

City Council Minutes – November 5, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of November 5, 2018. Councilmembers Eric Johnson, Anthony Young, Brad Adams, Liz Lovelett, Bruce McDougall and Matt Miller were present. Councilmember Ryan Walters was absent. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Gere announced that there would be no City Council meeting the week of November 12, 2018 due to the Veterans Day holiday on Monday and the Association of Washington Cities regional meeting in the Council Chambers on November 13, 2018.

Mayor Gere invited the public to attend the Project Hope meeting in the City Council chambers at 7:00 p.m. on November 8, 2018 regarding youth mental health and suicide prevention.

Mayor Gere invited the public to the Veterans Day Ceremony at the Port of Anacortes at 11:00 a.m. on Monday, November 12, 2018.

Public Safety Committee: Mr. Miller reported from the committee meeting the prior week with Police Chief John Small. Mr. Miller said that the group discussed level of service measures to determine appropriate staffing for the department. Ms. Lovelett added that committee members might consider recommending budgeting to add one additional police officer in the 2019/2020 biennium.

Skagit County Population Health Trust: Ms. Lovelett reported from the Trust's retreat the prior Thursday to discuss strategic planning software recently purchased by the Trust and near term actions the group could take regionally to address housing needs and their effect on public health.

Lodging Tax Advisory Committee: Mr. Miller reported from the committee meeting the prior Thursday to which some of the applicants had been invited to present additional information about their applications. Mr. Miller indicated that similar additional meetings were scheduled and that the committee's recommendations would come back to Council later in the year for consideration and action.

Public Works Committee: Mr. Adams reported from the committee meeting earlier in the evening. He elaborated on topics reviewed including ongoing investigation of the potential for the Anacortes water utility to take over the South Fidalgo water system from Skagit PUD (including consideration of capital project needs and funding), design work for the second raw water line to serve the water treatment plant, the history of fluoridation by the Anacortes water utility, demolition of the former water treatment plant, and progress on the chlorination system changes at the plant.

Ms. Lovelett reminded the public to cast their General Election ballots by 8 p.m. on November 6, 2018.

Public Comment

Bill Perkins, 3914 S Avenue, urged Council to focus the biennial budget on systems he used daily such as water, sewer and streets rather than frivolous spending on parks, trails and fiber optics.

Consent Agenda

Mr. Young removed Item 5b, Approval of Claims, from the Consent Agenda. Mr. Adams moved, seconded by Mr. Johnson, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of October 22, 2018
- c. Contract Award: Operations Facility HVAC System Install 18-134-FAC-001
- d. Street Fair Applications: Anacortes Chamber of Commerce Christmas Tree Lighting and Lions Club Christmas Parade
- e. Contract Modification: Rapid Flashing Beacon Installation 18-006-TRN-002
- f. Interlocal Cooperative Agreement with Skagit County for Dept. of Emergency Management IL261

The following vouchers/checks were approved for payment:
 EFT numbers: 91079 and 91083 through 91143, total \$145,939.61
 Check numbers: 91082 and 91144 through 91209, total \$339,515.62
 Wire transfer numbers: 238758 through 239952, total \$4,111.18

- b. Approval of Claims in the amount of: \$475,184.38

Mr. Young urged staff to purchase from local vendors rather than from Amazon whenever possible in compliance with state law. He again urged that the value of local vendor volunteerism and local employment be factored into pricing comparisons. Mayor Gere advised that the city’s purchasing policy was currently under revision and would be reviewed again by the City Council Finance Committee the following week. Mr. Young indicated he would continue to raise this issue until a conclusion was reached. Mr. Young and Mr. Miller requested that the weekly voucher list include the name of the department or staff person responsible for making or approving each purchase so they could focus their encouragement to think locally. Mr. Young moved, seconded by Mr. Johnson, to approve Consent Agenda Item 5b. The motion carried unanimously by voice vote.

PUBLIC HEARINGS

Finance Director Steve Hogle introduced the three public hearings on the agenda. He clarified that adoption of the Capital Facilities Plan (CFP) was currently scheduled following adoption of the budget due to the timing of the Fire Impact Fee presentation to Council on December 10. Mr. Hogle confirmed that the CFP could be adopted following budget adoption.

Continued Public Hearing: Budgeted Revenue Sources, including 1% Property Tax Increase

Referring back to the October 8, 2018 City Council meeting at which the public hearing was opened, Mr. Hogle reminded that the proposed 2019/2020 biennial budget included a 1% property tax increase. He added that the budget also projected increases in all tax revenue streams based on current economic indicators. In response to a question from Mr. Miller, Mr. Hogle indicated that the 1% property tax increase would generate approximately \$50K of general fund revenue for Anacortes, in addition to any increased property tax revenue due to new construction within the city limits. Ms. Lovelett asked how the proposed street maintenance expenditures would be funded if Proposition 1 increasing the sales tax by .2% were to fail at the polls on November 6. Mr. Hogle indicated that in that case street maintenance funding would likely revert back to the \$1.1M annual level of prior years. Mr. Miller asked how the budget would make up \$50K of revenue if Council did not approve a 1% property tax increase. Mr. Hogle said cash reserves would likely be used instead.

Mayor Gere invited members of the audience to comment on this agenda item.

Patrick Gallagher, 1406 Portalis Court, said it was very difficult for the audience to read the spreadsheets and other exhibits being displayed on the screen. He asked that staff adjust font sizes and resolution to make the displayed materials visible. Mayor Gere said staff would address that concern and could also provide hard copy of exhibits for audience members.

No one else present wished to address the Council on this topic.

Public Hearing: 2019/2020 Biennial Budget

Mr. Hoglund said that department heads would attend the budget discussion scheduled for the November 19, 2018 City Council meeting to address questions from councilmembers. He sought councilmember questions about and feedback on the budget prior to that meeting. Ms. Lovelett suggested devoting an entire City Council meeting to addressing the staffing requests proposed in the budget and instituting a standard format for presentation and justification of those requests to better enable councilmembers to evaluate them. Several councilmembers and Mr. Hoglund concurred with that idea but agreed that scheduling an additional budget session in 2018 could prove difficult so late in the process. Ms. Lovelett requested additional budget meetings, starting earlier in the season, for the next biennium. Mayor Gere inquired about specific budget proposals about which Council wanted more information. Mr. Miller said he didn't feel the additional Human Resources position was supportable and said that position would require more justification. He also observed that the two new engineering positions, funded by impact fees and transportation sales tax, were not "cost neutral" to the taxpayers. Mr. Adams reiterated his request from the October 22, 2018 City Council meeting for more information about the additional fleet mechanic position that had been cut from the proposed budget, specifically the offsetting value of timely and preventive maintenance.

Mayor Gere invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Mr. Hoglund reviewed the proposed budget's effect on cash reserves in each fund as reflected in the packet materials for the meeting. Mr. Johnson requested a spreadsheet showing the current cash reserves in each fund and the projected balance in each fund at the end of 2020 based on the proposed budget. Mr. Hoglund agreed to provide that, but noted that amount and timing of potential fiber network revenue was impossible to quantify at this point so the effect on the general fund reserve by the end of 2020 was unknown. Councilmembers confirmed that the fiber initiative would be reviewed towards the end of 2019 and a decision made at that point whether and how to continue into 2020.

Ms. Lovelett reiterated her request from a prior meeting that the Parks and Recreation Committee review the planned cemetery expansion, the market demand for same, and what portion of operating and capital expenses the cemetery fees cover. Ms. Lovelett clarified with Mr. Hoglund that the proposed budget assumed the current fee structure for both the sewer and sanitation funds. Mr. Hoglund outlined the challenges of budgeting for potential but as yet unquantified changes to those rates. Mr. Young requested more information on the nature and potential order of magnitude of those changes. Mr. Hoglund requested that councilmembers call or email him with any other questions or requests regarding the budget so additional materials could be assembled prior to the next scheduled discussion on November 19.

Mayor Gere again invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Public Hearing: 2019-2024 Capital Facilities Plan

Mr. Hoglund displayed the table from the meeting packet materials summarizing the CFP by year by department. Mr. Hoglund and Mr. Buckenmeyer responded to councilmember questions, referring to the complete copy of the draft CFP that had been distributed for the October 1, 2018 City Council meeting. Mr. Hoglund invited councilmembers call or email him with any other questions or requests regarding the budget so additional materials could be assembled prior to the next scheduled discussion on November 19.

Mayor Gere invited members of the audience to comment on this agenda item. No one present wished to address the Council.

OTHER BUSINESS

Latecomer Agreement: RR Summit NW, LLC 18-012-DEV-001

Engineering Technician Steve Lange presented a latecomer agreement with RR Summit NW, LLC for Street/Roadway, Water, Storm Drainage, Sanitary Sewer, Utility Improvements and related appurtenances along Rock Ridge Boulevard. Mr. Lange's slide presentation was added to the packet materials for the meeting. He first reviewed the process for latecomer agreements generally, then summarized how the subject application complied with the applicable AMC sections and with the Public Works Director's Latecomer Agreement Policy. Mr. Lange indicated that Council could accept or reject the latecomer agreement, by motion or by resolution. He confirmed for Ms. Lovelett that City engineering staff verify that the actual costs reported by the applicant are reasonable. In response to a question from Mayor Gere, Mr. Lange clarified that the benefiting properties, Lots B1, B2 and B3, were all part of one parcel, P60499, for which the entire latecomer charge was \$110,506.92 per paragraph 14 of the agreement.

Mayor Gere invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Mr. Adams moved, seconded by Mr. Miller, to accept and authorize the mayor to sign the proposed latecomer agreement 18-012-DEV-001. Ms. Lovelett confirmed with Mr. Lange and Mr. Buckenmeyer that a copy of the Director's report along with a description of the affected property owners' rights and options were mailed to the property owners of record on October 3, 2018 and that the City had not received any written requests for a hearing within the 31 days since the mailing. Vote: Ayes - Young, Adams, McDougall, Miller and Johnson. Nays - Lovelett. Motion carried.

Ordinance 3029: Updating AMC to Add Section 2.32.020 Providing an Option for Councilmembers to Obtain Medical Insurance

Administrative Services Director Emily Schuh presented draft Ordinance 3029 which would create AMC Section 2.32.020 to provide the option for health insurance coverage for City Councilmembers. Ms. Schuh's slide presentation was included in the packet materials for the meeting. She reviewed considerations affecting the proposed code change, including 2007 state law changes regarding compensation for elected officials. Ms. Schuh advised that the proposed language for AMC 2.32.020 had been drafted by the City Council Finance Committee. She explained the underwriting rules of the city's health insurance provider, AWC Benefit Trust. Ms. Schuh then addressed the question of cost sharing by the city for premium costs for councilmembers, pointing out for comparison that 50-74% FTE employees of the city are eligible for half of the employee only medical insurance premiums of the lowest cost plan offered by the City. She displayed 2018 premium costs for comparison. Ms. Schuh concluded that creating the new code section would put a foundation in place in the event that the minimum number of required councilmembers were to opt for coverage under the city plan. In response to councilmember questions, Ms. Schuh confirmed that the underwriting rules allowed both the full-time elected mayor and regular city staff to be covered under different conditions from councilmembers. She responded to councilmember questions about the open enrollment period. Mr. Young and Mr. McDougall spoke in support of Ordinance 3029. No councilmembers requested any alterations to the ordinance. Mr. Johnson suggested bringing the ordinance back to Council for action on the Consent Agenda at the next meeting.

Mayor Gere invited members of the audience to comment on this agenda item.

Ward MacKenzie, 1302 7th Street, said it made sense that people serving the city part time would be eligible for the same benefits as part time paid staff. Mr. MacKenzie observed that the health care provision would lower the barrier for someone to serve on the City Council.

There being no further business, at approximately 7:35 p.m. the Anacortes City Council meeting of November 5, 2018 was adjourned.