

## **Anacortes City Council Minutes - March 13, 2023**

### **Call to Order**

Mayor Matt Miller called to order the Anacortes City Council meeting of March 13, 2023 at 6:00 p.m. Councilmembers Ryan Walters, Anthony Young, Christine Cleland-McGrath, Carolyn Moulton, and Bruce McDougall were present. Councilmembers Jeremy Carter and Amanda Hubik participated in the meeting remotely via Zoom.

### **Pledge of Allegiance**

The assembly joined in the Pledge of Allegiance.

### **Announcements and Committee Reports**

Mayor Miller shared an update on the State of the City address, mentioning that it was well attended and that it reflected the hard work of city staff.

#### **Finance Committee**

Mr. Young reported from the Finance Committee meeting held the previous Thursday. The topics discussed included a remedy for an error in over-billing for sanitation containers for a customer, the committee meeting time changed to 4pm to mitigate conflict with other committee meetings, city financing in light of recent interest rate announcements from the Federal Reserve, and adjustments to the utility discount program.

#### **Public Safety Committee**

Ms. Cleland-McGrath reported from the Public Safety Committee meeting held on March 7, 2023. The police topics discussed included unmanned aerial vehicle program pilot training with Skagit County and department policy development, crisis negotiation team training, accreditation assessment, recruiting efforts for the five current openings, and discussion of establishing a regional law enforcement training facility at Skagit Valley College.

Fire topics included grant opportunities for the coordinated outreach program, recruiting efforts, and the brush truck should be ready by May for wild land training and then operational by summer.

#### **Port / City Liaison Committee**

Mayor Miller reported from the Port/City Liaison Committee meeting held the previous Tuesday. The topics discussed included the appointment of Shawn Ottenbreit to District 3 subsequent to the resignation of Commissioner Joe Verdoes, the T-Dock project, major pump out for larger vessels, shore to ship power, the north basin project (RV park unavailable for camping this summer), and assisting the city with the solution for the replacement to the Transit Shed after it is closed for events at the end of this year.

#### **Housing Affordability and Community Services Committee**

Mr. Walters reported from the Housing Affordability and Community Services Committee meeting held the previous Thursday. The topics discussed included the utility discount program draft ordinance and a meeting with the Family Center on developing the homeless housing plan by adapting the Skagit County plan to include goals specific to Anacortes.

#### **Planning Committee**

Ms. Moulton reported from the Planning Committee meeting held earlier in the evening. The topics discussed included a discussion with the Downtown Anacortes Alliance about improving the arch at 10th Street and traffic calming measures for Commercial Avenue north of 10th Street to make the area more conducive to pedestrians.

### **Public Comment**

Mayor Miller invited the public to comment on any item not on the agenda.

Boshie Morris of Anacortes wondered if there was a liaison with the county through the City Council regarding planned rate increases for the Guemes Island Ferry of 70-100 percent. She characterized herself as a friend of Guemes Island who allows island residents to park their vehicles behind her home and pointed out with the increase in fares there would be a distinct change in ridership. She wondered how the city planned to get ahead of the impending parking problem. Mayor Miller responded that the city works with the county on a regular basis and that the city understands some of the problems that the rate increase will create. Ms. Morris then mentioned a proposal for a resident parking permit on the south side of 6th Street that was brought before the Council in 2022, wherein two area residents, Warren Tessler and Luke Russell, offered to allow Guemes Island residents to park there during times of crisis or ferry service interruptions (the current ferry haul out ends March 19th), and wondered why the signs had not been bagged to suspend permit requirements in that area through the haul out period. Mayor Miller responded that city staff would look into this issue.

Malcom McCutcheon of Anacortes commented on the intersection of I Avenue and 7th Street about motorists not stopping at the stop sign and potentially endangering local children in the area. He mentioned a city vehicle apparently running the stop sign in a video posted to Facebook.

Mike Pearl of Anacortes commented on an excerpt from the August 20, 2022 Skagit Valley Herald about the five-story Gateway Village project. He likened the project to the possible developments on the MJB property, positing that five or six of these could be built in the new development. He re-stated his opposition to five-story buildings west of O Avenue and hoped that they would be limited to four stories. He recounted the owner of Fidalgo Flats' comments regarding the 60 percent proportion of small units, pointing out that it is not an economic disadvantage to build units of that size and encouraged the public to read a written comment from last week submitted by Mary Jo McArdle.

### **Consent Agenda**

Mr. McDougall moved, seconded by Mr. Young, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

a. Minutes of March 6, 2023

b. Approval of claims in the amount of \$789,128.29

The following vouchers/checks were approved for payment:

EFT numbers: 105726 through 105786, total \$481,449.14

Check numbers: 105787 through 105801, total \$272,007.10

Wire transfer numbers: 320103 through 320602, total \$35,672.05

c. Street Fair Application - Anacortes Waterfront & Car Show

### **Other Business**

#### **Washington State Ferries (WSF) Service Restoration Plan - 2023 Update**

Administrative Services Director, Emily Schuh, introduced Mr. John Vezina, Director of Planning, Customer, and Government Relations at Washington State Ferries, who presented the Service Restoration Plan Update while referring to a slide presentation that was added to the packet materials for the meeting. He mentioned retention challenges and legislative efforts to help mitigate seasonal departures, paid training for licensing future vessel operators, and vessel availability. He emphasized that Washington State Ferries does not cancel routes and that it is up to the legislature and the governor. He mentioned possible solutions, including researching the use of contracted domestic vessels and foreign-flagged vessels and passenger-only vessels, which could be realized within two years.

Mr. Vezina answered questions from the Council. Mr. Walters expressed appreciation for the communication of the Washington State Ferries with the ferry caucus and the community. He mentioned previous efforts to cancel

the Sydney run and doubted that private operators could fill the gap left by the auto-carrying vessels operated by WSF. He asked if we had lost *Elwha*? Mr. Vezina mentioned that *Elwha* was sold and will be placed into service in Ecuador, adding that the competition for limited transportation funds makes it cost prohibitive to extend the service life of older vessels. He added that WSF does not want to privatize the Anacortes to Sydney run and that the passenger-only option would be a temporary one until personnel and vessel capacity was adequate to re-open the route.

Mr. McDougall asked for the names of the other two retired vessels and could they be re-used? Mr. Vezina responded that *Hiyu*, *Hyak* and *Klahowya* have been retired and sold since 2016, as they were slated for retirement with the commissioning of new vessels. He added that *Elwha* was different because it had not had its mid-life preservation work completed. He added that maintenance costs increase with service time and make operating older boats a fiscally irresponsible choice. Mr. McDougall wondered what the cost was for the SOLAS upgrade, and if it would be made on an existing vessel or a new vessel. Mr. Vezina responded that most likely it would be made to an existing vessel, as new vessels will be electric and the international route would not necessarily support this. He added that the cost to retrofit an existing vessel would be approximately \$20 million.

Ms. Moulton wondered if an extra year of operation could be added on to the older vessels coming up for retirement? Mr. Vezina responded that it is difficult to make the case to increase the size of the ferry fleet due to competing transportation needs in other areas of the state. Ms. Moulton wondered if there could be collaboration with the British Columbia Ferry system to take the route. Mr. Vezina responded that WSF would be looking into that as well as Alaska Ferries that could be used to fill the route and that auto ferries from other services tend to be side loaders and perhaps not compatible with WSF terminal areas. Ms. Moulton wondered if passenger-only would be an option for WSF? Mr. Vezina responded that WSF is precluded by state law from operating passenger-only ferries, though that could be subject to change, and cited the example of King County municipalities being forced to ask the voters to fund their passenger-only ferry service because of this law.

Mr. Young wondered how the Council could help maintain the Sydney route, pointing out that the city receives extraordinary support from its state representatives in Olympia. He challenged WSF to consider a wide range of possible solutions, including cost-effective interim stopgap measures such as employing side-loading ferries, to ensure that the Sydney-Anacortes ferry run remained open as a vital part of the local economy. Mr. Vezina responded that WSF leaders are committed to thinking about this problem creatively and will be very transparent and open with the reasons behind the decision to either re-open the route or keep it closed as planned through 2030.

Ms. Hubik asked which route had the highest fare box recovery before the COVID-19 pandemic. Mr. Vezina responded that the Seattle-Bainbridge route was the year-round leader. Ms. Hubik inquired how well the Sydney-Anacortes run performs. Mr. Vezina responded that the run is very profitable in the summer, but less so during the shoulder seasons of spring and fall. Ms. Hubik followed up by asking where the funds from ferry passengers were going. Mr. Vezina responded that prior to COVID the state legislature mandated that WSF cover 75-80% of operating costs through fare box recovery and that nearly 100 percent of the capital cost for new vessels is paid through tax revenues. Ms. Hubik asked if work force development and retention funding came through the 2022 supplemental budget. Mr. Vezina responded affirmatively. Ms. Hubik asked if there was anything in the 2023 budget that could be related to this. Mr. Vezina responded that as a state employee he could not advocate for anyone to contact legislators, but that the governor's budget is supportive of WSF programs. Ms. Hubik mentioned that these retention measures are very important and suggested that these funding issues are important to emphasize with state representatives should Councilmembers wish to communicate with them on these issues. Mr. Vezina mentioned that revenue estimates will come out soon, and that it would be clearer in the near term as to how much funding would be available to WSF in the upcoming budget cycle.

Mayor Miller invited the public to comment on the agenda item.

Michael Painter of Anacortes wondered about the cost effectiveness of adding hybrid-electric capabilities to vessels nearing the end of their service life within five years of WSF acquiring new hybrid vessels. Mr. Vezina clarified that the life expectancy of the vessels is 60 years and that the three vessels he mentioned are coming up on their 20-year maintenance period and would have propulsion upgrades performed anyway, thus realizing forty years of service as hybrid vessels.

**Interlocal Agreement 23-092-PRK-002 for Thompson Trail Trestle and Causeway Replacement Design Funding from Washington State Department of Natural Resources (DNR)**

Parks and Recreation Director, Jonn Lunsford, introduced Interlocal Agreement 23-092-PRK-002 with the Washington State Department of Natural Resources for Thompson Trail Trestle and Causeway Replacement Design Funding. He mentioned that there would be a ribbon cutting on March 31, 2023 at 2pm at the Fidalgo Bay Resort for the recent trestle repair. He clarified that this contract is for the long-term replacement of the causeway and part of the match for funding the planning phase of the grant, and that similar interlocal agreements with the Samish Indian Nation and Skagit County would be coming before the Council as well. He added that the Council would be able to review the feasibility study after its completion in a couple of years and decide on next steps.

Mr. Walters commented that this demonstrates how many partners there are in the health of Fidalgo Bay and expressed appreciation for the enthusiastic efforts of the Parks and Recreation department to get the project to its current state and that there is more available grant funding to obtain for the project. He concluded by remarking that he was confident that the pieces would come together to bring it to eventual fruition.

RYAN WALTERS moved, seconded by AMANDA HUBIK, to approve interlocal cooperative agreement 23-092-PRK-002 as presented. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, AMANDA HUBIK. Nays - None. Result: Passed

**Stormwater Program Update**

Stormwater Program Manager, Diane Hennebert, provided a program update for the Stormwater Management Plan and Fidalgo North Stormwater Management Action Plan, referring to a slide presentation that was added to the packet materials for the meeting.

Mayor Miller invited the public to comment on the agenda item.

Marlene Finley of Anacortes, and president of Evergreen Islands, commended the city staff and the Council for the collaborative work on the Stormwater Management Plan and the Fidalgo North Stormwater Management Action Plan, mentioning her organization's work with the city on the Happy Valley Stream and how they learned from Ms. Hennebert about the idea of a stormwater park. She expressed a desire to work with the city in that effort. She pointed out that the management of stormwater and surface water is very important for dealing with the effects of climate change, and recounted attending a climate resilience forum with the Skagit Climate Science Consortium where local scientists are working to develop solutions for current and future challenges.

Pat Gardner of Anacortes asked if there would be requirements for developers undertaking projects within the city limits, especially the MJB property, to plant vegetation that would act as natural filters to mitigate the effects of stormwater runoff in Fidalgo Bay.

Ms. Moulton expressed appreciation for interdepartmental cooperation and communication, the relationships Ms. Hennebert has established with local groups and the Fidalgo North Stormwater Management Action Plan as

a tangible example of the effort to treat stormwater effectively.

Mr. Young echoed Ms. Moulton's sentiments regarding interdepartmental communication. He expressed approval of the approach of enlisting public support for the program through online reporting, as it protects the entire community. He then emphasized the need for dog owners to police their pet's waste to mitigate its deleterious effects. He asked if analysis of stormwater had indicated any particular sources of pollution that needed to be addressed and how this area can be preserved and restored. He then mentioned his previous role as a community liaison for the refineries, and that they could be willing partners in the area of eel grass restoration. Ms. Hennebert responded that she serves on the Skagit Marine Resources committee and they are interested in eel grass restoration as well. She then mentioned that Friends of Skagit Beaches have shared sampling data gathered from about 45 different city outfalls to ensure that illicit and non-compliant sites are able to be found and remedied.

Mr. Walters called attention to the projects in the Fidalgo North Stormwater Management Action Plan, including the Ace of Hearts Rotary Park stream restoration that was added to the capital facilities plan nearly ten years ago. He asked that the Council help to move it forward by including it as a higher priority to improve water quality. He then referenced the conveyance projects that will enable the development of housing in support of the Council's goal, asking that when these projects come before the Council in a Capital Facilities Plan review, that stormwater metrics be included. Ms. Moulton added that the cost of inaction should be included as well.

Mayor Miller reminded the public to clean up after their pets and thanked the Council for funding the new Stormwater Inspector position and welcomed Aaron Esterholt to city staff.

#### **Resolution 3116: Waiving the Competitive Bidding Requirements for the Purchase of WWTP Secondary Clarifier Drive Units**

Wastewater Treatment Plant Manager, Brian Walker, introduced Resolution 3116: Waiving the Competitive Bidding Requirements for the Purchase of Evoqua Secondary Clarifier Drive Units. He mentioned that the units are 10 years beyond their expected service life and that these drives are necessary for plant operation.

CAROLYN MOULTON moved, seconded by BRUCE MCDOUGALL, to approve Resolution 3116 authorizing the purchase of two Evoqua secondary clarifier drive units for installation at the Wastewater Treatment Plant and waiving competitive bidding requirements due to a single source of supply. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - None. Result: Passed

#### **Contract Award: Purchase of WWTP Secondary Clarifier Drive Units #23-102-SEW-001**

Wastewater Treatment Plant Manager, Brian Walker, introduced contract #23-102-SEW-001 Purchase of Secondary Clarifier Drive Units.

RYAN WALTERS moved, seconded by AMANDA HUBIK, to authorize the mayor to sign contract 23-102-SEW-001 with Evoqua for \$109,180.80. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - None. Result: Passed

#### **Amending the Qualifications for the Utility Discount Program**

Finance Director, Steve Hoglund, introduced Ordinance 4044: Amending the Qualifications for the Utility Discount Program, referring to a slide presentation that was added to the packet materials for the meeting. Mayor Miller thanked Mr. Hoglund and pointed out that Mr. Hash was not present and perhaps could have a different opinion of the program's impact on the operating budget of the affected utilities. Additionally, he

recalled that the discussion surrounding this program started as the result of water rates being tied to the consumer price index.

Mr. Walters pointed out that the existing program established in 1984 uses 150 percent of the federal poverty guidelines without being tied to proper authority, and that it appears that program eligibility should still be tied to the numbers established in 1984, adding that adopting this ordinance will clear up this discrepancy. He continued by remarking that this provision would be extended to the Anacortes Family Center and Anacortes Housing Authority, whose residents would qualify for the discount, though they do not currently qualify as there is no available discount for the multi-family rate. He continued by remarking that the updated program would provide for automatic enrollment for individuals who qualify for the senior property tax exemption program through Skagit County. He also referenced that the conversion to the area median family income from federal numbers is important to make the program more effective in the local economic context, and the increase in discount from 20 to 30 percent so that it can be more clearly identified as to how many people will enroll, adding that discount rates could be adjusted in the future depending on how many people enroll and utility budget impacts. He then specified that the proposed ordinance requires that applicants submit their tax returns and testify under penalty of perjury that it represents the entire household income. He then mentioned explanatory references to other municipalities in the draft ordinance which uses the senior property tax exemption as a basis for their discount programs, explaining that these references would not be included in the final adopted ordinance. He concluded by adding that the 3 percent decrease in the utilities' budgets will compel the utilities to search for efficiencies over time, and that they could endure the squeeze for a couple of years until the program is reviewed.

Mr. Young pointed out that this measure exudes compassion and understanding and ensures that the appropriate people are able to access discounted rates for household utilities, adding that we should also consider the cost of not implementing the program. He mentioned that he was unable to open the file and review the ordinance and would like to have it for review prior to coming before the Council for adoption.

Ms. Moulton mentioned that the county's priority is to spend money on people who are already without homes and the significant cost of re-housing them. She added that this program could potentially save those in dire financial straits from losing their homes in the context of continuing inflation.

Mayor Miller invited the public to comment on the agenda item.

Connie Miller of Anacortes asked for clarification on the existing discount program of \$19,000 and the estimated annual impact of the updated program would be \$722,000. Mr. Hoglund responded that he used the Federal Department for Housing and Urban Development (HUD) estimates for extremely low and very low income households in Anacortes as the basis for his estimated impact with the assumption that every one of those approximately 1,700 households were to apply and participate in the program. He clarified that there are 55 households participating in the current program. Ms. Miller asked if the discount would increase from 20 to 30 percent under the revised program. Mr. Hoglund responded affirmatively. Ms. Miller asked if it was known as to how many households would not qualify for this discount and to confirm that if all eligible households participated, that it would result in non-qualifying households paying an additional \$10.05 per month to cover the cost of the program. Mr. Hoglund clarified that the number of residential accounts that would qualify comprise 18.6 percent of residential accounts, but that the rates for non-qualifying households would be monitored for a year or two before any adjustments were made.

Malcolm McCutcheon of Anacortes asked if fiber was included in the program and if so, will areas that do not have access to city fiber be covered for their services. Mr. Hoglund responded that fiber is included in the current discount program and that it would be included in the updated program as well. He added that the balance of expenditures that needs to be paid because of the utility discount program, the rates may need to be

adjusted, but with the current rate structure there would not need to be any immediate adjustments.

Mr. Walters addressed the question of the impact of the discount program, pointing out that the numbers are a worst-case scenario based on the data on qualifying households from HUD, but the qualification lines are more in line with current levels. He expressed doubt that the re-structuring of the program design as proposed would prompt a significant jump in program participation, as the qualification criteria would not be significantly different and that participants would still need to re-apply annually. Mayor Miller responded that it was the executive branch's responsibility to run the numbers and ensure that the possible impacts on utility budgets would be well understood, citing three recent watermain breaks as an example of unexpected maintenance costs that result from lower investment in long-term system upkeep.

Ms. Moulton wondered how many eligible households are not participating in the current program. Mr. Hoglund responded that he would provide a response at the March 20th City Council meeting. Mr. Walters added that the reason we do not know how many households fall under the federal poverty guidelines is because that data has not been provided, whereas it was provided with the HUD estimate. He expressed doubts about the accuracy of the HUD estimate, and related that the Finance Committee had refined the numbers to match the federal estimate as closely as possible. Mr. Hoglund concurred. Mayor Miller agreed that it was close when compared with raw census data, but that going back to understanding the current situation is very challenging.

Mr. McDougall asked about consumption limits for the program. Mr. Hoglund responded affirmatively. Mr. McDougall asked about the consumption of water step rates and if it would apply to all thresholds. Mr. Hoglund responded that it would apply to all step thresholds, but that those calculations were not included in the estimate that was presented to the Council. Mr. McDougall wondered if it would make sense to have the discount not apply to water use above a certain threshold. Mr. Walters responded he would be open to that, but that the idea would be to make it simple for staff to implement. Mr. Walters clarified that the Council had not adopted the stepped water usage rates. Mr. Hoglund confirmed this. Mayor Miller encouraged the Council to reach out to Mr. Hoglund with further questions or suggestions.

### **Adjournment**

There being no further business, at approximately 8:28 p.m. the Anacortes City Council meeting of March 13, 2023 was adjourned.