

City Council Minutes – October 22, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of October 22, 2018. Councilmembers Eric Johnson, Anthony Young, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmembers Ryan Walters and Bruce McDougall were absent.

The assembly joined in the Pledge of Allegiance.

Councilmember Ryan Walters joined the meeting immediately following the pledge.

Announcements and Committee Reports

Planning Commission Reappointments of Jeremy McNett and Andrea Doll: Mayor Gere requested confirmation of her reappointment of Jeremy McNett and Andrea Doll to the Anacortes Planning Commission for terms expiring in 2023. Ms. Lovelett moved, seconded by Mr. Adams, to confirm the appointments. The motion carried unanimously by voice vote.

Mayor Gere reminded that there would be no City Council meeting on October 29, 2018 because it was the fifth Monday of the month.

Mayor Gere invited the public to her monthly coffee at 1:30 p.m. on October 24, 2018 at the Anacortes Senior Activity Center.

Mayor Gere announced the annual Friends of the Forest benefit event on November 3, 2018 at the Port Transit Shed.

Proclamation of Harry Leon Causland Remembrance Day: Mayor Gere read a statement proclaiming Harry Leon Causland Remembrance Day on October 25, 2018, the 100th anniversary of Mr. Causland's death in battle during World War One. She presented the signed proclamation to Mr. Causland's descendants, members of the Good family.

Mr. Walters moved, seconded by Mr. Young, to excuse the absence of Mr. McDougall who was travelling on business. The motion carried unanimously by voice vote.

Mr. Miller reported that the Lodging Tax Advisory Committee (LTAC) met the prior week for the first review of applications for lodging tax grants for 2019. He said the committee had invited some applicants back to a future LTAC meeting to explain their proposals in more detail. Mr. Miller summarized the purpose and requirements of the lodging tax program. He advised that after several more meetings the committee's recommendations would come to City Council for action.

Public Comment

John Morgan thanked Council and staff for reporting back on the city's use of Roundup following the question he raised several meetings back. Mr. Morgan observed that turning left (north) from 11th Street onto R Avenue or crossing R Avenue at 11th Street was difficult. He suggested adding a traffic light at that intersection. He also asked for more electric vehicle charging stations in town, as many as four or five. Mr. Morgan reported that the street sign for his street, 27th Court, was difficult to see in low light. He suggested adding a street light at that location. Mr. Morgan inquired about enforcement of laws against cell phone use by drivers, noting that on his way to the Council meeting he had seen a driver using her phone while driving on M Avenue. Mayor Gere advised that Anacortes Police Department officers enforce that law whenever they can.

Consent Agenda

Mr. Young moved, seconded by Ms. Lovelett, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of October 15, 2018
- b. Approval of Claims in the amount of: \$467,513.10

The following vouchers/checks were approved for payment:
EFT numbers: 90979 through 91028, total \$288,348.04
Check numbers: 91029 through 91078, total \$170,607.43
Wire transfer numbers: 239032 through 239474, total \$1,987.12

OTHER BUSINESS

Continued Review of 2019/2020 Biennial Budget

Finance Director Steve Hoglund kicked off the continued presentation of the 2019/2020 proposed budget, following presentation of the Public Works department budget at the October 8, 2018 meeting. He reviewed the schedule for consideration and eventual adoption of the budget and provided some general observations about the proposed budget across all departments and funds. He noted that except for the new Fiber department budget, all funds including the General fund were balanced without a material use of cash reserves. Mr. Hoglund’s slide presentation was added to the packet materials for the meeting.

Mr. Hoglund presented a chart summarizing the new staff positions requested by department heads and the positions actually included in the proposed budget. Mr. Adams suggested additional discussion about adding the requested equipment mechanic back into the budget, citing the value of timely and preventive maintenance.

Mr. Hoglund inquired about timing for any budget changes directed by Council. He suggested that the budget public hearing scheduled for November 5, 2018 consider the budget as currently presented and that any changes directed by Council following public input and additional discussion be incorporated into the final budget presented as part of the budget ordinance prior to December 5. Mr. Walters noted that the general election results of Anacortes Proposition 1 would likely be available on November 6 which would also inform Council’s budget discussions. Councilmembers generally concurred that Council discussion of the budget would continue at the November 19, 2018 meeting.

Mr. Hoglund explained the columnar display on the first two pages of the budget document included in the packet materials, noting that the Surplus/Deficit columns indicated the amount of cash reserves that were projected to be banked or used by each fund to arrive at a balanced budget. He indicated that the prior year budget figures reflected the adopted rather than amended budgets. Ms. Lovelett observed that there would be very little additional unrestricted cash reserves available in 2019 and 2020 if Council approved dedicating approximately \$3M of cash reserves for fiber program start up cash.

Museum Director Bret Lunsford presented the proposed budget for his department for 2019/2020. Mr. Lunsford described the budget as consistent with past years, with the addition of some hours to existing staff positions to expand the open hours of the Maritime Heritage Center and adjust for position reclassifications following the Teamster negotiations. He described upcoming exhibits and the museum’s recent board/staff retreat. In response to a question from Mr. Adams, Mr. Lunsford said he continued to meet with groups interested in the Tommy Thompson Train and the antique fire truck regarding establishing static exhibits of those artifacts. He responded to councilmember questions about the role and value of the W.T. Preston.

Planning Manager Libby Grage presented the proposed budget for the Planning, Community and Economic Development department for 2019/2020. Her slides were added to the packet materials for the meeting. Ms. Grage reviewed the organization chart and the primary mission and activities of the department's Planning and Building divisions. She then presented highlights from each division's budget. For Planning, that included professional services to complete a Shoreline Master Program periodic update by 2020, complete the Critical Areas Regulations update, and develop a Downtown Parking Plan, as well as staff time to implement the South Commercial Avenue Corridor Plan and continue AMC updates and integration with AMC Title 19. Councilmembers discussed the urgency of completing the CAR update and recognized the need to harmonize those regulations with the SMP. Mr. Walters urged his colleagues to consider budgeting additional funding to complete the CAR update sooner than the proposed budget was likely to allow. Ms. Lovelett and Mayor Gere urged collecting additional parking survey data at peak season before continuing work on the parking plan. For the Economic Development division, Ms. Grage reported budgeted funds for maintenance and repair of the 30th Street boat ramp, establishing an economic development webpage presence, establishing the City Council Economic Development/Tourism Committee, and completing and implementing the Maritime Strategic Plan. Councilmembers requested more detail on the plans for the Economic Development committee and suggested that tourism did not need to be part of that committee's mission. Councilmembers also discussed the current role played by EDASC in local economic development and possible adjustments to that relationship. Ms. Grage said staff would report back on the city's current level of funding and county reimbursement for EDASC. Mr. Walters requested explanatory memos from staff when significant new program expenditures were proposed. In response to councilmember queries, Mr. Hoglund explained the BARS constraints that accounted for social services spending residing the Planning Department budget. Ms. Grage concluded her presentation by displaying building permit statistics for 2016 through 2018, noting continued strong numbers, then summarizing the Building division's 2018 accomplishments and 2019 goals. Mr. Hoglund responded to councilmember questions about specific line items. Mr. Walters inquired if the \$5K budgeted for code enforcement was sufficient.

City Attorney Darcy Swetnam presented the proposed budget for the Legal department for 2019/2020. Her slides were added to the packet materials for the meeting. She shared the department's organization chart, then summarized the services provided by the department. She identified the department's goals for 2019/2020 as completing the Laserfiche implementation citywide, completing necessary code updates, and maintaining and streamlining legal support to the City. Mr. Young encouraged cross training staff to support Laserfiche. Ms. Swetnam discussed the .6 FTE staffing increase she had proposed to support the increasing volume of public records requests. She reported that the proposed position had been eliminated to balance the 2019/2020 budget but indicated that the need would continue to grow and would likely be addressed again for the following biennium. Mr. Walters supported moving towards centralized public records response staffing. Councilmembers discussed with Ms. Swetnam the extent to which Laserfiche would achieve efficiencies in responses when fully implemented. She explained the ongoing challenges presented by email and increased reporting requirements. Ms. Swetnam responded to councilmember questions about the current legal assistant support for the contract City Prosecutor and possible reconfigurations of prosecution services. Ms. Swetnam then presented the nine line items of her budget. She explained that expenditures for outside counsel related to matters specific to a city department were charged to that department's budget, not to the Legal department budget. Councilmembers requested a full accounting of outside counsel expenditures across departments. Mayor Gere emphasized that Ms. Swetnam coordinated outside counsel for all departments, regardless of which department budget absorbed the cost.

Library Director Ruth Barefoot presented the proposed budget for the Library for 2019/2020. Her slides were added to the packet materials for the meeting. Ms. Barefoot introduced Librarian Gina Van Hess, Children's Services Librarian Leslie Wilson, Public Services Manager Diana Farnsworth and Librarian Jeff Vogel. The library team described the library's programs, successes and goals related to Adult Services, Children's and Teen Services, community outreach, physical and digital resources, and software services. Ms. Farnsworth described the value to the community of the proposed \$2K annual increase in the staff travel and training

budget. Mr. Young urged educating Anacortes students about the larger, wider, more diverse world beyond Fidalgo Island and the county. Mr. Vogel thanked the Library Foundation for support that would allow the library to continue to expand purchases of books and digital resources with no increase in the annual budget. He pointed out a small increase in the professional services line item to support potential implementation costs of the library's RFID software.

At approximately 8:12 p.m. Mayor Gere called a five minute break. At 8:17 p.m. the mayor called the meeting back to order.

Interim Fire Chief Jack Kennedy presented the Fire/EMS budget for 2019/2020. His slides were added to the packet materials for the meeting. Chief Kennedy summarized the goals that would be served by the proposed budget and reported on progress to date towards achieving the goals set by Council via Resolution 1946. He responded to councilmember questions about the effect of the expanded volunteer program. Chief Kennedy reviewed the department's expanding EMS service area effective January 1, 2019 per the recently approved service delivery agreement with Skagit County. He noted the four additional firefighter/paramedic positions included in the budget to allow 24/7 staffing of Fire Station 3 but said the budget did not include the additional staff required to achieve imminent rescue capability 24/7 nor for the fire inspector position anticipated by Resolution 1946. Chief Kennedy and Administrative Services Director Emily Schuh responded to councilmember questions about the extent to which firefighter/paramedics were able to perform inspections while on duty. Mr. Walters asked about charging a fee for inspections. Chief Kennedy said that some jurisdictions did charge such a fee but that Anacortes had not previously entertained that model. Mr. Miller urged prioritizing inspections for high risk structures. Mr. Adams suggested that the Public Safety committee review Resolution 1946 and progress towards those goals with the new fire chief in 2019.

Police Chief John Small presented his department's budget for 2019/2020. His slides were added to the packet materials for the meeting. Chief Small summarized anticipated cost increases beyond the department's control including bargaining unit labor costs, Skagit 911 dispatching fees, Spillman Records Management system fees, jail fees and inmate medical expenses, insurance, and uniform and equipment costs. He described the increasing costs associated with the department's successful K-9 narcotics detection team. He listed the extensive training required for officers and said that the department's training budget would increase by \$2K annually (to \$40K) for 2019/2020. Chief Small explained that he had requested two additional officers for the 2019/2020 biennium but that the request had been denied to balance the budget. The Chief listed the benefits that would accrue to the community from increased staffing. Councilmembers inquired about the Level of Service (officers per 1000 population) established in the 2016 Comprehensive Plan. Mayor Gere said staff would report back to Council with more information on how that LOS had been arrived at. Mr. Walters and Mr. Miller urged establishing a realistic LOS to allow the city to plan proactively for police staffing in response to increasing population. Mr. Young inquired if the training budget (Line 268) was sufficient to provide officers with valuable de-escalation training. Chief Small confirmed that training would be addressed within the proposed budget. Mr. Hoglund responded to councilmember questions about ever increasing jail fees. Mr. Johnson inquired if the department could save cost by contracting with the Sherriff's office for jail transports; Chief Small said the Sherriff's office did not have additional staffing available.

Mr. Hoglund presented the budgets for the Legislative, Executive, Finance, and Information Services departments and the Real Estate Excise Tax (REET) and Firemen's Pension funds. Mr. Hoglund's slides were added to the packet materials for the meeting. He explained the few exceptional increases in these departments. He itemized the projects that were budgeted to use REET, totaling \$1.12M for 2019 and \$1.03M for 2020. Mr. Walters and Ms. Lovelett suggested increasing the budget for the Senior Activity Center roof to allow metal rather than composition roofing. Mr. Hoglund said the Facilities department agreed and that the cost would likely be \$150K for metal vs. \$90K for composition. Mr. Young inquired if the IT training budget was sufficient to address the current environment of online security threats. Mr. Hoglund advised that the increased budget for that line acknowledged that need. Mr. Johnson asked if Council should budget to provide tablets or laptops for

councilmembers to comply with public records requirements. Mr. Hogle confirmed that budget authority for those devices had been included in the 2017/2018 biennium and that the IT department supported that idea. Mayor Gere suggested considering that for the final 2019/2020 budget. Mr. Walters strongly encouraged moving to Office 365.

Parks and Recreation Director Gary Robinson presented his department's budget for 2019/2020. His slide presentation was added to the packet materials for the meeting. Mr. Robinson summarized that the budget was generally a hold the line budget with no staffing increases and REET funding for necessary capital spending. He highlighted selected line items that differed from the prior biennium. Ms. Lovelett suggested that the Depot improvements including possibly the stage could apply for LTAC funding. Mr. Hogle addressed councilmember questions about the fluctuating allocation of Parks staffing expenses between funds, explaining that the accounting software projected costs based on recent history at the time of budget development but that actual allocation of Parks staff fluctuated significantly by season. Mr. Robinson and Mr. Hogle confirmed that REET budgeted for Washington Park campground improvements could be spent on design as well as construction costs. Mr. Robinson clarified that the SHIP wetland trail capital improvements budgeted in Fund 108 were for the long planned interpretive center and possibly the connection of the boardwalk to the Washington State Ferry Terminal, which were distinct projects from the entirely separate Guemes Channel Trail. Ms. Lovelett reiterated her prior suggestion that the city evaluate the fees it charged for Grand View Cemetery services, urging that cemetery fees ought to be sufficient to cover the expansion project. Mayor Gere and Mr. Robinson compared the cemetery to other basic city infrastructure; Mr. Walters noted its status as a public resource of historic and cultural significance. Mr. Walters inquired if the quarry revenue reflected on line 477 was overstated. Mr. Hogle said he would verify that figure.

Administrative Services Director Emily Schuh presented her department's budget for 2019/2020. Her slides were added to the packet materials for the meeting. Ms. Schuh reviewed the proposed organization chart for the restructured department pending approval of the municipal fiber budget. She noted that the Senior Center Foundation would assist with funding for the ASAC Administrative Assistant. Ms. Schuh reviewed the services provided by Municipal Court and the Office of Public Defense and the categories of costs that would increase for those divisions in the 2019/2020 biennium. As part of the Human Resources discussion, Ms. Schuh listed factors that may affect costs for the department and for labor costs citywide in 2019/2020 including the Washington State Paid Family and Medical Leave and Paid Sick Leave programs mandated by the state, increasing health care costs, collective bargaining agreements, succession planning, risk management and the potential for new HR/Payroll software. She confirmed that the city would prefer an integrated software solution that would serve all city departments and was exploring such options. She concluded her presentation with a summary of the programmatic and funding changes at the ASAC affecting its budget. Ms. Schuh emphasized the strong financial support of the Senior Activity Center Foundation.

Continued Review of 2019/2020 Biennial Budget - Municipal Fiber Network

Ms. Schuh said it appeared after her presentation to Council the prior week that there was Council support to invest in the municipal fiber network using general fund cash reserves for the first year trial program. Ms. Schuh's slide presentation was added to the packet materials for the meeting. She recapped her presentation from the October 15, 2018 City Council meeting which outlined the business plan and the features of the 2019 and 2020 Proposed Network Trials, noting that 2020 would be dependent on the success of the 2019 trial and that the kick start funding for the initial year from General fund cash reserves would be repaid to that fund when the fiber project became cash positive. She then reviewed the proposed budget for the project, similar to that presented on October 15, but presented as a new General fund department within the city under the Administrative Services Department. Mr. Johnson and Mr. Walters observed that the fiber network would still be required in Anacortes after 5G technology became more generally available. Mr. Miller asked to set a definitive date for Council to evaluate the results from the first year trial and determine if proceeding to the second year was viable and responsible. He noted that leasing dark fiber could provide revenue to allow the project to pay back the General fund cash reserve even if the customer subscription rate did not meet

projections. Mr. Adams agreed that Council should evaluate the program the following October and determine whether to continue forward or halt the project. Mayor Gere agreed that the city should have a good indication by October 2019 of the success of the program. Ms. Schuh proposed monthly updates to Council as the project progressed. Mr. Walters asked for a fiber web page as well indicating expenditures, subscriber rates, etc. Ms. Schuh noted that adopting the fiber budget as part of the biennial budget would allow planning and implementation of the first year trial to begin.

Ordinance 2025: Updating AMC to Add Section 2.32.020 Providing an Option for Councilmembers to Obtain Medical Insurance

Due to the late hour, Mayor Gere postponed consideration of this agenda item to the November 5, 2018 City Council meeting.

There being no further business, at approximately 10:10 p.m. the Anacortes City Council meeting of October 22, 2018 was adjourned.