Mayor Laurie Gere called to order the regular Anacortes City Council meeting of January 19, 2016 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett, John Archibald and Matt Miller were present. The assembly joined in the Pledge of Allegiance.

Mayor Gere moved Agenda Item 5a forward on the agenda to accommodate guests in attendance.

Mayor's Award of Merit: Mayor Gere read a statement presenting the Mayor's Award of Merit to Parks and Recreation Supervisor Heather Brennan. The mayor recognized Ms. Brennan's exceptional efforts on behalf of the City and its facilities. She presented Ms. Brennan with a certificate of appreciation and a gift certificate to a local restaurant.

Executive Session (15 Minutes) per RCW 42.30.110 (b, c)

At approximately 6:04 p.m. Mayor Gere announced that Council would convene in Executive Session for approximately 15 minutes to discuss a potential real estate transaction about which open discussion could result in terms unfavorable to the City. At approximately 6:20 p.m. Mayor and Council reconvened in regular session without taking action.

Citizen Hearings

No one present wished to address the Council.

Mayor/Council Communication and Committee Reports

Appointment of Lisa Rhoades to Arts Commission: Mayor Gere announced that she had appointed Lisa Rhoades to fill a position on the Anacortes Arts Commission that had been recently vacated by Rita James. She advised that Ms. Rhoades' term would expire December 2016. Mr. Adams moved, seconded by Ms. Pickett, to support the Mayor's appointment of Lisa Rhoades to the Arts Commission. Vote: Ayes – Walters, Pickett, Adams, Lovelett, Archibald, Miller and Johnson. Motion carried.

Council Committee Appointments: Mayor Pro Tem Walters presented Resolution 1940 which would establish the purposes of and appoint councilmembers to standing and ad hoc committees. He noted the creation of a new standing committee on Housing Affordability and Social Services and a new ad hoc committee on Tourism Promotion Strategic Planning. Mr. Walters made one change to the committee assignments listed in the draft resolution: replacing Mr. Adams with Mr. Johnson on the Public Works Committee. Ms. Lovelett asked to change the name of the new standing committee to Housing Affordability and *Community* Services. Mr. Walters agreed. Ms. Lovelett moved, seconded by Mr. Archibald, to adopt **Resolution 1940** appointing City Council members to Council committees and appointing Council representatives for 2016-2017, with the noted revisions. Vote: Ayes – Pickett, Adams, Lovelett, Archibald, Miller, Johnson and Walters. Motion carried.

Mr. Miller reported from the Skagit County Law and Justice Council which met on January 13. He summarized the mission of that cooperative regional agency on which Mr. Miller and Police Chief Bonnie Bowers represent Anacortes. He said the recent meeting focused on mental health and transitional housing for offenders coming out of jail and that the upcoming Skagit Housing Summit would also be addressing that topic.

Mr. Johnson reported from the Finance Committee which met the prior Wednesday. He said the committee discussed transitioning to biennial budgeting, advised that 2017-2018 would be the first opportunity to do so, and said Council would need to adopt biennial budgeting by resolution no later than June if it wished to pursue that option for the 2017-2018 biennium.

Mr. Johnson reported that Michael Newbrough, Curriculum Director at the Anacortes Senior College, was interested in offering a city government course again. Mr. Johnson inquired if any of his colleagues would like to participate as instructors for the six week course and said the fire and police chiefs would also be serving. Mayor Gere volunteered for one session and several councilmembers also expressed interest.

Ms. Pickett reported from the Port/City Liaison Committee that the Majestic Hotel owners were investigating the dog park property to see if it might work for a hotel, that Anthony's new outdoor restaurant was scheduled to open in the spring, and that the Port was working with Steve Demopoulos to repair fire damage in the Marine Hardware block.

Mr. Walters reported from the South Commercial Design Open House held the previous week at City Hall. He praised the designs presented and public input to rate and reconfigure them. He encouraged careful vetting of concept designs with public safety officials and local businesses. Mayor Gere thanked south Commercial Avenue business owners for their participation. Ms. Lovelett urged incorporating LID standards in any design for the area.

Consent Agenda

Mr. Adams removed Item G, Contract Award: 2016 Sanitary Sewer Improvements (16-001-SEW-001), from the Consent Agenda.

Mr. Johnson moved, seconded by Mr. Miller, to approve the following Consent Agenda items. Vote: Ayes – Adams, Lovelett, Archibald, Miller, Johnson, Walters and Pickett. Motion carried.

a. Minutes of January 4, 2016 and January 11, 2016
b. Approval of Claims in the amount of: $1,211,764.49
c. Accept as Complete: Install Header Pipe System @ WTP Intake Pump Station (Superior Systems)
d. Accept as Complete: VFD Installation @ WTP Intake Pump Station (Dahl Electric Inc.)
e. Accept as Complete: Install Vaughan Pumps @ WTP Intake Pump Station (PumpTech Inc.)
f. Transportation Benefit District No. 1 Minutes of August 3, 2015

The following vouchers/checks were approved for payment:
Voucher (check) numbers: 79044 through 79203, total $1,127,566.72

Payroll for January 20, 2016 in the total amount of $814,846.44
Check Numbers 41088 through 41105 in the total amount of $18,143.59
Direct Deposit Numbers from 62119 through 62232 in the total amount of $543,407.81
EFT Numbers from 1909 through 1916 in the total amount of $271,438.63

g. Contract Award: 2016 Sanitary Sewer Improvements (16-001-SEW-001)

Mr. Adams asked Public Works Director Fred Buckenmeyer to provide additional background on this sizable contract. Mr. Buckenmeyer explained that the planned improvements, including replacing brick manholes, were being made in preparation for the Commercial Avenue overlay in 2017 from roughly 4th to 11th streets. He reported that the seven bids were spread on either side of the Engineering Estimate. Ms. Lovelett moved, seconded by Mr. Adams, to award the contract for 2016 Sanitary Sewer Improvements to Bianchi Construction in the amount of $286,466.37. Vote: Ayes – Lovelett, Archibald, Miller, Johnson, Walters, Pickett and Adams. Motion carried.

NEW BUSINESS

Resolution 1941: Authorizing Use of Ambulance Service Fund Emergency Reserve Cash

Finance Director Steve Hoglund presented a 2015 year-end expenditure summary comparing actual expenditures to budget and to actual revenue in each fund. His spreadsheet was added to the evening's Council packet. Mr. Hoglund explained that the few funds that ended the year very slightly over budget were either debt service or trust funds that were not required to be budgeted or were immaterially over budget. He advised that the Transportation Benefit District (TBD) had not been budgeted separately but was clearly represented by fund transfers in the city budget. Regarding expenditures vs. revenues, Mr. Hoglund noted which funds were using cash reserves to reconcile negative net revenue as budgeted and pointed out the 5% emergency cash reserve amounts required by city code for selected funds. He advised that Ambulance Service Fund 110 would be slightly below the required cash reserve threshold due to cash flow timing for December revenue. Mr. Hoglund presented Resolution 1941 to allow the emergency cash reserve for that fund to fall below the established threshold and advised that the emergency cash reserve would replenish early in 2016.

Mr. Johnson moved, seconded by Ms. Pickett, to approve **Resolution 1941** authorizing the use of Ambulance Service emergency cash.

At approximately 6:50 p.m. Mayor Gere invited members of the public to comment on this agenda item. No one present wished to address the Council.

Vote: Ayes – Archibald, Miller, Johnson, Walters, Pickett, Adams and Lovelett. Motion carried.

2016 Legislative Priorities

Administrative Services Director Emily Schuh invited councilmember and public feedback on the City's draft 2016 legislative agenda. She advised that the legislative priorities would come back to Council for adoption by resolution on January 25, 2016 to enable Mayor Gere and Ms. Schuh to present the agenda to legislators in Olympia on January 27. Ms. Schuh reviewed the draft document included in the evening's Council packet.

Ms. Lovelett wondered if the last general principal and the first priority were somewhat redundant. She also asked to expand on freight rail safety per her earlier email. Mr. Walters agreed. He supported tighter, more specific language such as making the last priority on the first page specifically reference ability to ban fireworks and having social services references specifically address mental health. He suggested formatting the document to fit on one page. Councilmembers asked if the document could simply state Anacortes' support for AWC's legislative priorities rather than restating those; Ms. Schuh suggested the AWC priorities could be cited on the reverse side of the page. Mr. Johnson asked about two of the 2015 legislative priorities that had not been addressed by the legislature, the emergency medical service levy lid and barriers to body cameras. Chief Bowers advised that the governor's task force was addressing the latter item. Mr. Walters and Mr. Adams both suggested having a list of specific projects to mention to legislators, including the Sharpe's Corner transportation improvements. Mr. Miller suggested that the first principle should list specific shared revenue sources such liquor tax and marijuana tax and remove the reference to McCleary.

At approximately 7:05 p.m. Mayor Gere invited members of the public to comment on this agenda item. No one present wished to address the Council.

Ms. Schuh advised that she would revise the draft 2016 Legislative Agenda to incorporate Council feedback and bring the revisions to Council for action on January 25. Ms. Lovelett inquired if Council wanted to support a surface oil transportation tax. Mr. Miller said he did not support that. Mr. Walters suggested that Ms. Schuh draft the revised document with and without that item and said Council could select its preferred option on January 25.

Purchase and Sale Agreement: GEMS, LLC

Parks and Recreation Director Gary Robinson presented a Purchase and Sale Agreement for property along Guemes Channel owned by GEMS, LLC. He displayed and described the 2.88 acres in question and the proposed terms: $1.3M total price with a $25,000 fully refundable deposit and a 180-day investigation period. Mr. Robinson described the investigations proposed by Maul Foster & Alongi which were included in the evening's Council packet. Mr. Robinson advised Council of potential liabilities that would be investigated including pile removal requirements, DNR lease assumption options, and the possibility of other contaminants. He summarized that the agreement provided the city with 180 days to look closely at the property and see if it fit the city's needs and if its potential liabilities were not too great to proceed with the purchase. Mr. Robinson then listed a number of potential funding sources including lease revenues, private fund raising including by the Anacortes Parks Foundation, city cash reserves, and revenues from other potential site uses.

Mayor Gere asked the duration of the current DNR lease. Planning Director Don Measamer said that lease would expire in January 2017. Councilmembers generally expressed support for investigating the property, focusing on the largest potential risks in the time allowed. Mr. Miller and Mr. Robinson discussed whether legislative funding for the Guemes Channel Trail could be applied to the purchase.

At approximately 7:22 p.m. Mayor Gere invited members of the public to comment on this agenda item. No one present wished to address the Council.

Mr. Johnson moved, seconded by Ms. Lovelett, to approve the Real Estate Purchase and Sale Agreement with GEMS, LLC and authorize the mayor to work with staff to begin the investigative phase of the process. Mr. Walters emphasized the extensive work by Attorney Brad Furlong's office in drafting the agreement. Vote: Ayes – Miller, Johnson, Walters, Pickett, Adams, Lovelett and Archibald. Motion carried.

Public Hearing: Ordinance 2968 Adopting City of Anacortes 2015 Wastewater Comprehensive Plan
Public Works Director Fred Buckenmeyer reminded that the city's current sewer comprehensive plan had been developed in approximately 1998. He said the new plan had been very professionally drafted in house by Assistant Public Works Director Matt Reynolds without incurring consultant expense. Mr. Buckenmeyer recommended holding the advertised public hearing on the plan at the current meeting, then bringing the ordinance back to Council for adoption at its next regular meeting to coordinate the incorporation of the plan into the city's 2016 Comprehensive Plan update. Mr. Buckenmeyer stressed that Anacortes has plenty of capacity in its sewer system for the present and for anticipated growth.

Mr. Reynolds presented a slide show summarizing the content of the plan. He thanked the Finance Department for its assistance in writing the Financing chapter. Mr. Reynolds described Inflow and Infiltration (I&I) Reduction efforts and explained their importance. He advised that the sewer collection system includes about 280,000 LF of concrete and clay pipe and said the plan recommended investing $1M/year to rehabilitate that pipe over the next 20 years to achieve I&I reduction goals. Mr. Reynolds reported that the plan also analyzed projected sea level rise and its potential effects on both the Wastewater Treatment Plant and the collection system. He advised that the plant is not in danger but a small number of manholes on Cabana Lane might be at risk and so would be proposed for retrofitting. Mr. Reynolds next addressed the WWTP capacity and demonstrated that it is sufficient for both current and projected population through 2036. He addressed cleaning and inspection of the sewer collection system and said the plan adopts a service rate recommended by the EPA which would require a 2-person crew full time to perform O&M on a scheduled basis. Mr. Reynolds concluded with a slide summarizing the sewer system capital improvement program through 2035. He said that the current sewer rate structure would provide approximately $1.5M/year for capital projects which would be sufficient until 2019 at which point a rate increase would be required.

At approximately 7:44 p.m. Mayor Gere invited members of the public to comment on this agenda item. No one present wishing to address the Council, the mayor closed the public hearing.

Ms. Lovelett, Mayor Gere and Ms. Pickett thanked Mr. Reynolds for his fine work and for completing the project without the expense of hiring a consultant. Mr. Adams thanked Mr. Reynolds for presenting the long range spending plan so Council could project revenue needs accordingly. Mr. Walters elaborated for the public that sewer rates had not been reduced following the payoff of the sewer plant bond the previous year and that was what was allowing necessary capital improvements to proceed without a rate increase. Mayor Gere advised the plan would come back to Council for official adoption at its next regular meeting.

At approximately 7:50 p.m. Mayor Gere continued the meeting to 6:00 p.m. on Monday, January 25, 2016 in the Anacortes City Council Chambers for the purpose of consideration and possible action on Resolution 1943 adopting City of Anacortes 2016 Legislative Priorities.

Mayor Laurie Gere called to order the continued Anacortes City Council meeting of January 19, 2016 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett, John Archibald and Matt Miller were present.

Resolution 1943 Adopting City of Anacortes 2016 Legislative Priorities

Administrative Services Director Emily Schuh presented draft Resolution 1943 as revised based on councilmember feedback at the January 19, 2016 regular meeting. She noted that two alternative drafts were included in the evening's packet materials, differing only in the fourth priority regarding funding for inland spill response planning and capability. The first alternative included explicit reference to "an increase in the oil spill response tax" and the second alternative did not. Ms. Schuh summarized the revisions to content, format and emphasis of the priorities document compared to the previous version.

Ms. Pickett spoke in favor of the more specific first alternative. Mr. Miller and Mr. Adams spoke in favor of the less specific second alternative. Ms. Lovelett clarified that her suggestion had been to include explicit support of the existing barrel tax recently increased by the legislature. Mr. Walters spoke in favor of the second alternative and moved, seconded by Mr. Miller, to adopt **Resolution 1943** with the second alternative Legislative Agenda document. Mr. Johnson agreed with Mr. Walters. Vote: Ayes – Walters, Pickett, Adams, Archibald, Miller and Johnson. Nays – Lovelett. Motion carried.

There being no further business, at approximately 6:11 p.m. the continued Anacortes City Council meeting of January 19, 2016 was adjourned.