



## **Anacortes City Council**

### **City Council Retreat**

**April 15, 2022**

**8:00 a.m. – 3:00 p.m.**

NW ESD 189 Reid Harbor Room  
1601 R Avenue, Anacortes, WA

### **AGENDA**

Facilitated by Kevin Meenaghan  
Wardroom Success Strategies

- Introductions
- Team development
- Governance and OPMA discussion
- Pre-retreat interview feedback
- Skill-building
- Budget priorities discussion
- Adjourn

*The public may listen to the meeting live by visiting*

<https://us02web.zoom.us/j/86017668813?pwd=WTBZMnZUTEpXOENLcEhzd3F0TOZRZz09>

*or by telephoning 1-253-215-8782 and entering Meeting ID 860 1766 8813, passcode 439746.*



# Welcome

Anacortes City Council and Staff Retreat, 2022

# Understanding one another Part 1

Where did you grow up?

Where do you fall in the sibling order (youngest, oldest...)?

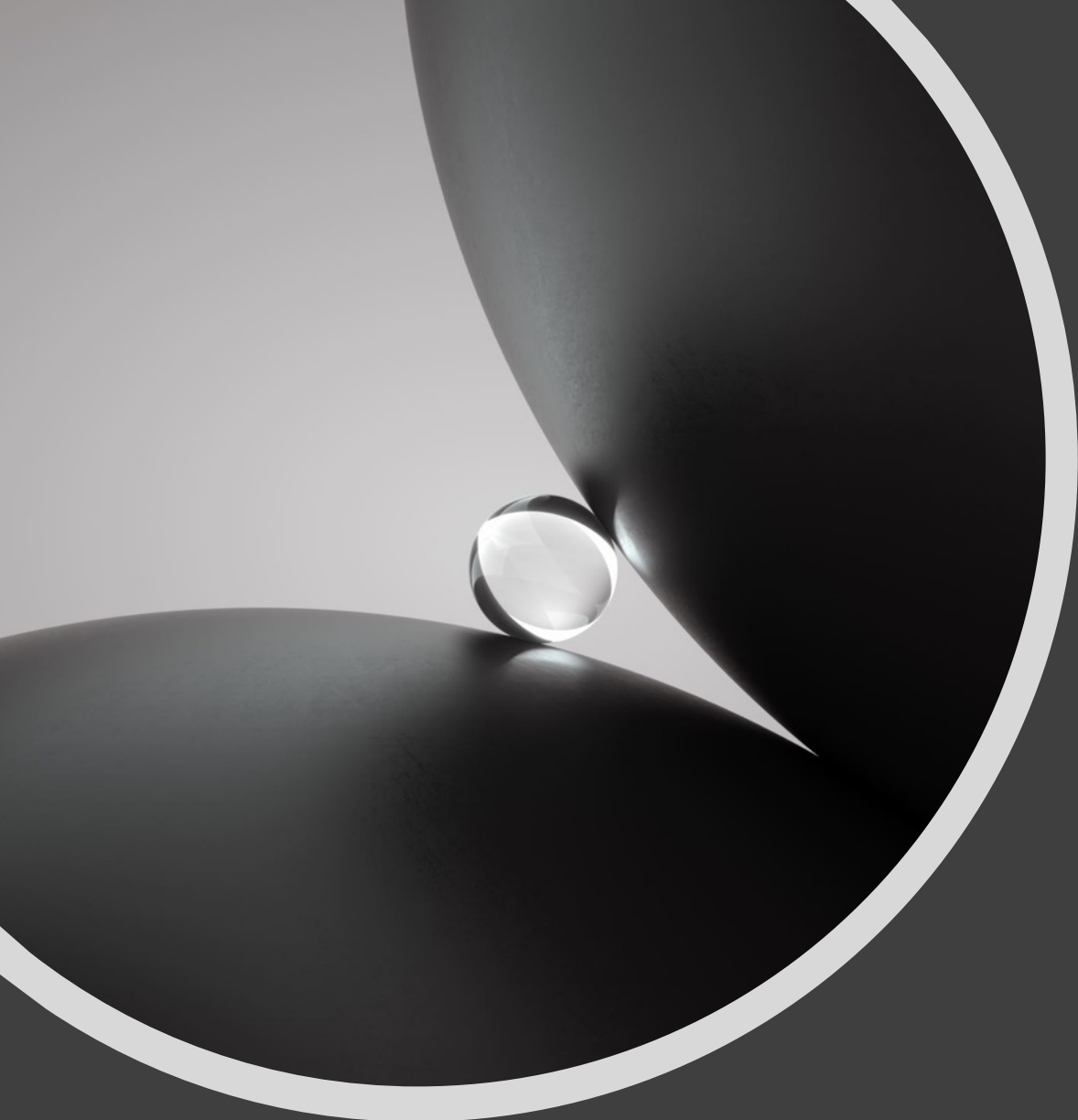
What was the most impactful event/challenge of your childhood?

# Understanding one another Part 2

What activities remind you of childhood summertime memories? How are you connected to those sensations now in your lives?

Identify 2 moments that have shaped you as a leader.

What is a personal or professional achievement that you are most proud of?



# Discoveries

Reflect on the different stories that you heard.

What resonated?

What are the common themes?

# VALUES

Service  
when to step Back  
PERSON  
JOY  
Mahler's hammer

Outdoors  
Care  
Finding confidence (from others or self) to address new challenges  
Accomplished  
ADVENTURE  
mindset

teamwork  
Roof top tents aren't as cool as I thought  
Only started out of our depth  
Process-less emotional let process happen  
Camping outdoors new kid  
Smile rain

finding a passion  
great feeling  
Team  
importance of local service  
why it was chosen  
Steelhead Fishing

ENTERING THE OUTDOORS  
KIDS ARE EVERYTHING ACTIVITIES  
Learning from Mentors  
Outdoors! service  
new experiences

-BAILING OUT NEIGHBORS BASHMENT DAD'S LESSON DONT TAKE IT

Personal challenges can be a great motivator if you let them

# VALUES

TAKE IT TIL YOU MAKE IT  
-MENTOR

outdoor activities

Local kind of "steep" tubular courses - Fall & less chest-thumping

Family-multigenerational

Community

Water

Nature

Local goal - rain for water

Impactful situation

Important Family

# Governance

How we do business

Source: MRSC Mayor & Councilmember  
Handbook, Revised October 2021

# Topics

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Legislative and executive  
roles

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Council and staff  
communication

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The City Council Meeting  
agenda

# Administration and policy distinction

Mayor

Administrative  
Executive

City Council

Legislative

## Administration and policy distinction

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Council's role to adopt policies for the city.

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Mayor's role to administer or carry out those policies.

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It is certainly appropriate for the mayor to bring policy options and recommendations to the council.



# What is the Mayor's job?

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- The chief executive of the city
- Keep the city moving in the proper direction
- Bring policy options and recommendations to the City Council
- Administer and implement the policies
- Run the day-to-day city operations



# What is the job of the City Council?

- Set policy.
  - A policy is a course of action for a community.
- After policy decisions are made by the legislative body, *others* perform the administrative task of implementing the policies.
- The distinction between formulation and implementation may not always be clear, necessitating open communication between legislators and administrators.

It is NOT the role of the councilmember to administer city affairs.

# Council and staff communication

The mayor may not prevent councilmembers from gaining information, although they could reasonably *regulate* the process by which requests or questions are made.

If councilmember inquiries of city employees are interpreted as unreasonable and may take them away from their duties, it may be necessary for the mayor to require those inquiries to be channeled through the mayor's or department head's office.

# Council and staff communication

There is a natural tendency for committee members to go directly to the city staff due to their close work in committees, without informing the Mayor.



# City Council Meeting Agendas

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Per the Anacortes City Council Procedures dated December 13, 2021, the City Clerk is responsible for the preparation of the City Council's Meeting agenda.

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Agenda content is up to the Mayor, based on Council input.

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Some cities assign this to an agenda committee.



# Perceptions on why City Council members speak about and respond to topics

A cartoon illustration featuring a detective in a yellow trench coat and hat, holding a magnifying glass, and a pink rabbit running away from him. The scene is set against a grey background with a white rectangular frame around the central text. The rabbit has large ears and is running quickly, leaving a red paw print behind it. The detective is looking intently at the rabbit's tracks.

# Pre-retreat interview feedback

# Topics

- Defining Anacortes
- What's great
- What's not
- Challenges
- City Council Meetings
- Staff/Council relations
- What staff need
- What Council needs
- The future
- Recommendations

# Anacortes

- Invested, engaged community
- Well-educated
- Small town feel
- Collaborative with history and culture
- Great place to live
- Safe
- Unaffordable
- Growing pains
- “Climate refugees”
- Changing
- On the forefront
- Trend away from middle-class; lower class squeezed out
- Inviting
- Progressive
- “People visit because of the natural beauty; they stay because of the people!”
- Clash between the old and the new (people may not have found their place)
- Friction due to rising prices
- Very generous
- Quiet boating community
- Everyone knows everyone
- Fairly centered (politically) which makes it easier to get stuff done
- Magical
- Home
- “Outwardly underrated, internally celebrated”
- Island time!
- Fairly wealthy for its size
- Difficult for working people to live in
- We do amazing stuff here!!
- Culturally and historically collaborative
- Nimble and innovative

# What's GREAT!

- Forest lands
- Community
- Very devoted, committed staff and City Council
- Ease of getting around (bike/walk/drive)
- People
- Council works well together (thoughtfully, respectfully)
- People who care
- Potential
- Community organizations
- Non-profits
- Arts
- Dedicated staff/council
- Fairly accessible government
- Great spot for telecommuters (WFH)
- School district
- Customer service
- We find a way!
- Collaboration between DHs, City Council and Mayor

# What's NOT?

- Access to social services
- Healthcare capacity
- Resistance to change
- Economic access
- Perception of people moving here; big houses & \$\$\$ but not engaged
- Need more staff
- Diversity and inclusion is an afterthought
- City not actively sharing the narrative and, therefore, the narrative gets written for you; i.e., the 5-story building.
- Childcare
- Waterfront access
- Crime/drug-related issues increasing
- People tend to be “set in their ways” politically, results in non-welcoming environment
- Land use and housing struggle
- Island identity crisis
- Overly dependent on marine industry
- Too expensive (tough for people who work here to live here) (Must be dual income)
- Not enough housing
- Communication
- Nervousness around fiber project
- Avoid becoming exclusive
- Small town – cost impacts are greater
- Some attitude of “that’s the way we’ve always done it”

# Needs attention 🙄

- Communication is lacking at times
- I sensed some cronyism
- The election is still kinda raw
- Nervousness about fiber project

# Challenges

- Affordability
- Trails/parks budget
- Relationship with County and State
- Roads
- People without homes population (although relatively smaller concern)
- Growth...jobs...young people moving away
- Safeway parking lot!

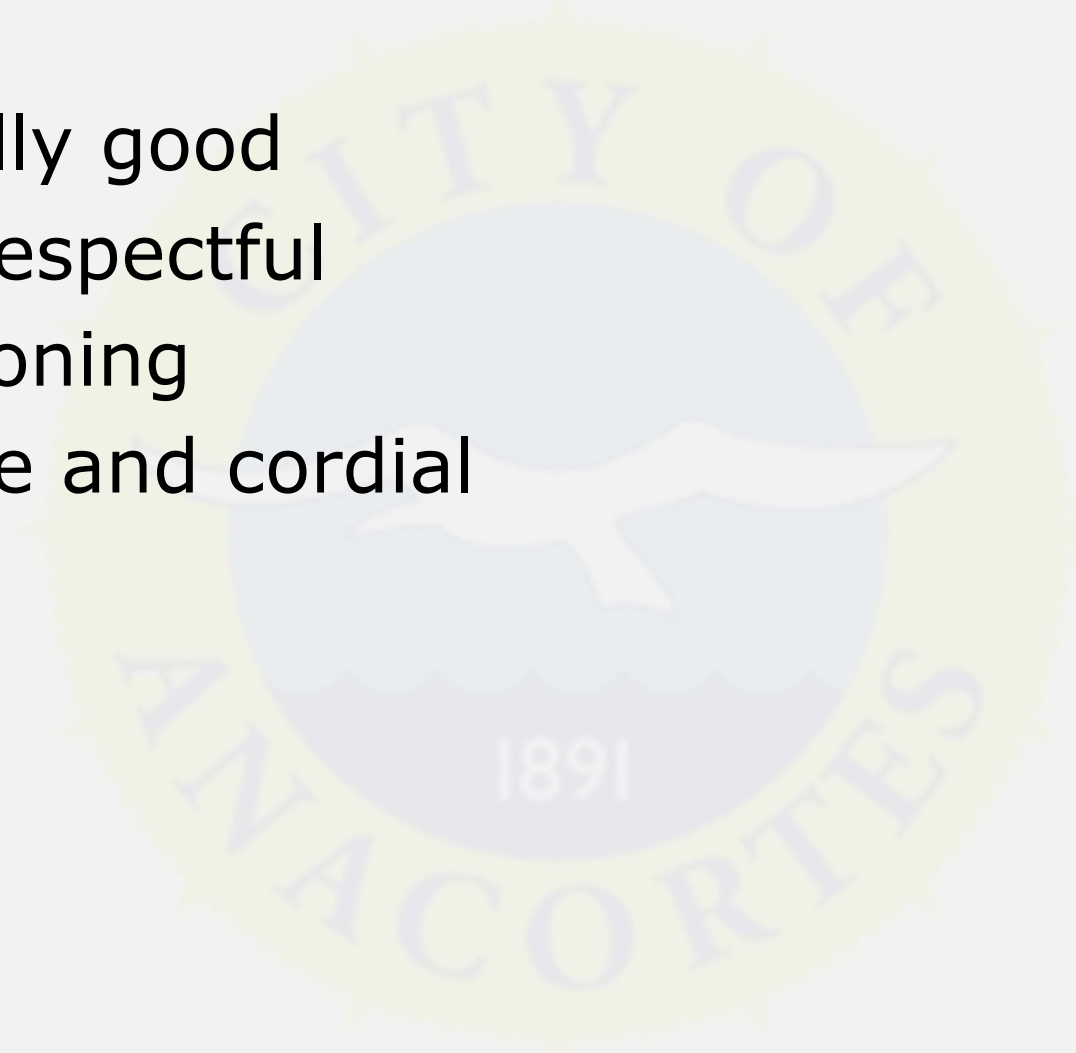
# City Council Meetings



- Run well.
- Matt is noticeably more comfortable in his role.
- Keep public comment to 3 minutes. Period.
- Ensure all committees have equitable time (no one committee is more important than another).
- Some things slow for good reasons.
- We ask questions that we already know the answer to!!!
- When topics get to our level for decision, they have been vetted.
- Things are kept moving along.
- There is NO set policy/template on committee notes/notetaking.
- Are you working too hard to get to unanimous votes??
- Sometimes feels like a cross-examination.
- People (staff) are put on the spot.

# Staff – Council Relations

- Overall really good
- Generally respectful
- High functioning
- Businesslike and cordial



# What the staff needs from Council

- Clear direction and decisions
- Strategic thinking
- Communication
- Professional courtesy
- Support
- No surprises
- Top-cover; staff should not take heat for Council decisions
- Questions ahead of time
- To understand where the questions are coming from (constituents)
- Clear boundaries between personal and professional
- Reminder that whenever policy is created, there is *always* a staff impact
- The budget to do what the Council directs
- Tell us what you need in order to make an informed decision.
- Council to do their homework
- Trust that DHs know what they're doing

# What the Council needs from staff

- Information, communication
- The staff to ask better questions...don't assume
- The whole story
- Accurate info
- No agendas
- Help tracking projects and topics (6 months between updates is tough)
  - Regular updates
- Expertise!!
- Closer attention to budgets
- Staff is already very responsive
- "I don't know" is okay

# Your crystal ball

- Growing; must accommodate smartly
- More density downtown
- Better pedestrian/bike infrastructure
- South Commercial
- 10 years...lots of development
- Vibrant, energetic, more affordable
- Commercial to R more developed
- Dramatic growth
- Fiber standing on its own
- What can we do more of to be inviting and not drive people/business away?
- Vibrant / Arts
- Boating / waterfront
- More multi-family living spaces (5-story)
- More taller buildings
- Waterfront buildup
- Add more land to forest lands
- We need to figure out a “draw” into the city (we’re missing something)
- 1 more (grocery) store
- Pool / Community Center issue solved
- Figure out MJB property (multiple comments)
- Keep same: safe, tourism, schools, outdoors, shops, eats
- More equitable
- Need to attract trade-skilled people
- Continue AFC partnership
- Find a way to have a cross-section of population



# Recommendations

- Communication improvement
  - Communications director/specialist
  - Dept Head every-other-week update emails
  - 1v1s with Mayor
- Listening needs improvement
  - Committee reports
  - Distractions

# Recommendations

- Need to figure out:
  - Guemes Channel Trail
  - Community Center
  - Pool
  - MJB Property
- Absolutely must stick with Roberts Rules during CC meetings...prevents “out of control”
  - Member can’t speak again until everyone else has had the opportunity.
- Explore a housing/social services coordinator position on staff
- Better template for pre-Council packages of information (each department does it in a different way)

# Recommendations

- DHs bring staff experts to meetings and have them present
- Be intentional about hiring diverse staff
- Make an economic development committee? Interesting.
- Need a port/city/IH/schools joint meeting (quarterly/monthly)
- Figure out how to do more “buy-local” (i.e., too much Amazon purchases on consent agenda)
- Development Impact fees
- Make a profit from selling water (State law prohibits)
- Why is WA State at the bottom of law enforcement officers per 100K people?
- Mayor has a LOT of direct reports (12)



# Active Listening

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When you are actively listening, you are making a focused effort to be present and understand what the other person is saying, and to communicate to them that you understand.

# Active Listening has two parts:

Fully attending to what the person is saying - with your body language, eyes, facial expression, listening intently.

Reflecting back to the person what you hear them saying. You can do this just by repeating back some of the exact words that the person used, or by paraphrasing in your own words.

# To speak or not to speak....

## GOOD TIME TO BE QUIET AND LISTEN:



When you just asked a question



When the person is telling their story or expressing how they feel



When they pause like they are thinking inwardly



When you are tempted to jump in because you want to talk about yourself

## GOOD TIME TO SAY SOMETHING:

- When they ask for your input
- When they seem at a loss for words
- To reflect back to them what they are saying
- When you have been through something similar and your story might give them hope.

**“Is what I am about to say FOR ME, or for the person I am supporting?”**

The background consists of a dense, overlapping collage of colorful sticky notes in shades of blue, green, yellow, and purple. Each sticky note features a large, black, hand-drawn question mark. The text is centered over this background.

# Asking <sup>good</sup> questions

Getting curious

- Ask open-ended questions.
  - Usually start with “What” “How” “Why”
- Closed-ended questions can be answered with “yes” or “no”.
  - Great for gathering information or understanding the context.
  - Not necessarily great at encouraging the person to share more.
- Get comfortable with silence; ask the question and then shut-up!
- Ask only one question at a time.
- Don’t offer advice with a question-mark attached!
- You, the questioner, have NO idea what the problem is (assuming there is a problem!).



# Focus areas and priorities

# What we're gonna do:

1. City Council focus areas
2. Department Head budget priorities
3. City Council budget priorities

Top THREE

2 minutes per person

# Action items



# OPMA BASICS

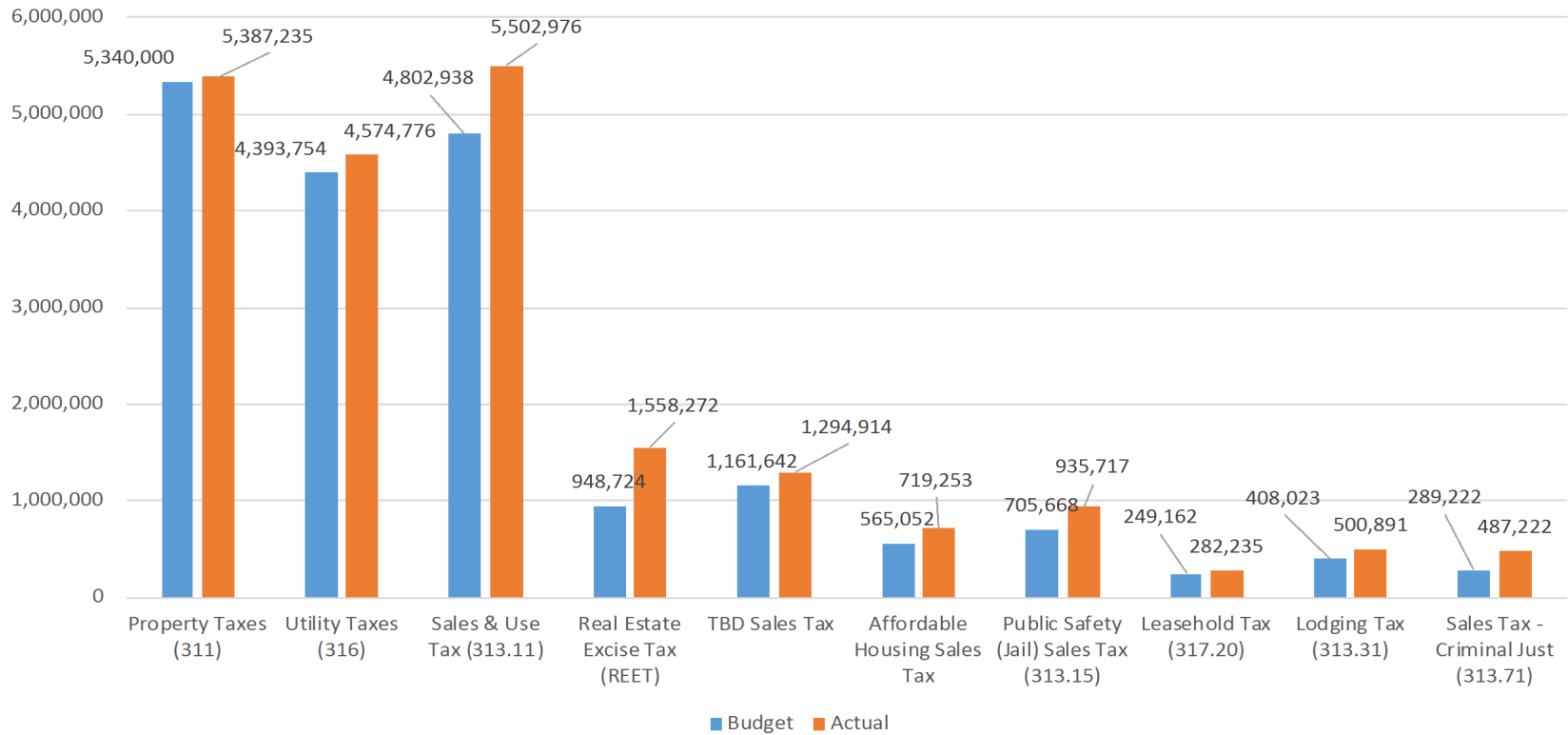
1. Purpose: The people insist on remaining informed so that they may retain control over the instruments they have created.
2. Key OPMA Definitions.
  - a. Meeting: When a quorum of a governing body gathers with the collective intent of transacting the governing body's business.
  - b. Governing Body: multimember board, commission, committee, council, or other policy or rule-making body of a public agency, or any committee thereof when the committee acts on behalf of the governing body, conducts hearings, or takes testimony or public comment.
  - c. Action: Transaction of official business of a public agency by a governing body. Mere action such as discussion of agency business is enough to qualify as action under OPMA.
3. Basic Requirements.
  - a. Meetings of the "governing body" of a "public agency" be open to the public.
  - b. Notice and agenda must be provided for all regular and special meetings at least 24 hours in advance.
  - c. All persons must be able to attend without having to provide personal information.
  - d. Votes must be taken publicly (no secret ballots).
4. Penalties for noncompliance.
  - a. Any action taken in violation of OPMA is null and void.
  - b. A member of a governing body who knowingly participates in a meeting in violation of OPMA is subject to personal liability of \$500 for first violation and \$1000 for subsequent violations.
  - c. Challenging party is awarded costs and fees, including attorneys fees.
5. OPMA exemptions.
  - a. Executive sessions: Must fit within the narrowly construed topics subject to executive session. (national security, data security, real estate transactions, complaints or charges against public officer or employee, qualifications of candidates, potential litigation and enforcement matters)
  - b. Closed sessions for collective bargaining are not subject to OPMA.
  - c. Quasi-judicial deliberations are not subject to OPMA.

# OPMA UPDATES

1. Emergency proclamation 20-18.15.
  - a. **Requires meetings subject to OPMA to be held remotely with in-person component optional.**
  - b. This proclamation will be in effect and control OPMA requirements until Governor Inslee terminates it either by terminating the state of emergency or rescinding it.
2. ESHB 1329.
  - i. "It is the intent of this act to modernize and update the open public meetings act emergency procedures to reflect technological advances, while maintaining the act's public policy that governing body's actions and deliberations be taken and conducted openly while balancing public safety in emergency conditions."
  - ii. Meeting locations:
    1. Effective upon termination of the Emergency Proclamation, a physical location must be identified for meetings subject to OPMA.
    2. UNLESS an emergency is declared:
      - a. Can hold remote meetings without physical location.
      - b. Members can attend remotely.
      - c. Remote participation can't require additional cost to the public.
      - d. Notice must be provided with instructions on how the public can participate.
  - iii. Public comment:
    1. Strongly encouraged in this update.
    2. Effective June 9, 2022 (or when Emergency Proclamation no longer effective):
      - a. Governing body must allow for public comment at every regular meeting where final action is taken.
      - b. Must allow oral or written comments.
      - c. Must work with individuals who can't physically attend to allow them to comment.
      - d. Agencies can still deal with interruptions and disruptions.
  - iv. Recording meetings: Strongly encouraged to capture audio or video recordings of meetings and make them available online for at least six months.
  - v. Meeting regulation:
    1. Can require info from remote participants if necessary to protect the public health or safety or to protect against disruption.
    2. Governing body can stop people from speaking when not recognized by the body.
  - vi. Meeting Agendas and Notices:
    1. Small Jurisdictions: In some cases do not have to post an agenda online (this does not apply to Anacortes).
    2. Special Meeting Notice: Regulations have been amended based on the type of notice and the size of the agency.
  - vii. Adjournment: Remote meetings held pursuant to an emergency do not have to be adjourned by posting a copy of the notice by the door of the meeting location.
  - viii. Executive Sessions: The purpose of the executive session must be entered into the minutes.

# 2021 Tax Revenue Recap

2021 Tax Revenue Budget to Actual



The 3 Primary Tax revenues are Sales, Property, and Utility. As well as a number of other restricted revenue streams.

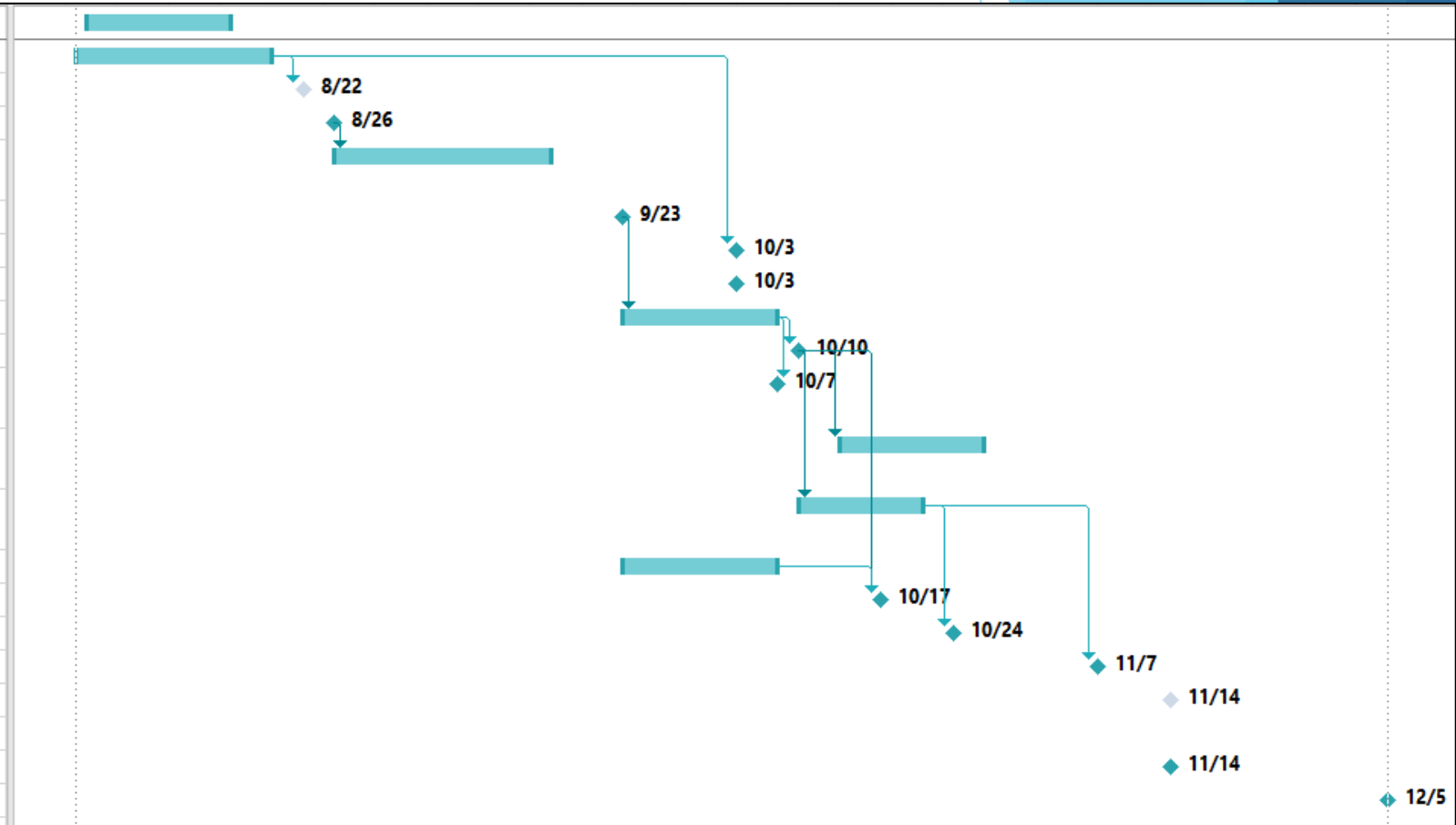
Sales tax revenues all strong in 2021.

Strong sales tax continues through 1Q 2022.

Taxes	Budget	Actual	Jan - December 2021	100.0%
Property Taxes (311)	5,340,000	5,387,235	100.9%	% through the year
Utility Taxes (316)	4,393,754	4,574,776	104.1%	December 2021
Sales & Use Tax (313.11)	4,802,938	5,502,976	114.6%	
Real Estate Excise Tax (REET)	948,724	1,558,272	164.2%	
TBD Sales Tax	1,161,642	1,294,914	111.5%	
Affordable Housing Sales Tax	565,052	719,253	127.3%	
Public Safety (Jail) Sales Tax (313.15)	705,668	935,717	132.6%	
Leasehold Tax (317.20)	249,162	282,235	113.3%	
Lodging Tax (313.31)	408,023	500,891	122.8%	
Sales Tax - Criminal Just (313.71)	289,222	487,222	168.5%	
Totals Taxes:	18,864,184	21,243,492	112.6%	

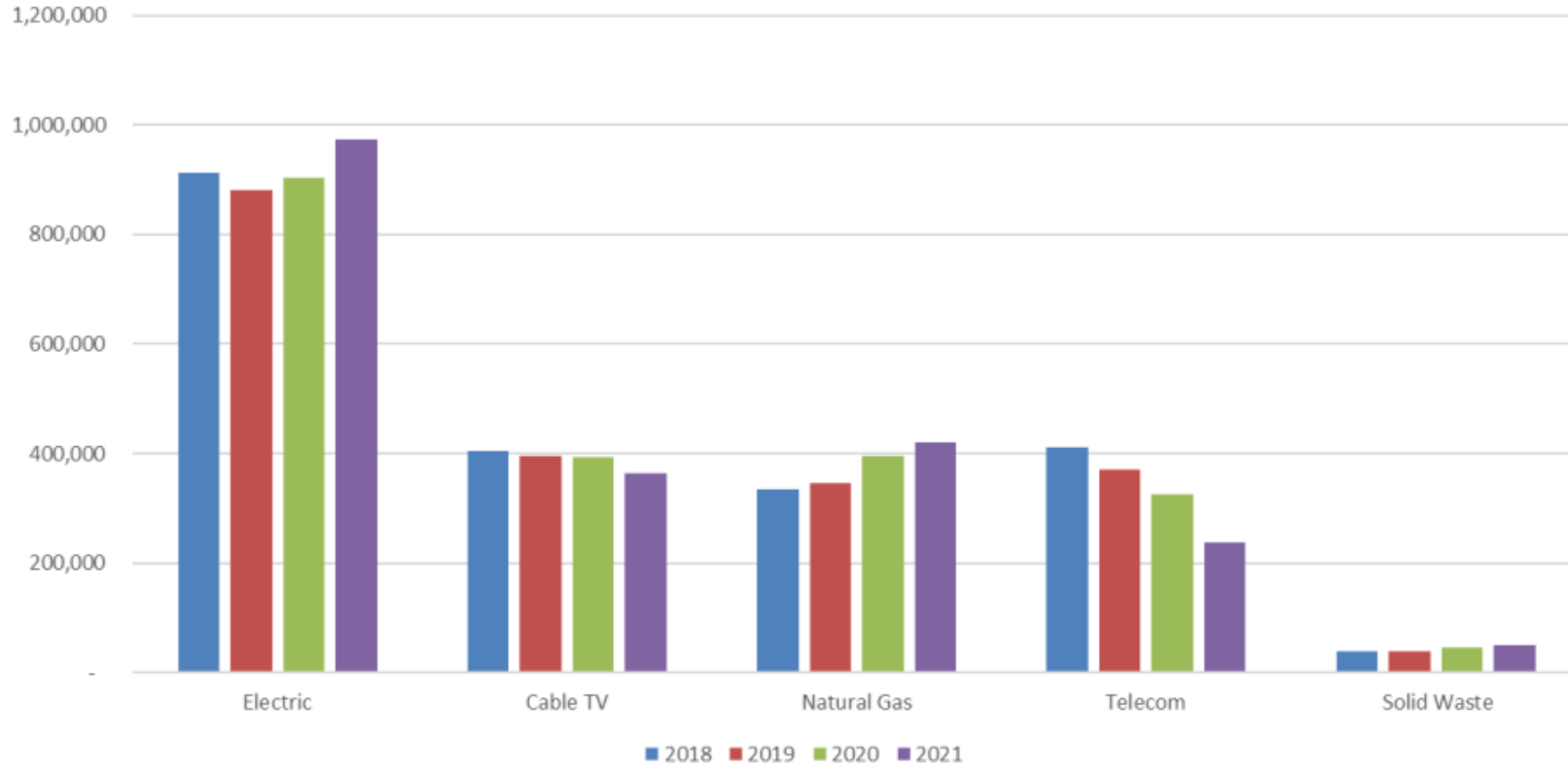
# Budget Schedule

Insurance rates loaded into Eden	Tue 8/2/22	Mon 8/15/22
Revenue projections developed	Mon 8/1/22	Fri 8/19/22
Revenues loaded into Eden		Mon 8/22/22
Request expenditures and probable revenues	Fri 8/26/22	Fri 8/26/22
Departments develop expenditures and probable revenues	Fri 8/26/22	Thu 9/15/22
Clerk submits to Mayor preliminary budget	Fri 9/23/22	Fri 9/23/22
Revenue Presentation to council	Mon 10/3/22	Mon 10/3/22
Public Hearing on Revenues	Mon 10/3/22	Mon 10/3/22
Mayor reviews with Departments	Fri 9/23/22	Fri 10/7/22
Mayor files preliminary budget with Clerk	Mon 10/10/22	Mon 10/10/22
Ad to Anacortes American advertising budget and meeting	Fri 10/7/22	Fri 10/7/22
Public notice for 2 consectutive weeks draft budget available	Fri 10/14/22	Thu 10/27/22
Public notice 2 consecutive weeks date council fix final budget	Mon 10/10/22	Fri 10/21/22
Draft Budget Message	Fri 9/23/22	Fri 10/7/22
Budget Message to Council	Mon 10/17/22	Mon 10/17/22
Council Review of Public Works	Mon 10/24/22	Mon 10/24/22
Council review of Governmental Activities	Mon 11/7/22	Mon 11/7/22
Public Hearing on Final Budget		Mon 11/14/22
Public notice on budget ordinance		
Public Hearing on Budget	Mon 11/14/22	Mon 11/14/22
Council review of final budget	Mon 12/5/22	Mon 12/5/22



# Utility Tax on Private Utilities

Private Utility Tax Trend



	Electric	Cable TV	Natural Gas	Telecom	Solid Waste	Total
2018	913,458	404,901	335,715	412,006	38,145	2,066,080
2019	880,082	395,379	344,882	369,954	39,187	1,990,297
2020	903,522	392,625	396,619	326,468	44,495	2,019,234
2021	973,878	364,366	420,406	237,672	49,748	2,046,070
<b>Trend</b>						

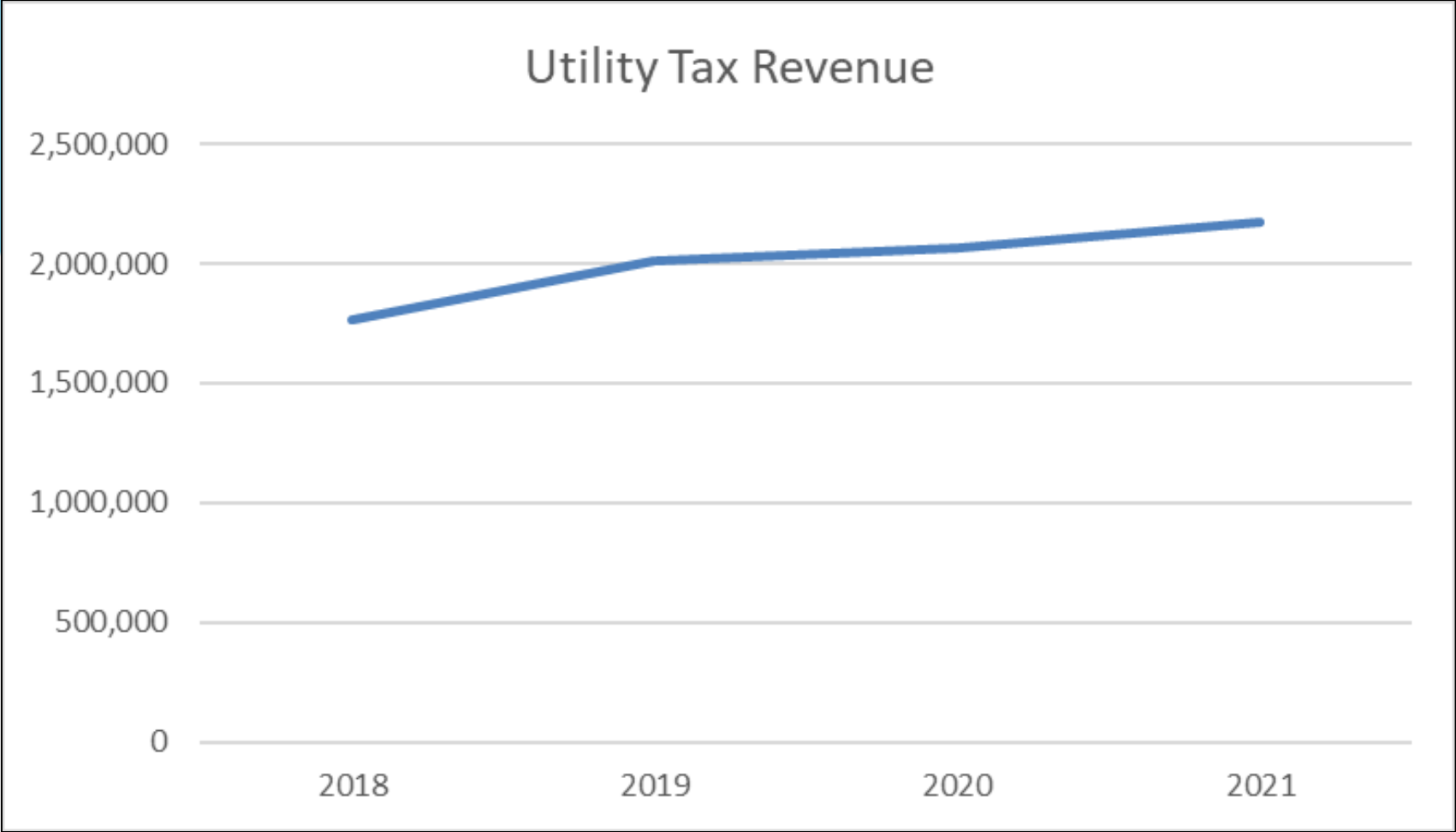
Private Utility Tax rate controlled by state or federal law.

- Private Utilities charged: Natural Gas 6%, Electricity 6%, Telecom services 7%, and Cable TV 7%.
  - Detailed information only available since 2018.
  - Consistent decreases in TV and Telecom.
- Collecting less money in 2021 now than 4 years ago

# Utility Tax on Public Utilities

All 4 utilities pay utility tax on the monthly gross receipts to the General fund. Solid Waste also pays to the Road Maint Fund

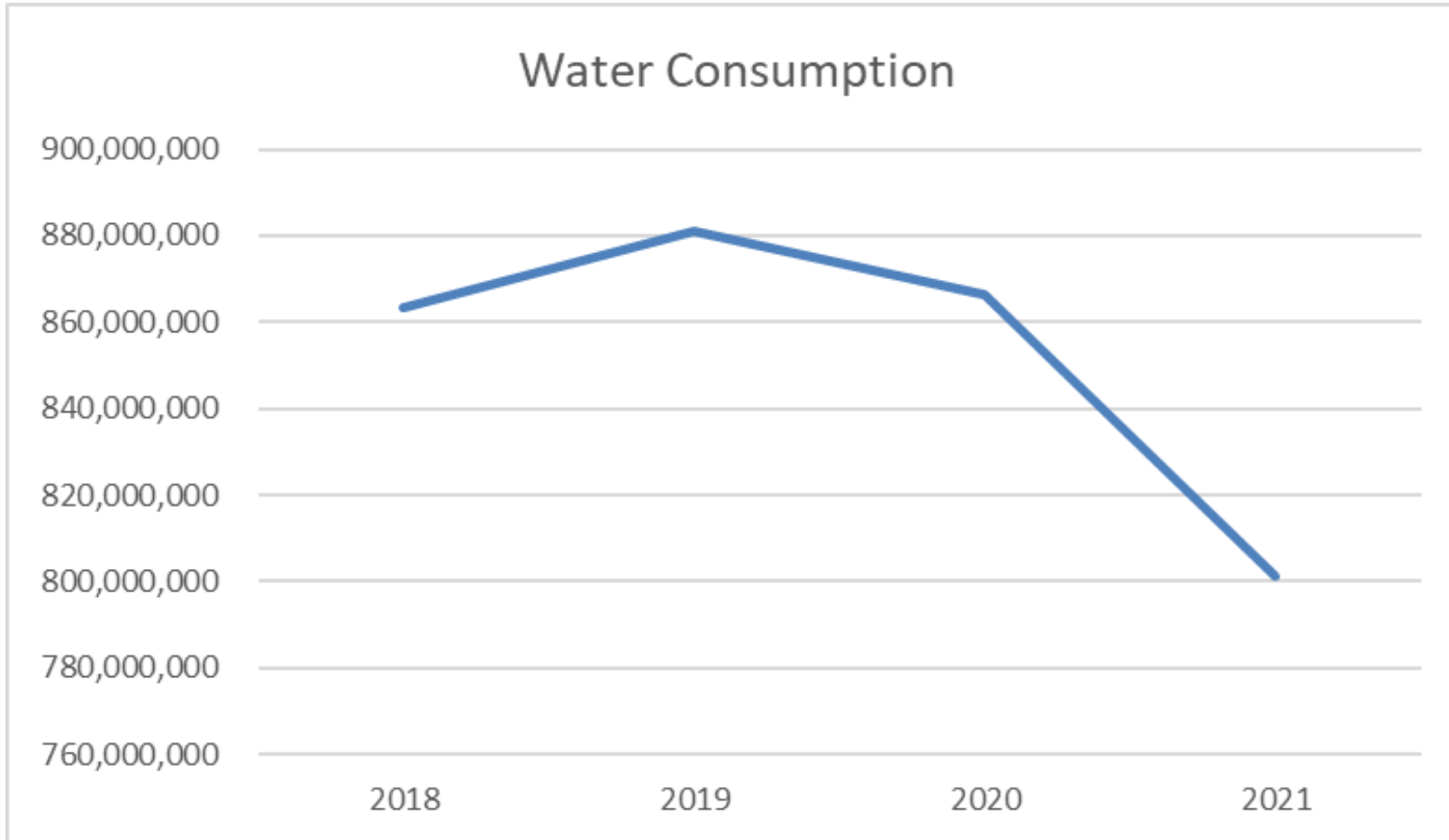
Water, Sewer, Storm: 7%  
Solid Waste: 12%  
    3.4% General Fund  
    3.6% goes to the State  
    5% Road Maint Fund



2018	1,765,466
2019	2,011,003
2020	2,068,495
2021	2,174,294

# Utility Tax on Public Utilities

## Reduced Water Consumption during Quarantine

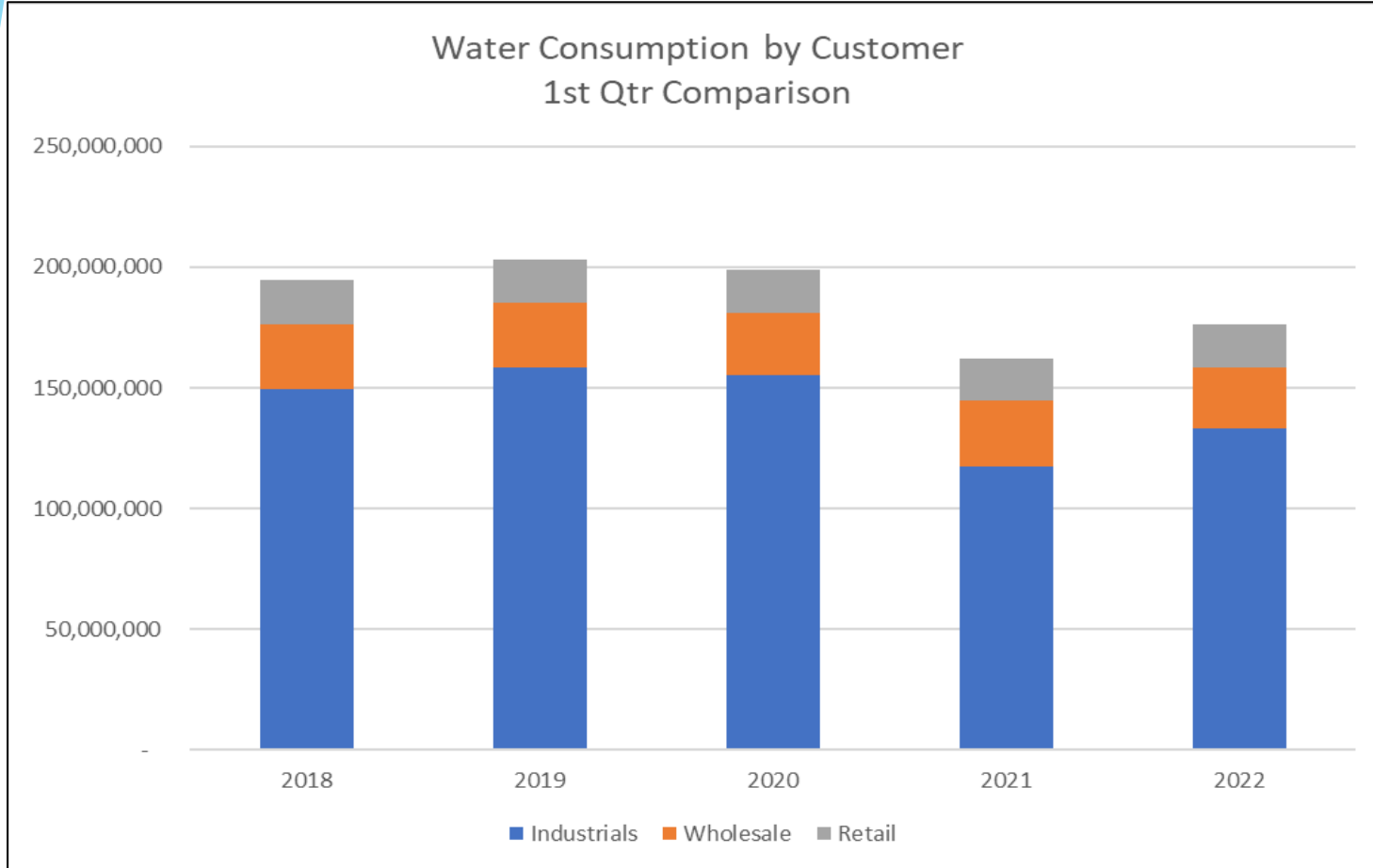


The Covid quarantines dramatically reduced the demand for treated water.

	Water Consumption
2018	863,555,864
2019	881,018,659
2020	866,285,278
2021	801,252,957

# Utility Tax on Public Utilities

## Post Quarantine Consumption Seems to be Recovering



- **1<sup>st</sup> Quarter Comparison**
- Industrial consumption dropped dramatically during the Covid quarantine era.
- 1Q 2022 consumption indicates that consumption may be returning to historical norms.

	2018	2019	2020	2021	2022
Industrials	149,698,030	158,558,064	155,507,978	117,334,982	133,318,307
Wholesale	26,657,652	26,673,552	25,336,086	27,598,830	24,948,654
Retail	18,203,802	17,921,818	18,124,927	17,243,676	17,864,541
	194,559,484	203,153,434	198,968,991	162,177,488	176,131,502

# 2023 Budget Considerations / Concerns

**Recession Risk Is Rising, Economists Say (WSJ):** "Economists see a growing risk of recession as the relentlessly strong U.S. economy whips up inflation, likely bringing a heavy-handed response from the Federal Reserve. ... Economists surveyed by The Wall Street Journal this month on average put the probability of the economy being in recession sometime in the next 12 months at 28%, up from 18% in January and just 13% a year ago." For context, a 28% chance of recession is relatively high historically during non-recessionary periods.

WSJ 4/10/22

TVI 4/01/22

- Longer-term rates rose as well but not by the same magnitude as shorter rates. As of today, the 2-year Treasury is higher than the 10-year Treasury, which is referred to as an "inverted" yield curve. Inversions in the yield curve have **historically preceded recessions** by anywhere from 1-2 years.

- Plenty of red flags right now that indicate a slowdown in the economy is possible.

## CPI for all items rises 1.2% in March; gasoline, shelter, food indexes rise

04/12/2022

In March, the Consumer Price Index for All Urban Consumers rose 1.2 percent, seasonally adjusted, and rose 8.5 percent over the last 12 months, not seasonally adjusted. The index for all items less food and energy increased 0.3 percent in March (SA); up 6.5 percent over the year (NSA).

[www.BLS.gov](http://www.BLS.gov)  
4/12/22

Reuters  
4/11/22

BENGALURU, April 11 (Reuters) - The Federal Reserve is expected to deliver two back-to-back half-point interest rate hikes in May and June to tackle runaway inflation, according to economists polled by Reuters who also say the probability of a recession next year is 40%.

# Governmental Activities Staff Costs vs Major Tax Revenues

	2018	2019	2020	Actuals 2021	Projections 2022	
Staff Costs (Non Utility)	15,022,440	16,049,841	16,496,471	17,098,163	18,286,442	19,374,761
Increase	916,217	1,027,401	446,631	601,692	1,188,279	1,088,318
% Increase	6.5%	6.8%	2.8%	3.6%	6.9%	6.0%

Using 2022 projections:  
 Assuming 5% for wage increase  
 Assuming 8% for benefits increase

\$1.088M is needed just to cover existing staff costs

	Annual Totals			Annual Changes		
	Property tax	Sales Tax	Utility Tax	Property	Sales	Utility
2017	4,918,345	4,438,743	3,734,156	2.9%	12.5%	3.5%
2018	5,038,278	5,864,480	3,867,017	2.4%	32.1%	3.6%
2019	5,177,370	5,026,598	4,038,409	2.8%	-14.3%	4.4%
2020	5,296,453	4,797,242	4,079,980	2.3%	-4.6%	1.0%
2021	5,387,235	5,502,976	4,220,364	1.7%	14.7%	3.4%
2022	5,516,529	5,943,214	4,346,975	2.4%	8.0%	3.0%
2023	5,648,925	6,418,671	4,477,384	2.4%	8.0%	3.0%
	132,397	475,457	130,409			
2023 increase over 2022			738,263			

# 2023 Budget Considerations / Concerns

Not to lose sight of:

- Ladder truck debt service
- Fiber expansion
- Climate of inflation

Other things:

- OpenGov budget module
  - Will require a \$100K budget adjustment in 2022 and add \$42K to the 2023 budget
- Station 3 will have to part of the conversation in the near future

# 2023 Budget Considerations / Concerns

For Department Heads:

2023 we will be developing a Zero based budget

- Or it may be technically be considered a Zero Line Item budget.
- There seems to be a lot of crossover between the 2
- You wont have to build the budget from the ground up
  - But 2022 budget amount is not your reference for the 2023 request.
- You'll be required to provide detailed justification for each BARS line budget amount.
- May require more research and discussion with your staff than a typical year