

Mayor Laurie Gere called to order the advertised special Anacortes City Council meeting of June 14, 2016 at 4:00 p.m. Councilmembers Eric Johnson, Erica Pickett, Brad Adams, Liz Lovelett and John Archibald were present. Councilmembers Ryan Walters and Matt Miller were absent.

Introduction

Finance Director Steve Hoglund explained that the purpose of the meeting was for each director to present a high level summary of major initiatives proposed for the 2017/2018 biennial budget and receive feedback from Council on priorities for those initiatives for staff to use in preparing the mayor's budget. Mr. Hoglund set the stage by summarizing 2016 payroll costs and estimated increases in wages and benefits for 2017/2018 compared to estimated increases in property, sales and utility taxes, concluding that all increases in tax revenue would be needed to fund committed payroll expense so new initiatives would need some other funding source.

Mayor Gere advised that she had tasked each director to develop a vision for his or her department for the upcoming biennium and what would be required to achieve its goals and care for its infrastructure. She warned that not everything could be funded and some hard choices would need to be made but the vision would be established to allow prudent planning for the current budget and the future.

Mr. Archibald asked each department head to identify cost saving measures planned for his or her department during the 2017/2018 biennium.

Finance / Information Services

Finance: Mr. Hoglund proposed a status quo budget for 2017/2018 for the Finance Department, referencing a slide summarizing cost savings achieved in the department. He also reported that a recent time study supported charging nearly one additional FTE of department staff time to the utility funds.

Information Technology: Mr. Hoglund recalled that he had requested one additional FTE in the Information Technology Department for 2016 to support additional efforts on cybersecurity and the ever expanding number of devices and applications. That position was not funded, though a security audit was budgeted for 2016. Mr. Hoglund renewed the FTE request for 2017/2018, estimating a cost of \$72,259 for one full time entry level IT technician.

Ms. Lovelett asked about a local purchasing policy. Mr. Hoglund advised that topic would be addressed by the Finance Committee.

Museum

Museum Director Steve Oakley advised that the museum would add no new initiatives to the budget for the 2017/2018 biennium. He said his department would continue to run lean but indicated a status quo budget was adequate to protect the properties in his care. In response to councilmember questions, Mr. Oakley advised that painting and window repair at the Carnegie Building would be completed out of the amended 2016 budget and mentioned Museum Foundation support for additional building repair expenses that might be incurred in the subsequent biennium.

Library

Public Services Manager Diana Farnsworth and Librarian Jeff Vogel represented the library on behalf of Library Director Sheri Miklaski who was traveling. Ms. Farnsworth referenced the library strategic plan under development and spoke eloquently about the need for adequate staffing to keep up with evolving community expectations for service, safety and community enrichment. She advised that the library would be requesting an additional half-time staff member for 2017/2018. Ms. Farnsworth summarized the many uses of the library by a wide range of patrons, seven days a week and weekday evenings. Mr. Vogel explained that library staffing had not increased when the library took over passport processing from the municipal court several years earlier and that a staffing deficit had resulted. He elaborated on the direct and indirect staffing requirements to support passport processing. Mr. Vogel said passports were an

important component of the services offered at the library but that additional staffing was necessary to maintain the highly rated customer service that patrons expect from the library. The cost of the position was estimated at \$20,000 per year. In response to a question from Ms. Pickett, Mr. Hoglund advised that the approximately \$12,000/year of revenue from passport processing had been redirected to the library when it took over that service but that the revenue had been offset by a decrease in property tax allocation to the library until Mayor Gere rectified that in the 2016 budget.

Legal/Judicial/Human Resources

City Attorney Darcy Swetnam presented proposed budget initiatives for the city attorney's office during the 2017/2018 biennium. Referencing her slide presentation which was included in the packet materials for the evening, Ms. Swetnam shared the department's mission, organization chart, and three primary goals for the upcoming biennium. She then proposed to expand three existing budget line items in support of those goals:

- additional funds in Professional Services to support the development of new land use procedures and evaluate the potential of a hearing examiner, \$7K/year both years
- additional funds in Official Publication Services for codification services to accomplish the many code updates planned in the next biennium and to enable additional functions of the online municipal code to make the code more user-friendly, \$12K/year both years
- additional funds in Travel & Training to support necessary training for Enterprise Content Management software implementation and to pursue WAPRO Certification for the current Legal Assistant, \$3K/year both years

Ms. Swetnam responded to councilmember questions about the budgetary impact of ECM purchase and implementation on other departments and the extent to which code and development regulation updates would be handled in house.

Administrative Services Director Emily Schuh then addressed anticipated budget changes in her department as well as an overview of labor cost and staffing changes anticipated throughout the city. Referencing her slide presentation which was included in the packet materials for the evening, Ms. Schuh summarized the structure and range of services provided by the department. She reminded Council that collective bargaining negotiations with the Teamsters would begin in summer 2016 and with fire and police in summer 2017. She also alerted Council that health insurance costs were expected to increase 6% per year in both 2017 and 2018. Ms. Schuh highlighted cost savings achieved by conducting bargaining unit negotiations without contract counsel and by maintaining Well City standing with AWC. She advised that the municipal court budget would reflect increased costs for probation services, Skagit County fees and training. She advised that the public defender budget would reflect increased costs for overflow/conflict attorney coverage as the caseload increased and rates were adjusted to reflect regional norms. Ms. Schuh described the expanding need for timely communication and public information and said the administrative services budget would propose a new City website to serve that end. Ms. Schuh concluded with a summary of staffing increases proposed citywide, including several already addressed by other departments:

- Transition temporary associate planner to regular hire
- 1 FTE IT Technician (partially funded by utilities)
- 1 FTE Communication Specialist
- Museum very slight FTE increase
- Legal Secretary 50% FTE to assist in legal department and provide executive assistant coverage for Mayor, PW Director, and City Attorney (cost split between Water, Executive and Legal budgets)
- .5 FTE Library Technician

Planning/Community Development

Planning, Community and Economic Development Director Don Measamer presented his 2017/2018 budget objectives. Referencing his slide presentation which was included in the packet materials for the evening, Mr. Measamer summarized the department's mission and the broad range of its services. He shared graphs depicting the steadily increasing activity for permits of all kinds. He then presented a list of proposed budget initiatives with explanations for each:

- Permit software, \$100,000

- Development regulations and Design Standards, \$60,000
- +1 FTE Permanent Associate Planner, \$70,000/year
- Economic Development Strategic Plan, \$30,000
- South Commercial Avenue projects, \$15,000
- Wayfinding signs, \$12,000
- Shoreline Master Program update, \$35,000
- Shoreline Restoration Plan implementation, \$50,000
- DNR lease area pile replacement, \$135,000
- Critical areas mapping, \$TBD
- Electric bicycle, \$4,000

Meal Break

At approximately 5:20 p.m. Mayor Gere called a recess. At approximately 5:45 p.m. the mayor called the meeting back to order.

Police

Police Chief Bonnie Bowers presented her budget for 2017/2018 which she described as pretty much status quo. Referencing her slide presentation which was included in the packet materials for the evening, Chief Bowers reviewed the department's budget goals, mission, vision and core values. She then described several items that she hoped to be able to add to the budget:

- Matching funds for radio grant if awarded, \$150K
- Establish equipment replacement fund for communications infrastructure, \$15,000/year
- Phone system for APD, cost TBD
- Exterior painting of APD, \$65K-\$85K
- Building security system replacement, cost TBD

Chief Bowers advised that 911 Center fees would increase substantially in 2017 (to approximately \$169K) and 2018 (to approximately \$220K) and Anacortes would have to budget for those as well. She then reviewed with Council her preliminary line item budget, noting anticipated increases and decreases for existing programs which netted to an increase of only \$38,500 in a budget of over \$5M.

Mr. Johnson inquired why the police department rather than facilities had to pay for necessary building maintenance. Mr. Hoglund explained that there was no statutory requirement for that budgeting practice, it had simply been city administrative practice that departments housed in decentralized buildings paid for their own maintenance and operations. He said nothing would prevent consolidating those costs into Facilities in the future.

Fire/EMS

Fire Chief Richard Curtis proposed a number of new one-time expenditures for the 2017/2018 budget:

- Matching funds for SCBA grant, \$30K
- Replacement patient extractor, \$TBD
- Extractor at Fire Station 1 to decontaminate PPE after use, \$TBD
- Exterior painting of Fire Station 2, \$TBD
- Interior painting of Fire Station 1, \$TBD

Chief Curtis then briefly recapped his presentation from the prior evening regarding the 6-year plan to transition to a recommended firefighting level of service and how that plan played into the 2017/2018 budget. Referencing his slide presentation which was included in the packet materials for the evening, the Chief requested \$100K of new fire impact fees to replenish the fire/EMS fleet equipment reserve, \$30K/year of general fund money to extend the volunteer coordinator contract, and beginning construction of the \$1.5M March Point fire station in 2018 using General Fund reserves.

Several councilmembers discussed with Chief Curtis local options for cooperative use of marine firefighting equipment.

Parks/Cemetery

Parks and Recreation Director Gary Robinson described the gradual expansion of his department's responsibilities without the addition of staff. He proposed a number of budget expenditures for 2017/2018 to increase personnel and/or contracted services to address maintenance of city parks and grounds, address deferred maintenance and/or replacement of minor infrastructure, and construct improvements at parks, parking lots, and roads. He anticipated increased expenditures of perhaps \$250K across all parks funds (101, 102, 107, 108 and 113). Mr. Robinson also advised that following adopting of the 2016 Comprehensive Plan the Parks Department would update its own comprehensive plan and that update would likely have some budgetary impact.

Councilmembers inquired about specific parks improvements such as Washington Park upgrades, the Storvik Park spray pad, internet at the Depot, and a small boat launch.

General Government

Mr. Hoglund explained that the legislative and executive budgets were expected to remain status quo other than the staffing additions already discussed by Ms. Schuh.

Public Works

Public Works Director Fred Buckenmeyer advised that his presentation would not focus on utilities as those funds had system plans in place and capital needs addressed by their rate structures for at least the next biennium. He then shared a slide presentation, which was included in the packet materials for the evening, describing new projects anticipated for the 2017 and 2018 biennium.

Funds 104 and 105 (Streets)

- Federal mandated ADA transition plan requires ADA ramps be brought into compliance in concurrent with street improvements. Cost \$100K 2017 and \$100K 2018
- Address potential trip hazards in the sidewalk system. The sites were prioritized using WCIA criteria. Cost \$2,000,000 /10 years/ \$200K per year
- Use of consultants to develop public outreach campaigns on high profile/impact projects. Cost \$15k per year

Facilities Upgrades

- City Hall window replacement, \$142,000
- City Hall elevator, \$100,000
- City Hall roof vents, \$80,000
- City Hall facilities shop, \$50,000
- City Hall automatic doors, \$25,000
- Senior Center flooring, \$50,000
- Senior Center roof, \$130,000
- Police station security cameras, \$40,000
- Police station carpet, \$50,000
- Police station exterior paint, \$80,000
- Police station interior counter, \$20,000
- Fire Station 2 interior painting, \$50,000
- Fire Stations 1 and 2 flooring, \$40,000
- Depot electrical upgrades, \$9,000
- Washington Park upper men's restroom, \$54,000
- Library paint, \$80,000
- Library carpet, \$150,000
- Operations shop restroom upgrade, \$70,000
- Operations shop roof, \$145,000
- ADA transitions at all city facilities, \$50,000 per year

Mr. Buckenmeyer described at some length the status of the Municipal Fiber Optic Broadband System project, displaying a map showing fiber connections between all pump stations and reservoirs so they could be operated by fiber rather than radio telemetry. He said once that dark fiber was installed, it could potentially be lit to provide a broadband network backbone. He advised that staff was investigating that aspect of the project und the NoaNet agreement previously approved by City Council. Mr. Buckenmeyer recommended beginning construction in 2016 and completing in 2017 to achieve the telemetry functionality.

He concluded with a list of beautification projects that the City would likely be taking over from the Chamber of Commerce and a proposal to replace the Commercial Avenue banner with an electronic LED display.

Next Steps

Mr. Hoglund said that the presentations from the evening would be posted on the City website and added to the Council packet for the evening. He advised that he would summarize the information presented, then email the list of proposed projects to councilmembers and ask them to rank order the list and return it to him for compilation. Those rankings would provide staff with guidance for allocating limited funding during the preparation of the mayor's budget for presentation to Council.

There being no further business, at approximately 7:00 p.m. the Anacortes City Council advertised special meeting of June 14, 2016 was adjourned.