Mayor Laurie Gere called to order the regular Anacortes City Council meeting of November 7, 2016 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmember John Archibald was absent.

Mr. Adams moved, seconded by Mr. Walters, to excuse the absence of Mr. Archibald. The motion passed unanimously by voice vote.

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Skagit 911 Presentation: Helen Rasmussen, Director of Skagit 911, updated Council on proposed changes to the 911 funding model. Ms. Rasmussen's slide presentation was added to the packet materials for the meeting. She reviewed the governing structure of the Emergency Management Council (EMC) and the timeline of the funding mechanisms for the 911 center since its inception in 1998. Ms. Rasmussen described in detail the facility needs for the center and its dispersed communication systems. She explained the accumulated funding shortfalls for infrastructure requirements as well as the equity shortcomings of the current billing system. Ms. Rasmussen then presented the proposed new funding model, endorsed by the EMC including its member mayors, and requested Council support of the changes. She reported that the bill to Anacortes would increase 31% in the first year, followed by subsequent increases to phase in full funding for the center and its 30-year equipment reserve and replacement fund, and that other jurisdictions would face similar increases. She invited councilmembers to tour the 911 facility.

Housing Affordability & Community Services Committee:
Mr. Johnson reported from the committee meeting the prior Thursday and advised that staff was compiling information regarding affordable housing from a variety of sources.

Public Works Committee: Mr. Walters reported from the committee meeting earlier in the evening at which the committee discussed the large scale solar project currently under consideration, storm water rate revisions, and the practice of seeking Council acceptance of public works projects as complete. Mayor Gere advised that the solar project would come back before full Council for discussion at the next regular City Council meeting.

Mr. Johnson reported from the most recent Port/City Liaison meeting. He advised that the Port would like to address City Council in January regarding coordinating economic development plans, that Tesoro would be conducting an oversized equipment move on December 6, and that the airport tree removal project had completed with no negative feedback.

Public Comment
No one present wished to address Council on any topic not already on the agenda.

Consent Agenda
Mr. Johnson removed Item 5b, Approval of Claims in the amount of: $1,306,756.35, from the Consent Agenda. Ms. Lovelett removed Item 5d, Contract Award: 32nd Street & D Avenue Roundabout Design (Transportation Solutions, Inc.), from the Consent Agenda.

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

a. Minutes of October 24, 2016
c. Accept as Complete: Overlay Infrastructure Improvement Project, 15-005-TRN-005 (Scimitar Construction)

e. Accept as Complete: Rapid Flashing Beacons Project, 16-012-TRN-001 (Larry Brown Construction)
f. Accept as Complete: 2016 Commercial Ave Sanitary Sewer Rehabilitation, 16-001-SEW-002 (Michels Corporation)
g. Accept as Complete: 2016 AC Waterline Replacement Project, 16-018-WTR-001 (C. Johnson Construction)

The following vouchers/checks were approved for payment: Voucher (check) numbers: 82576 through 82707, total $1,274,378.41 EFT numbers: 208894 through 209935, total $15,811.01

b. Approval of Claims in the amount of: $1,306,756.35

Mr. Johnson asked City Attorney Darcy Swetnam to address the $4,111.11 invoice for photocopies regarding a matter currently in litigation. Ms. Swetnam explained that the appellants had requested that the Court receive a copy of the full record of the matter and that the City had hired the Bayshore copy center to copy and package the voluminous document set. She added that a paper copy was required because electronic filing was not yet established in Skagit County. Mr. Johnson suggested a Council resolution encouraging the County Commissioners to adopt electronic filing. Mr. Walters advised that the change was already underway. Mr. Johnson moved, seconded by Ms. Pickett, to approve Consent Agenda Item 5b. The motion passed unanimously by voice vote.

d. Contract Award: 32nd Street & D Avenue Roundabout Design (Transportation Solutions, Inc.)

Ms. Lovelett asked Public Works Director Fred Buckenmeyer to elaborate on the project for the benefit of the viewing public. Mr. Buckenmeyer explained this was a design contract for intersection improvements at 32nd Street and D Avenue, funded by an STP grant for which the city's 13.5% match would be roughly $10K. He advised that staff anticipated that a roundabout would be the preferred solution but that TSI would recommend a preferred alternative, provide an opportunity for public input, and prepare bid documents for the selected improvements. The city would then seek additional grant funding to construct the improvements. Mr. Buckenmeyer recalled that improving this intersection had been included in the transportation element of the 2016 Comprehensive Plan due to accidents and declining level of service. Several councilmembers noted that roundabouts are more economical to maintain than traffic signals. Ms. Lovelett moved, seconded by Mr. Johnson, to approve Consent Agenda Item 5d. The motion passed unanimously by voice vote.

PUBLIC HEARINGS

Public Hearing: Ordinance 2993: Adopting the 2017/2018 Budget

Finance Director Steve Hoglund reviewed the budget schedule, including the evening's advertised public hearing on both the 2017/2018 budget and the 2015-2022 Capital Facilities Plan; substantial need and property tax resolutions that would be presented to Council for action at the November 14, 2016 meeting; and potential adoption of the budget and the CFP at the November 21, 2106 meeting. He added that the Finance Committee would be addressing a proposed fund balance policy at its meeting on November 9 and that the draft would come to Council for consideration at the November 14 meeting as well.

Mr. Hoglund then displayed a matrix previously circulated to councilmembers outlining assumptions underlying the proposed budget. The matrix was added to the packet materials for the meeting.

Mayor Gere opened the public hearing on Ordinance 2993 adopting the 2017/2018 Budget. No one present wished to address the Council.

Referring to the assumption matrix, Mr. Miller said he did not support the proposed $20 increase in TBD vehicle tab fees to fund the street overlay program. He urged looking at the General Fund for other ways to fully fund the overlay program. Mr. Walters agreed that general funds could be diverted from other purposes to fund the street overlay program but argued that additional revenue would be required in the near future to address streets not included in the overlay program. He suggested spending available General Fund cash reserves on streets if the fund balance policy currently under consideration were to establish that an unrestricted surplus existed. Ms. Lovelett also argued against increasing the vehicle tab fee and reminded that the overlay program was adopted with the intent of evaluating its effectiveness after five years at current funding levels. Several councilmembers urged a public process before increasing the tab fees. Mr. Johnson supported the $20 vehicle tab free increase. Mr. Adams urged adoption of a fund balance policy to establish the required level of reserves and whether taxpayers want to bank funds or spend them on infrastructure. Mr. Miller asked the Finance Committee to address the impact of a one-time transfer of cash reserves to the ER&R fund that might be smaller than what had been proposed by draft Ordinance 2990. Mr. Johnson and Mr. Miller requested a summary of the total increase in taxes, rates and fees a typical taxpayer would experience under the proposed budget. Mr. Walters urged exploring additional REET contribution to the street overlay program. Mr. Johnson reminded that Mount Vernon voters were considering raising sales tax to fund that city's street overlay program. Ms. Lovelett wondered about raising the vehicle tabs by something less than $20. Mr. Miller reminded his colleagues of the ongoing costs of each full time employee.

Mayor Gere asked Mr. Hoglund to bring the fund balance policy proposal to Council for consideration at its next meeting and also to prepare an in depth analysis of the other suggestions presented by councilmembers, including other options for funding the street overlay program.

Mr. Hoglund responded to councilmember questions about storm utility rates, currently being researched by the engineering department, and water rate increases previously recommended by consultant FCS Group. Councilmembers discussed with Mr. Hoglund the proposed transfer of $2.2M from General Fund reserves to the Equipment Rental Replacement Fund, clarified that the proposed transfer would bring the ER&R fund up to 75% of full funding, and asked about the potential for extending the life of existing fleet equipment.

Mr. Adams asked about the communications specialist position that had been considered but not funded for 2016. Administrative Services Director Emily Schuh advised that the Personnel Committee had not considered that position a top priority for the 2017/2018 budget and described how those functions would be performed by current staff. Mr. Miller, representing the Personnel Committee, said the committee had supported inclusion of an additional IT position in the budget and felt that position would assist with the technical aspects of new communication technology.

Mr. Walters and Mr. Miller both supported continuing the current landscape maintenance contract after 2017. Ms. Schuh addressed the bargaining unit implications of that contract.

Mr. Walters urged moving the budgeted expenditure for the Electronic Content Management system and the associated .5 FTE position in the Legal Department forward to 2017 from 2018. Noting that the software would be a one time purchase, he supported spending General Fund cash reserves for that portion of the project.

Mayor Gere inquired if councilmembers were comfortable with the facilities projects as budgeted. No councilmembers offered comments on that topic.

Mayor Gere advised that the public hearing would remain open through the November 21, 2016 City Council meeting. She invited councilmembers and the public to forward any comments or questions regarding the proposed budget to Finance Director Steve Hoglund before the next regular City Council meeting.

<u>Public Hearing: Ordinance 2994: Adopting the Capital Facilities Plan (CFP) for the 6-year Period 2017-2022</u>

Mayor Gere opened the public hearing on Ordinance 2994 adopting the Capital Facilities Plan (CFP) for the 6-year period 2017-2022. No one present wished to address the Council.

Ms. Lovelett urged finding the additional $60K required to install a metal rather than a composite roof on the Fidalgo Center, which would last longer and offer environmental benefits.

Mayor Gere advised that the public hearing would remain open through the end of the November 21, 2016 City Council meeting. She invited councilmembers and the public to forward any comments or questions regarding the proposed ordinance to Finance Director Steve Hoglund.

OTHER BUSINESS

2989: Prohibiting Medical Marijuana Cooperatives in All City Zones

City Attorney Darcy Swetnam updated Council on the progress of the work plan adopted by Resolution 1944 confirming the moratorium on medical marijuana cooperatives. Her slide presentation was added to the packet materials for the meeting. Ms. Swetnam reported on the May 10, 2016 stakeholder meeting and the ongoing rulemaking at the state level regarding cooperatives. She summarized draft Ordinance 2989 which would prohibit medical marijuana cooperatives in all City zones. She described the alternative means for patients to access medical marijuana and responded to councilmember questions. Ms. Swetnam concluded that both the Planning Commission and staff recommend approval of the ordinance.

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

Ms. Swetnam advised that the ordinance was scheduled for public hearing and possibly Council action at the November 21, 2016 City Council meeting.

There being no further business, at approximately 7:45 p.m. the Anacortes City Council meeting of November 7, 2016 was adjourned.