

City Council Minutes – November 19, 2018

At 5:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of November 19, 2018. Councilmembers Eric Johnson, Ryan Walters, Brad Adams and Liz Lovelett were present. Councilmembers Anthony Young, Bruce McDougall and Matt Miller were absent. The assembly joined in the Pledge of Allegiance.

Executive Session (30 Minutes) per RCW 42.30.110 (i)

At approximately 5:01 p.m. Mayor Gere announced that City Council and the City Attorney would convene in Executive Session for approximately 30 minutes to discuss potential litigation. At approximately 5:32 p.m. the mayor and councilmembers returned to the Council Chambers and Mayor Gere called the meeting back into regular session. No action was taken in the Executive Session.

Mr. Young and Mr. McDougall joined the meeting during the executive session.

Announcements and Committee Reports

Shell Puget Sound Refinery Presentation for Disaster Preparedness:

Corey Ertel of Shell Puget Sound Refinery presented a check for \$4800 to the Skagit Amateur Radio Club in recognition of the group's work to further disaster preparedness in the community. Shell personnel described the equipment that would be purchased with the grant, including radio repeaters to expand the radio coverage on Fidalgo Island in case of emergency. SARC thanked Shell, the mayor and the City Council for their support.

Skagit Law & Justice Council: This report was postponed to the next meeting due to Mr. Miller's absence.

Mr. Johnson moved, seconded by Mr. Young, to excuse the absence of Mr. Miller. The motion carried unanimously by voice vote. Mr. Adams noted that Mr. Miller had emailed his comments on the 2019/2020 biennial budget to be included in the record for the meeting in his absence and that copies of his comments were on the dais for each councilmember.

Finance Committee: Mr. Johnson reported from the committee meeting the prior Wednesday at which those present reviewed the latest draft of the revised purchasing policy. Mr. Johnson said the group had been unable to locate a City of Redmond purchasing policy but had found that the City of Bothell allows local sales tax revenue to be considered when determining the lowest possible price but explicitly states that other local preferences are not permitted. Mr. Johnson referenced RCW 39.30.040 which governs local purchasing by Washington cities. He read the proposed language for the Anacortes policy regarding soliciting price quotes from local vendors. Mr. Johnson said that changes to the mayor's contract authority threshold would be proposed in conjunction with the new purchasing policy. In response to a question from Mr. Young about bid threshold levels, City Attorney Darcy Swetnam read from the matrix in the draft policy which sets out thresholds in conformance with state law. Ms. Swetnam emphasized that after careful research, staff recommended adoption of the language as proposed. She said she anticipated that the policy and an ordinance establishing mayor's contract authority would come back to Council for consideration and action early in 2019.

Parks & Recreation Committee: Mr. Adams reported from the committee meeting the prior Thursday evening. He described the committee's discussion of the Grand View cemetery, the Ship Harbor section of the Guemes Channel Trail and the Parks Comprehensive Plan. Mr. Adams indicated that a public participation plan for the GCT could come before Council before year end. He added that the Park Commissioners were investigating funding mechanisms for the facilities recommended in the Parks Comprehensive Plan.

Public Works Committee: Ms. Lovelett reported that the committee meeting scheduled for earlier in the evening had been cancelled to accommodate the early start time of the City Council meeting.

Public Comment

John Morgan advocated a plastic grocery bag ban. Mr. Morgan read a list of local cities that have banned plastic bags and described the problems posed for marine life from waste plastic. He said that banning plastic bags would also combat climate change by reducing the use of oil. Mr. Morgan described the toxins emitted by plastic as it degrades. He specified a ban that would only ban single use bags at point of sale for retail establishments, would encourage the use of reusable bags, and that would give retailers one year to use up existing bag stock. Mr. Morgan shared with Mayor Gere a biodegradable plastic bag made of corn.

Consent Agenda

Ms. Lovelett removed Item 5c, Interlocal Agreement 276 with Skagit County for Library Materials. Mr. Young removed Item 5b, Approval of Claims in the amount of \$821,051.38. Mr. Johnson moved, seconded by Mr. McDougall, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of November 5, 2018 and November 13, 2018
- d. Interlocal Agreement 277 with Whatcom County for Plantation Rifle Range Use
- e. Interlocal Agreement Amendment 9 to Ambulance Contract C20140640 with Skagit County
- f. Contract Modification - FRP Chemical Tanks 18-036-WTR-002
- g. Ordinance 3029: Updating AMC to Add Section 2.32.020 Providing an Option for Councilmembers to Obtain Medical Insurance

The following vouchers/checks were approved for payment:
EFT numbers: 91210 through 91276, total \$544,913.84
Check numbers: 91277 through 91333, total \$273,249.17
Wire transfer numbers: 240120 through 240797, total \$6,058.57

- c. Interlocal Agreement 276 with Skagit County for Library Materials

Ms. Lovelett inquired about the timing of the proposed interlocal agreement, which specified an ending date of December 2018. Finance Director Steve Hogle explained that this annual agreement with Skagit County was typically enacted at the end of each calendar year and that the city invoiced Skagit County immediately thereafter for the allocated funding.

- b. Approval of Claims in the amount of: \$821,051.38

Mr. Young commended staff for choosing to spend money locally when appropriate, stating that it is important to support local businesses whenever possible.

Ms. Lovelett moved, seconded by Mr. Young, to approve Consent Agenda Items 5b and 5c. The motion carried unanimously by voice vote.

PUBLIC HEARINGS

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

Mr. Hogle observed that public hearings on budgeted revenue sources, on the 2019/2020 biennial budget, and the 2019-2024 capital facilities plan remained open. He noted that a property tax resolution in some amount was

due to Skagit County by November 30, 2018. He suggested concluding the public hearing on budgeted revenue sources and then taking action at the current meeting.

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

Stephanie Meehan spoke in opposition to increasing the property tax by 1%. Ms. Meehan listed a wide range of Anacortes residents with whom she had discussed finances, then reminded Council that Anacortes has very wealthy people and regular people. She listed factors that make it more and more difficult for working people to save for retirement. Noting the number of new staff positions proposed for the 2019/2020 biennial budget, Ms. Meehan observed that some of those positions could be outsourced rather than taking on additional long term pension liability. Ms. Meehan said that the cost of living and of housing was pricing many residents out of Anacortes. She suggested that Anacortes can embrace everyone who lives here including seniors on fixed incomes and working class residents who are struggling to pay their bills. She encouraged finding alternatives to increasing the property tax. Ms. Meehan also commented on the environmental cost of purchasing from Amazon.

No one else present wished to address the Council on this topic. At approximately 6:06 p.m. Mayor Gere closed the public hearing on Budgeted Revenue Sources, including 1% Property Tax Increase.

Mr. Hoglund recommended adopting Resolution 2025 setting the city's year 2019 property tax regular levy increase at 1%. He confirmed that the increase would cost the owner of an average \$384K home an additional \$5.74 annually. Mr. Walters noted that even a 1% increase in the property tax does not keep up with the rate of inflation in the cost of goods and services purchased by the city. He observed that state law limiting property tax increases to 1% per year had put cities on a collision course with the future. Mr. Walters supported Resolution 2025. Ms. Lovelett reminded citizens of the existing programs to reduce utility and property tax bills for low income residents.

Mr. Johnson moved, seconded by Mr. McDougall, to adopt Resolution 2025 to increase the property tax by 1% for 2019. Vote: Ayes – Young, Walters, Adams, Lovelett, McDougall and Johnson. Motion carried.

OTHER BUSINESS

2019/2020 Biennial Budget

Mr. Hoglund recapped the remaining budget schedule for the duration of 2018.

Mayor Gere addressed Council regarding the new staff position requests included in the budget. She explained the significant increase in new positions compared to the prior biennium, noting that the four new firefighter/paramedic positions would be funded by the EMS levy, the four new fiber network positions would be self-supporting within a year, and the additional police officer to ensure full staffing for the growing population. Mayor Gere assured councilmembers that city staff offer high value to the taxpayers.

Mr. Walters observed that Resolution 2018 called for \$1.8M of annual spending on *professional services* for street maintenance and that spending \$100K of that to fund an additional in house engineer ran counter to that direction.

Public Works Director Fred Buckenmeyer reviewed his packet memoranda regarding the four new positions requested for his department: two engineers, a fleet mechanic and a sanitation driver.

Councilmembers questioned Mr. Buckenmeyer about the additional sanitation driver, asking if solid waste rates would increase to cover the cost of the position and asking for specific information about water crew tasks that were not being accomplished because water crew staff were backing up the sanitation department. Mr.

Buckenmeyer discussed his packet memorandum regarding an alternative to hiring an additional sanitation driver, which would be transitioning to every other week trash collection. Several councilmembers expressed interest in exploring that alternative further, particularly in light of expected increases in Skagit County tipping fees and possibly recycling charges as well. Ms. Lovelett suggested allocating funding for the additional driver in the biennial budget but not filling the position until alternatives had been explored and other rate factors had been established. Mr. Johnson reported that Portland collects trash biweekly.

Councilmembers questioned Mr. Buckenmeyer about the additional fleet mechanic position, attempting to establish how much outsourced equipment maintenance cost was included in the proposed budget and how much savings could be realized against those budget line items if an additional mechanic were funded instead. Mr. Adams emphasized the value of preventive maintenance to extend equipment life and also to maintain safety. He supported funding the mechanic position. Mayor Gere asked Mr. Buckenmeyer to bring back to Council the potential savings in the proposed budget that could offset the cost of the additional mechanic. Mr. Hoglund suggested that the position would result in hard cost savings of \$40K annually and that because utility funds share the cost of the mechanic, the position could be funded with no single large additional contribution by any one department or fund.

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

Mr. Buckenmeyer elaborated on the proposed additional Engineering position for the pavement management program. He reiterated his previous statements that increasing the overlay budget from \$1.1M to \$1.8M annually would require additional staff. He discussed with councilmembers how large a budget a single engineer can manage effectively, noting that there is not an established industry standard for that metric. He did note that outsourcing all the street project management would likely cost \$900K and that the labor cost for four in house engineers was less than half that. Mr. Buckenmeyer said that adding a fourth engineer would also reduce overtime charged to the street maintenance fund. Mr. Walters asked if the OT had already been reduced in the budget since the engineering position was proposed to be funded. Mr. Buckenmeyer said it had not. Ms. Lovelett suggested funding only one of the additional engineering positions for 2019, then adding a second in 2020 if the workload justified the addition and if adding the first position did in fact reduce overtime and consultant costs. Mr. Buckenmeyer agreed that was an option. Mr. Walters and Mr. Young concurred with Ms. Lovelett's suggestion. Mr. Johnson reported that the Ohio DOT standard was one engineer for each \$1M of projects.

Mr. Buckenmeyer then addressed the budgeted \$40K to support the Cartegraph asset management program. Mayor Gere spoke to the need to widen the pool of staff trained to use the software. Mr. Buckenmeyer clarified that this was not an initial implementation need but an ongoing need to manage and maintain the large and robust system. He advised that he would recommend consideration of transitioning to a staff position at the mid-biennium review.

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

Mr. Hoglund then addressed the new positions proposed in the Administrative Services department, including four new positions for the new fiber network that had previously been approved in principle by Council. Mr. Walters suggested advertising for the fiber manager in 2018 so a new hire could begin work early in 2019. Mayor Gere spoke to the need to add a Human Resources manager now that Administrative Services Director Emily Schuh would be overseeing a much larger department. The mayor noted that the Anacortes Human Resources department was much leaner than in other jurisdictions of similar size or larger. Ms. Lovelett asked if the fiber network would contribute to the Administrative Services Director's salary. Mr. Hoglund advised that staff would conduct a time study after the network was up and running but had no basis for quantifying

allocation of director time to the fiber network at this point. Mr. Adams noted Mr. Miller's email in absentia expressing lack of support for the HR Manager position. Mayor Gere read Mr. Miller's comments into the record; they were added to the packet materials for the meeting. Mr. Adams agreed with Ms. Lovelett that the fiber network should contribute to the director's salary. He said he'd like to support an HR Manager position but was cautious about the cost. After considerable ongoing discussion, most councilmembers agreed to defer to Mayor Gere's judgement in this matter. Mr. Hoglund clarified with councilmembers that all six new positions in the Administrative Services department should stay in the budget.

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

Stephanie Meehan counseled against comparing Anacortes to Oak Harbor which she said doesn't do the best job of management. She reported that her private company of 850 employees had had five HR staff. Ms. Meehan urged councilmembers to focus the budget on the mashed potatoes of reality which is infrastructure and public safety, not a large parks department or glossy magazines or other "nice to have" services.

Ward MacKenzie, 1302 7th Street, called on his experience in government HR and said he was shocked Anacortes could keep things afloat with its current HR staffing. He said an HR Manager and HR Generalist need separate skill sets. He recommended one HR staff per 90 employees, noting that demands on HR staff have dramatically increased. He cautioned against spreading the Administrative Services Director too thin.

Brian Wetcher, 814 26th Street, said that for many years he had watched city staff make do with very lean departments, relying on volunteers and serving double duty. Mr. Wetcher said the new positions proposed addressed bottlenecks causing underperformance which could lead to liability. He said he'd love to see those positions in place so citizens get the services they want. Mr. Wetcher urged councilmembers not to apologize for asking citizens to pay for the level of service they want.

Sara Holahan, 1511 38th Street, requested more detail on how fiber would contribute to the Administrative Services Director's salary. She said department heads needed to provide more convincing data to justify the positions requested. Ms. Holahan commented that every other week solid waste collection would be a great improvement. Ms. Lovelett suggested establishing a consistent formula or format for proposal of additional staff positions, clearly establishing for Council and the public the need for and potential cost savings of each new position. Mayor Gere agreed. Mr. McDougall summarized the fiber network startup model, reminding that only if the subscription rate for the first 1000 buildings supported a viable business at the end of the first year, able to pay both for staff and construction costs, would the city expand the project. He said that with a 35% minimum subscriber rate the network would pay off the construction costs in 15 years as well as ongoing operating expenses. He confirmed for Ms. Holahan that the city planned to borrow from general fund cash reserves for the first year then repay the general fund once the network was cash positive.

At 7:55 p.m. Mayor Gere called a five-minute recess. At approximately 8:03 p.m. the mayor called the meeting back to order.

Mr. Hoglund resumed review of the draft budget, displaying a slide responding to councilmember questions about consultant funding. Councilmembers proposed alternative options for the Emergency Manager position but no consensus was reached on an alternative to outsourcing the position in the near term. Mr. Hoglund and Mr. Measamer explained the professional services amounts budgeted for economic development, code updates, Critical Areas Ordinance update, Sub Area Plan and the Shoreline Master Plan update. Mr. Measamer alerted Council that following meetings with consultants the prior week, he proposed an additional \$75K to ensure completion of the CAO update in 2019. Councilmembers agreed with that request. Mr. Measamer outlined the economic development projects slated for 2019/2020. He said that the proposed budget did not include a renewal of the city's \$20,500 annual contract with EDASC. Mr. Measamer advised that EDASC would be addressing Council on December 17 and that a portion of the professional services budget for economic

development could be directed to EDASC during the upcoming biennium if that was determined to be the best use of the funds. Ms. Lovelett reiterated her request for a Discover Anacortes app.

Mr. Hoglund addressed two other specific line items councilmembers had asked about at prior meetings, the new roof at the Senior Activity Center and the code enforcement budget. Mr. Hoglund advised that switching to a metal roof would add \$60K to the roof cost. Councilmembers supported making that change.

Mr. Hoglund next addressed the Police Department budget. He advised that in response to councilmember requests, the budget had been updated to add one additional police officer in 2020. Councilmembers concurred. Police Chief John Small reported that the national standard level of service is 1.5 officers per 1000 residents, which was the current nominal staffing level, but that due to long hiring and training times and illness and vacation coverage the department almost never had all 26 officers available. He concurred with councilmember assessments that increasing mental health and drug problems in communities were increasing the workload for the officers. Mr. Walters asked Chief Small to address Council outside the budget process regarding mental health needs in the community. Mr. Walters asked that the Comprehensive Plan be updated to specify a level of service of 1.6 officers per 1000 residents, to match the budget. He suggested budgeting for the 27th officer beginning in 2019 rather than 2020. Ms. Lovelett and Mr. Young agreed. Mayor Gere indicated that public safety was one of the highest priorities and said staff would find funding for the position.

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

Mr. Hoglund revisited the topic of the EDASC contract with a separate slide summarizing the city's current contract with EDASC. Councilmembers agreed with Mayor Gere that they did not support budgeting to renew the contract until after Mr. Sternlicht's presentation to Council scheduled for December 17. Mr. Walters asked if any other cities were opting out of EDASC, asked why Skagit County had cancelled its subsidy to cities for EDASC dues, and said he wanted the quarterly reports required by the EDASC contract.

Mr. Hoglund concluded with slides summarizing expenditures on outside counsel in 2018, alerting Council that solid waste rates may be updated during the biennium and would be addressed through a budget amendment if necessary, and listing potential sources of revenue to fund the added expenditures: cash reserves, utility tax increases and assessments on municipal water customers, or reductions in other budget line items.

Contract Award: Skagit River 42" Water Line Project - Phase 1 Preliminary Engineering 18-070-WTR-002

Water System Manager Jeff Marrs requested City Council consent to award contract 18-070-WTR-002 in the amount of \$204,902.00 to HDR Engineering, Inc. to perform the Skagit River 42" Water Line Project – Phase 1 Preliminary Engineering. Mr. Marrs's slide presentation was added to the packet materials for the meeting.

He explained the purpose of adding the second intake line to the water plant, then listed the scope objectives for phase 1 of the project. He summarized the schedule for the project and its phases that would be addressed in different contracts. He responded to councilmember questions about the alignment and material selection for the second intake pipe, noting that the subject contract would evaluate both those topics. Ms. Lovelett moved, seconded by Mr. Adams, to approve the contract award for the Skagit River 42" Water Line Project – Phase 1 Preliminary Engineering. Vote: Ayes – Walters, Adams, Lovelett, McDougall, Johnson and Young. Motion carried.

Ordinance 3031: Updating AMC Titles 16, 17 and 19 for Low Impact Development

City Attorney Darcy Swetnam presented draft Ordinance 3031, an interim zoning ordinance for the purpose of updating certain sections of AMC Titles 16, 17 and 19 to further establish low impact development while the City development regulations were being completed in compliance with the requirements of the City's NPDES

Phase II MS4 permit under the Clean Water Act. Ms. Swetnam reminded that RCW 36.70A.390 allows the City to adopt interim zoning controls effective for up to six months, provided a public hearing is held within sixty days of adoption. She said staff would schedule a public hearing on the ordinance no later than January 18, 2019. Mr. Walters and Ms. Swetnam observed that AMC Title 19 already established that LID controls in the case of any conflict with existing city code, and has done so since the adoption of Ordinance 2991 in 2016. Ms. Swetnam briefly summarized the topics addressed by the interim ordinance. Mr. Walters moved, seconded by Mr. Young, to approve Ordinance 3031 as presented. Vote: Ayes – Adams, Lovelett, McDougall, Johnson, Young and Walters. Motion carried.

2019-2024 Capital Facilities Plan

Mr. Hoglund advised that Berk and Associates would present the results of its fire impact fee study to Council on December 10, following which staff would invite Council to discuss the interaction between the impact fee structure and the 2019-2024 CFP as currently drafted. He added that the CFP was currently scheduled to come to Council for final adoption on December 17.

Mr. Hoglund confirmed with councilmembers the list of changes Council wished to see in the final 2019/2020 biennial budget that would be presented for approval by ordinance on December 3, 2018:

- Street Maintenance Fund 104: Overlay professional service budget increases from \$1.7M to \$1.8M using REET
- Street Funds 104/105: Only one of the two requested engineering positions will be funded
- Planning Department: professional services increases to \$152K
- Police Department: add one patrol officer in 2019, retain that added position in 2020
- Fleet Services: add one mechanic position in 2019, retain that added position in 2020, to be funded at least partially with cost savings in other line items
- Sanitation: budget for but do not yet approve hiring the additional driver position until solid waste rates are finalized for the biennium
- Planning Department: no additional funding will be allocated to contract with EDASC but staff has discretion to use some portion of the economic development professional services budget for such a contract

There being no further business, at approximately 9:18 p.m. the Anacortes City Council meeting of November 19, 2018 was adjourned.