operations and maintenance;
  - > engineering and administration; and

- development services;
- projected rate revenue;
- utility rate policies and equity;
  - > equity issues were evaluated on the basis of being revenue neutral;
  - policies analyzed:
    - stormwater funding strategies;
    - stormwater rate structures;
    - definition of impervious surface area;
    - charges to city streets;
    - capital facilities charges; and
    - stormwater rate credits for quantity and quality;
- CAC's and staff's recommendations;
  - > stormwater funding strategies:
    - continue the current practice;
  - ➤ stormwater rate structures charge basis:
    - continue the current practice;
  - rate structures single-family residential:
    - update the average amount of impervious surface area for single-family residential from 2,000 to 3,000 square feet of impervious area; and
    - allow for small residences to be charged for 2,000 square feet of impervious surface through an appeal process;
  - > rate structures density factor:
    - eliminate the density of development rate factor;
  - > definition of impervious surface area:
    - CAC's recommendation modify code to remove references to specific surface types, considering all hard surfaces which slow natural infiltration as impervious; allow property owners to demonstrate that compacted gravel is not impervious; and
    - Staff's recommendation charge compacted gravel as impervious surface;
  - > charge to city streets:
    - continue the current practice; and
    - staff additionally recommends updating the impervious area calculation;
  - > capital facilities charges:
    - continue the current practice; and
    - offer credits for regional facility charges facility oversizing, infiltration;
  - rate credits portion of rate eligible for credit:
    - update portion of rate eligible for credit:
      - 60 percent general (fixed) benefit;
      - 20 percent water quality;
      - 20 percent water quantity; and
      - minority dissenting opinion received systems not connected to the City system should get more credit;
    - update rate credit policies and practices to reflect effectiveness of on-site activities;
- summary of recommended rate policies and equity changes;
  - charge single-family residences for 1.5 impervious units; 1.0 charged for smaller homes;

- > eliminate the density of development rate factor;
- modify the definition of impervious surface to remove references to specific surface types;
- > charge compacted gravel as impervious per current City policy;
- > establish new maximum creditable portion of rate;
- > provide quantity and quality credits based on effectiveness; and
- > provide regional capital facility charge credits for infiltration and oversizing;
- impacts of policy recommendations;
  - rate impact is revenue neutral;
  - > cost per impervious unit would be reduced;
  - ➤ single-family residential cost recovery burden shifts from 21 percent to 28 percent;
  - majority of non-single family bills would be reduced;
  - > monthly bill would increase for the majority of parcels receiving infiltration credit:
  - > monthly bills increase for parcels with compacted gravel; and
  - regional capital facility charges would increase;
- Downtown CFC update;
  - > estimated construction cost of City facilities remains \$36 million;
  - > size of facilities are based on an assumption of some infiltration;
  - recommend credits for providing infiltration and oversizing; and
  - increase CFC from \$4,292 to \$5,435 per impervious unit;
- Overlake CFC update;
  - > original construction cost was estimated at \$20 million;
  - > current construction cost is estimated at \$47.5 million;
  - > size of facilities are based on an assumption of some infiltration;
  - recommend credits for providing infiltration and oversizing; and
  - increase CFC from \$4,397 to \$8,539 per impervious unit;
- implementation recommendations;
  - > adopt updated regional CFCs and credits effective January 2011;
  - > adopt revisions to rate credits effective January 2012;
  - > approve revisions to rate structure effective January 2012; and
  - > phasing options possible.

The following requests for further information were made, and concerns noted:

- Councilmember Cole stated that he is concerned with how appeals for single-family residential will be addressed administratively;
- Councilmember Margeson desired to know the impact to a typical homeowner;
- Councilmember Myers desired to know the definition and standard of 'pervious' asphalt or concrete surfaces:
- Councilmember Cole inquired if the forty percent credit is fair for people/businesses who have invested in their own systems;
- Councilmember Allen desired more information regarding how to calculate the larger benefit piece;
- Councilmember Cole noted his concerns with regard to the administrative costs of taking single-family residential from 1.0 to 1.5 impervious units is the City of Redmond out of balance with other cities?;

- Councilmember Allen stated that she believes there are a higher percent of single-family residential units that are still at the smaller impervious surface measures of 2000 square feet; she would like to see the sampling data gathered to make this finding and believes that outreach is needed to let people know how to appeal their calculation;
- Councilmember Carson desired to know the City of Kirkland's capital facilities charges;
- Councilmember Vache desired to know more regarding the details of phasing options; also, phasing in rate payers that will experience a more significant increase to their charge;
- Councilmember Myers desired to know what would happen if the City limited rates to a 10 percent increase per phase;
- Councilmember Margeson desired to know the impact if Downtown and Overlake were removed from the scenario; and
- Councilmember Cole desired to know the calculation of monies received by the City from the State for stormwater programs; what is the impact on the rate?

## Overlake Neighborhood Residential Area Plan

Ms. Kim Dietz, Senior Planner, provided a follow-up report to the Mayor and Members of the Council regarding the Overlake Neighborhood Residential Area Plan. She provided the answers to questions previously asked at study session. The resolutions to those questions are as follows:

- Issue No. 1:
  - ➤ Councilmember Carson would like to know the minimum width of sidewalk that can be considered;
  - Closed.
- Issue No. 2:
  - Closed.
- Issue No. 3:
  - Closed.
- Issue No. 4:
  - Closed.
- Issue No. 5:
  - Closed.

Councilmember Allen noted that the matter will be coming forward for Council consideration on August 17, 2010.

## **Derby Days 2010 Council Booth Comments and Suggestions Received**

Councilmember Allen discussed with Members of the Council the comments received by visitors to the Council's 2010 Derby Days booth. The Planning Commission joined the Council this year. The comments were forwarded to the Mayor for his furtherance to staff in follow-up, if needed.