Mayor Laurie Gere called to order the advertised special meeting of the Anacortes City Council of February 22, 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 1947 Declaring an Emergency for Purchase of Gas Monitors at Wastewater Treatment Plant (Action)
Public Works Director Fred Buckenmeyer explained that over the weekend of February 13, 2016 a power failure at the Wastewater Treatment Plant headworks building caused its gas monitoring system to fail. He explained that gas monitoring is required for staff to enter and operate the plant. Mr. Buckenmeyer said the system was 24 years old and obsolete so would be entirely replaced. He advised that staff was currently operating the plant using one of the city's two handheld gas monitors which interfered with any other confined space entries by any department. He presented Resolution 1947 to declare an emergency and allow staff to proceed immediately with acquisition of a replacement system, estimated to cost approximately $25,000. Mr. Archibald verified with Mr. Buckenmeyer that Sewer Fund 440 had sufficient funding to cover the expenditure. Mr. Johnson encouraged proactive planning for replacement of aging equipment. Mr. Johnson moved, seconded by Mr. Miller, to adopt **Resolution 1947**. Vote: Ayes – Walters, Pickett, Adams, Lovelett, Archibald, Miller and Johnson. Motion carried.

There being no further business, at approximately 6:05 p.m. the advertised special Anacortes City Council meeting of February 22, 2016 was adjourned.

Mayor Laurie Gere called to order the regular Anacortes City Council study session of February 22, 2016 at 6:05 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett, John Archibald and Matt Miller were present.

Ms. Lovelett announced the Fidalgo DanceWorks fundraising gala on March 5, 2016 at 5:30 p.m.

NPDES Education Program Update
Kristi Carpenter, Skagit Conservation District Public Information and Education Coordinator, reported on the SCD's role in helping local cities meet their NPDES stormwater permit public education requirements. Ms. Carpenter described the structure of the District. She said the SCD's stormwater education partnership began years ago when Anacortes, Burlington, Mount Vernon, Sedro-Woolley and Skagit County were required to meet new public education and outreach requirements for their Phase II Municipal Stormwater Permits. Ms. Carpenter displayed the target audiences and subject areas required by the NPDES permits. She then described a number of SCD's educational programs including stormwater detention pond maintenance workshops, the Watershed Masters program, the Skagit Stream Team and Storm Team programs, the storm drain labeling program, the Backyard Conservation Stewardship program, the Community Wildlife Habitat program, stormwater presentations in school classrooms, stormwater education poster contests, educational brochures and fact sheets, rain garden workshops, Clean and Green car wash kits, and promotion of Low Impact Development. Ms. Carpenter invited the public to review the 2014-2015 Stream Team report that was recently released including good results at the Anacortes Clyde Creek sampling station.

Fire Protection/EMS Master Plan: Public Safety Committee Recommendations
Fire Chief Richard Curtis continued the discussion begun at the February 8, 2016 study session and responded to requests for information raised at that meeting. Chief Curtis reiterated that the goal was to determine the levels of service Council wished to establish as goals to achieve for the community for both fire protection and emergency medical services. He referred to his slide presentation that was added to the evening's Council packet.

Chief Curtis shared maps depicting average response times during day shift with three stations open and at night with only two stations open. He responded to councilmember questions regarding services provided by La Conner Fire Department and Fire District #13 and whether the Swinomish Indian Nation was subject to the countywide EMS levy.

Chief Curtis then presented the recommendation of the mayor and Public Safety Committee for staffing increases to achieve three firefighters 24 hours per day in each of the three fire stations. Chief Curtis estimated the increased cost, utilizing both professional staff and volunteers, at $950,000 annually. He explained that the proposed staffing increase would allow the department to meet the master plan recommendations for Fire Suppression Initial Attack/Imminent Rescue, Fire Suppression Effective Response Force, and EMS Response both inside and outside the city limits. Chief Curtis responded to councilmember questions regarding the effect of the proposed staffing increase on overtime expense. Mr. Miller, a member of the Public Safety Committee, clarified that the recommendation was to move toward the staffing increases by 2020 and depended upon increased support from the EMS Levy in 2018.

Chief Curtis next presented estimated initial and ongoing annual costs for staff training to achieve recommended levels of service for hazardous materials response, technical rescue, wildland firefighting, vehicle accident extrication, fire inspections and public education. Mr. Walters pointed out that the estimated costs did not include overtime cost for staff to attend the trainings. Mr. Johnson asked if the increased cost associated with increasing levels of service might increase the relative benefit of establishing a regional fire authority (RFA). Chief Curtis agreed that an RFA would be more cost effective. Mr. Miller suggested that a mutual aid agreement with NAS Whidbey could help address the level of service for hazardous materials response. The Chief responded to councilmember questions regarding inspection frequency and prioritization.

Chief Curtis then presented recommendations and costs for infrastructure improvements including undergrounding the power lines at Station 1 (to be completed in 2016), installing the new radio tower at Station 2, constructing a new Station 3 to replace the current leased facility, and apparatus replacement. Councilmembers discussed with Chief Curtis the role of Station 3 in providing fire and EMS response to the east end of the service area, both within and outside of the city limits. Chief Curtis discussed in some detail the benefits and costs of leasing vs. constructing a new Station 3 under a variety of scenarios. Councilmembers inquired about cooperatively building and operating the station with Fire District #13 and about access from the current Molly Lane site and the potential site on South March Point Road.

Chief Curtis suggested that he would bring back additional information requested by councilmembers to the next regular meeting with the goal of approaching a decision. Mr. Walters requested a draft resolution for Council consideration, establishing level of service goals. Mr. Johnson requested the total estimated cost if all the recommendations were adopted.

<u>500KW Solar Project Discussion</u>
Public Works Director Fred Buckenmeyer asked the level of Council interest in pursuing a large scale solar project, following discussions of same at the Public Works Committee. Mr. Buckenmeyer invited staff from Ameresco, the firm that installed the 21.4kW PV solar array on the roof of City Hall in 2015, to describe the project and the time sensitive process for proceeding to pursue funding.

Murray Greenwood, Account Executive for Ameresco, summarized his firm's qualifications and nationwide experience with renewable energy systems. Mr. Greenwood said his firm was the largest independent energy services company (ESCO) in the industry. He asked for Council support for Ameresco to pursue a Washington State Dept. of Commerce renewable energy grant in the amount of $500K. Mr. Greenwood introduced Ameresco Project Developer Jeremy Keller to present the project proposed for funding.

Mr. Keller recalled that his firm had worked with city staff to obtain the Dept. of Commerce grant that funded the City Hall solar array. He explained the changes to the grant program for 2016 which had become more competitive and now scored applications based on leverage ratio, or how much the grantee was willing to match. The minimum match ratio had increased to 1:1. Mr. Keller said Ameresco was suggesting a much larger project, between 500 kW and 1 MW. He said grant applications were due on March 3 and were non-binding, so the city was not obligated to accept the grant if it were awarded. He proposed applying with a 1 MW project. He said if Council were willing, Ameresco would work with city staff over the following week to finalize locations and project size in order to submit the grant application by March 3. Mr. Keller introduced his colleague Hans Meyer from the Phoenix office of Ameresco.

Mr. Meyer congratulated Anacortes on its sustainability initiatives to date. He reviewed the highlights of the proposal which was distributed to Councilmembers before the meeting and included in the packet materials for the evening. The proposed 939 kWdc on site behind the meter solar photovoltaic project would involve a municipal lease/purchase paid at a fixed rate over 20 years using the city's good credit and Clean Renewable Energy Bonds (CREB) modeled at 1.35%; the actual rate could be lower. Mr. Meyer projected approximately $78K of electricity cost savings annually and a $3.4M cumulative savings over 30 years. He reviewed the ten sites considered including sites at the Water Treatment Plant, the Operations Shop, the closed city dump off A Avenue, the W.T. Preston Maritime Center grounds, the Wastewater Treatment Plant, and the Volunteer Park ball fields. He advised that only four of those were included in the current model and that the mix of sites adjusted before or after the grant application was submitted as long as the total project size did not change. Mr. Meyer described the criteria used to evaluate the sites and achieve the most attractive portfolio. He addressed questions from councilmembers about security concerns for ground mounted systems, structural requirements for roof mounted systems, and ongoing maintenance costs. Mr. Meyer said if the grant application were successful the proposal would be cost neutral, with energy cost savings covering the loan payments for the 20-year financing period, then generating power free and clear after O&M costs for the remaining life of the arrays. Councilmembers generally expressed support for proceeding with the grant application. Mayor Gere asked how Ameresco recovered its costs for the proposal preparation, grant application and financing solicitation. Mr. Meyer and Mr. Keller replied that Ameresco would construct the systems and its profit margin and labor and material markup were stipulated in the state contract with the Department of Enterprise Services. Mayor Gere and Mr. Buckenmeyer observed that the project would help the city's position in the Georgetown University Energy Prize competition. Mayor Gere polled Council and found there was general support for staff and Ameresco to pursue the grant application at no cost to the city.

Council Meeting Schedule Discussion
Finance Director Steve Hoglund introduced a proposal to hold regular City Council meetings each week so action could be taken each week rather than reserving second and fourth Mondays for study sessions. He said the change would eliminate the need to call special meetings on study session nights when action was required, as for the emergency purchase resolution earlier in the evening; would allow weekly check runs which would eliminate late payment charges; would foster multiple readings of action items; and would generally make the city more nimble and move business along more efficiently.

Mr. Walters reported that the Finance Committee had discussed the idea and proposed to call all four weeks regular meetings, allow action at all four of those meetings, retain an expectation that final action would not be scheduled for second or fourth Mondays except for consent agenda items and routine business, and retain provision for two readings of ordinances. He suggested a standard order of business for each meeting including committee announcements, public comment, consent agenda, public hearings, then high priority business. Mr. Walters requested input from his colleagues to specify what actions would be eligible for the Consent Agenda, including possibly publicly bid contracts, associated resolutions, meeting minutes, vouchers, and final approval of Findings of Fact.

Ms. Pickett observed that any item could be removed from the Consent Agenda for discussion. Mr. Adams reminded that staff needed to be available to address such items and suggested that items of significant community interest and contracts over $200K should not be placed on the Consent Agenda. He endorsed the continued expectation that action on important issues would be scheduled for first and third Mondays. Mr. Miller was not convinced there was a need to change the current schedule but was open to the Finance Committee's proposal. Mr. Archibald supported the change to make it easier for staff to conduct business operations efficiently. Mr. Johnson reported that several local vendors had complained to him about payment turnaround time so he supported weekly check runs. Mayor Gere invited Mr. Hoglund to bring the proposal back to Council for action in the near future.

Biennial Budgeting Discussion
Mr. Hoglund initiated a discussion about switching to biennial budgeting. He explained that if Council wanted to do so it would have to adopt an ordinance specifying biennial budgeting by June 30, 2016 to begin with the 2017-2018 biennium or else wait until 2019-2020. Mr. Hoglund reported the generally positive assessment of biennial budgeting by MRSC. He noted that State law requires truing up biennial budgets in September of the off year including a public hearing and said there would still be monthly monitoring and quarterly budget updates. Mr. Hoglund asked for Council feedback, noting that the decision needed to be made in time to set the budget calendar for the year and begin engaging the community for the budget season.

Mr. Johnson asked if the biennial budget authorized the entire amount for any point in the two-year period. Mr. Hoglund explained that some jurisdictions, such as Oak Harbor, essentially adopt two one-year budgets and others allow authorized expenditures any time during the biennium. Ms. Pickett, Mr. Walters, and Mr. Johnson expressed initial support for the notion. Several councilmembers suggested that during non-budget years Council would have more time to spend on policy development. Ms. Lovelett asked how biennial budgeting would align with collective bargaining agreements. Administrative Services Director Emily Schuh said that labor agreements are for varying durations ranging from one to five years so they would not always align with budget terms. Mr. Miller said he'd like to align the budget and the labor agreements more closely. He asked about the accuracy of revenue forecasting two years out. Mr. Hoglund said the forecasting metrics should work fairly well but the mid-biennium budget true up could adjust forecasts if necessary. Ms. Lovelett asked if staff supported such a move. Mr. Hoglund said there had been no negative feedback from staff. Councilmembers and mayor discussed the advantages and disadvantages of newly elected officials entering office during the second year of a biennial budget. Mayor Gere asked Mr. Hoglund to investigate the topic further with department heads and report back to Council for further discussion.

There being no further business, at approximately 8:40 p.m. the Anacortes City Council study session of February 22, 2016 was adjourned.