

Anacortes City Council Minutes - March 20, 2023

Call to Order

Mayor Matt Miller called to order the Anacortes City Council meeting of March 20, 2023 at 6:00 p.m. Councilmembers Anthony Young, Christine Cleland-McGrath, Carolyn Moulton, and Bruce McDougall were present. Councilmembers Ryan Walters and Amanda Hubik participated in the meeting remotely via Zoom. Councilmember Jeremy Carter was absent.

Mr. Young moved, seconded by Ms. Hubik, to excuse the absence of Mr. Carter. The motion carried unanimously by voice vote.

Pledge of Allegiance

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Miller shared an update on the March 16th BNSF derailment of two locomotives that occurred on the Swinomish Reservation north of the casino with approximately 1,300 gallons of diesel fuel spilled on the upland side of the track. He mentioned he was in contact with 40th district representatives and Swinomish Senate Chairman, Steve Edwards, regarding the incident and offered assistance. A unified command was established, comprised of representatives from BNSF, US Environmental Protection Agency, Washington Department of Ecology, Skagit County and the Swinomish Tribe. Other supporting agencies include the Washington Department of Fish and Wildlife, the National Oceanographic and Atmospheric Association, the United States Coast Guard, and oil spill contractor Marine Spill Response Corporation. Two layers of hard boom were set and are still in place on the shoreline with no observed sheen in Padilla Bay or Swinomish Channel with no documented impact on fish or wildlife and the contaminated fuel has been excavated and monitoring wells are being installed.

Housing Affordability and Community Services Committee

Ms. Cleland-McGrath reported on the Housing Affordability and Community Services Committee meeting held on March 16, 2023. The topics included a discussion with Sandi York, Division Director at Community Action of Skagit County, regarding the full-time employee who will work temporarily at the Family Center until the space at the Anacortes Housing Authority is ready, the utility billing discount program with Finance Director, Steve Hoglund, and targeting those households at 50% or lower of the area median income with a discount level of 30% for the first year of the program, T Avenue challenges and developing a coordinated and consistent response strategy, and community court as an option for individuals with behavioral challenges. Ms. Moulton added that she and Ms. Cleland-McGrath visited didg^walič Wellness Center where they learned about available services and how to get those in need connected with offered services.

Public Works Committee

Ms. Moulton reported from the Public Works Committee meeting held earlier in the evening. The topics discussed included a lack of responsive bids for demolition of the former water treatment plant and the effective and efficient strategy and priorities for implementation of the \$1.8 million annual pavement management plan.

Economic Development Committee

Mr. Young reported from the Economic Development Committee meeting held March 14th. The topics discussed included a recap of where the city stands regarding challenges and opportunities for economic development in Anacortes, and building a consensus with all local stakeholders such as the Port, the Chamber of Commerce, and Island Health. He spoke about the strategy of cluster interviews that would find commonality among stakeholders in different areas of the city. The committee also discussed Stabbert Marine, the MJB property, Sharpes Corner, South Commercial Avenue, and a Washington State Department of Transportation master plan.

Personnel Committee

Ms. Cleland-McGrath reported from the Personnel Committee meeting held earlier in the evening. The topics discussed included ongoing labor negotiations with the Teamsters, recruiting for the Planning, Community and Economic Development Director, police recruiting status and requirements, recruiting efforts for seasonal positions with the Parks and Recreation department, the Civil Service Commission, the Safety and Wellness Committee, updating position descriptions, and using a web based service for handling applications.

Skagit Valley Tulip Festival Poster

Mayor Miller introduced Cindy Verge, Executive Director of the Skagit Valley Tulip Festival, who presented the Council with the poster for the 2023 Tulip Festival. This year's poster artist is Kerry Clavadetscher, who placed ten hidden images on the poster which will be revealed as the spring goes on. She announced that the gala would occur Saturday March 25th. She added that there are four growers, including a new grower this year. She thanked the Council for their continued support for the festival brochure through Lodging Tax Advisory Committee funds.

Public Comment

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

Mary LaFleur of Anacortes commented on recent events in the marine industrial areas where unhoused individuals are residing, including a fire involving a recreational vehicle using propane. She mentioned that as an insurance professional, that she understands the risk that the Council are exposing business owners, boat owners and the community to by allowing them to park on T Avenue. She outlined the associated risks, including uninsured, mentally ill or drug-addicted individuals cooking and storing propane in an unregulated manner, the potential environmental and safety risk from a fire spreading from boats with highly flammable fiberglass construction, fuel oil and solvents to nearby structures, possibly contaminating local waterways and causing explosive projectiles. She continued, asserting that the Council are putting area businesses, first responders, and boat owners at unnecessary and unwanted risk to environmental catastrophe, loss of income and potential lawsuits. She urged the Council to empower law enforcement to more effectively handle the situation and pointed out that insurance premiums for local businesses could rise as a result of significant property damage, endangering their solvency and viability. She posited that the Council are giving the homeless residents more rights than the boat and business owners, and asked the Council to take action or be held liable if something more serious were to occur that could potentially endanger the lives of first responders and others.

Natalie Clark of Anacortes and Board Chair of Anacortes Pride thanked the Council for the support last year during the Pride Parade and looked forward to an improved event with the help of funding from the Lodging Tax Advisory Committee this year, including the parade and celebration in Causland Park, entertainment, food trucks and more volunteers. She expressed hope that more people would come to town this year and mentioned that the group meets at monthly happy hour mixers in town at various local establishments with a growing group of members and allies. She concluded by saying that the organization looks forward to celebrating Pride in Anacortes again.

Pat Gardner of Anacortes commented on a recent media article that the city is studying a replacement for the trestle on the Tommy Thompson Trail and the associated cost of \$200,000 or more for the study of its replacement. She suggested that the city could possibly consult other studies of trestle replacements to help reduce the project cost. She continued by mentioning the MJB property development and wondered if information about the property could be put in the newspaper or a poster be placed on fencing surrounding the area to inform the public of ongoing project developments.

Mary Jo McArdle of Anacortes brought up the issue of a geographical buffer as proposed by Councilmember Walters in previous discussions on the R4 bonus height on buildings east of M Avenue. She remarked that the proposal had not received any apparent support from other Councilmembers, adding that she considered Mr.

Walters proposal to be a valid one that would serve as a compromise with area residents' safety concerns surrounding potential new development. She expressed hope that the Council would consider and adopt a geographical buffer between O Avenue and M Avenue for the potential five-story buildings that could severely impact the quality of life for surrounding neighbors.

Mike Pearl of Anacortes advocated for a public communications department or officer to provide information on new construction in town, possibly via a one-page flyer or some other medium to defray misinformation, and advocated posting the information somewhere other than the legal section of the paper. He echoed Ms. McArdle's comments regarding the geographic buffer in the R4 zone between O Avenue and M Avenue. He added that the developer of Fidalgo Flats could be building a second five-story apartment building nearby after the bonus height discussion is concluded and the moratorium expires. He brought up a comment regarding homelessness, saying that it is a failure of the community and that it challenges communities everywhere and that there are many ideas out there. He suggested that someone be employed by the city dedicated to implementing solutions to the problem.

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 13, 2023

b. Approval of claims in the amount of \$976,191.93

The following vouchers/checks were approved for payment:

EFT numbers: 105802 through 105842, total \$937,995.93

Check numbers: 105843 through 105853, total \$29,962.50

Wire transfer numbers: 105843 through 15853, total \$8,233.50

c. Street Fair Event - Oyster Run Sept 24, 2023

Public Hearings

Ordinance 4042: Amending the Development Regulations contained in Anacortes Municipal Code Title 19, Unified Development Code, Section 19.42.050, Bonus Height Incentives in the R4, C and CBD Use Zones.

Planning, Community and Economic Development Director, Don Measamer, opened the continued public hearing on Ordinance 4042: Amending the Development Regulations contained in Anacortes Municipal Code Title 19, Unified Development Code, Section 19.42.050, Bonus Height Incentives in the R4, C and CBD Use Zones. He recapped the moratorium on the bonus height incentives west of the commercial use zone that has been in place since October 2019 and the Planning Commission recommendation of no changes to the existing development regulations and Mr. Walters' proposed changes to the percentage of small units and open space requirements. He recounted the discussion from the March 6, 2023 City Council meeting, where the Council landed on 50% of small units not more than 600 square feet. Mr. Measamer mentioned that he discussed Mr. Walters' proposed open space language with Bob Bengford of Makers Architecture and staff recommended leaving the open space requirements as is.

Mayor Miller invited the public to comment on the agenda item. No one present wished to address the Council on the agenda item.

Mr. Young cited the challenge of balancing the concerns of the neighbors with the city's need for housing, alluding to the significant amount of land set aside for parks and recreational use and asserting that what is needed is to expand housing upward versus outward so that people can continue to live and work in Anacortes. He acknowledged that the Council's decision will not please everyone and expressed agreement with the staff recommendation for 50% of small units and leaving the open space requirements as is.

Ms. Cleland-McGrath clarified that currently forty-foot height and four-story buildings are allowed both west and east of Commercial Avenue in the R4 zone, adding that the issue at hand involves bonus height incentives which can be addressed in two ways. One way is affordable units tied to area median income with annual reporting requirements, which is utilized by the Anacortes Family Center and may be utilized by the Anacortes Housing Authority. She acknowledged that private developers are not inclined to see this method as an incentive due to the significant reporting and monitoring requirements. She then detailed the process of revising development regulations in consultation with the Comprehensive Plan values, which found that the city lacks adequate inventory of smaller unit developments such as apartments, townhomes or cottages and that the current proposal provides the second means to achieve more small unit housing by requiring five-story units to have 50% of their units be 600 square feet or less. She recounted that five-story affordable housing is currently permitted between M Avenue and Commercial Avenue. She mentioned the many comments on this issue and particularly those that advocated for implementing street and sidewalk improvements to accommodate increased density prior to allowing the incentives, responding that unfortunately the city budget limitations would not allow for that development method and expressed support for those improvements to be done via available grant funding that would be included in the capital facilities plan in tandem with additional housing development. Additionally, she advocated for additional building options other than three-story townhomes to provide housing for elderly and younger people just starting out. Ms. Cleland added that having the small unit percentage at 50% is in the best interests of the community so that people who live here can stay here. She cited Fidalgo Flats where the small unit and open space requirements were exceeded, and there is a waiting list for desiring renters as an example of the development regulations working for the benefit of the community. She advocated for 50% of small units 600 square feet or smaller.

Ms. Moulton commented that growth and change is difficult and detailed the long process of meetings and conversations on this issue that began with the 2016 Comprehensive Plan Update defining community goals as increased density in the core, and then continued with the development regulations update with additional public meetings. She added that Anacortes needs housing density now and that the solution is to build up, not out and that such opportunities would be provided through the current proposal of 50% small units of 600 square feet or less and leaving open space requirements as is.

Mr. McDougall asked if four-story buildings were allowed in the area in question for decades. Mr. Measamer responded that the regulations have allowed 4-story buildings since 1978. Mr. McDougall followed up by asking if it was true that no four-story buildings were built in that area throughout that period. Mr. Measamer responded affirmatively. Mr. McDougall then asked if three-story buildings were built during that period. Mr. Measamer responded that a few were built. Mr. McDougall asked why the five-story bonus height had caused such an interest in building taller buildings when relatively few had been built until now. Mr. Measamer responded that in having conversations with developers, he had learned that economies of scale begin to take effect with the addition of a fifth story, as a fifth story helps to subsidize the cost of an elevator and framing and finishing costs are reduced as the building goes higher, as an elevator is required when a building exceeds three stories. Mr. McDougall related that he has struggled with this question, citing the housing inventory problem for alternatives to single-family homes that exists along the west coast. He expressed support for 50% of small units and that he could go either way on the open space requirements. He then mentioned that he was intrigued by Mr. Walters' geographic buffer proposal, but that in the long term the line would have to be adjusted to M Avenue anyway, so he was unsure on that question.

Ms. Hubik agreed that the Council would not make everyone happy and that housing is a critical community need, citing the housing first model that provides safe shelter for a family for 30% of household income with the remainder left for food, medical care and other necessities. She acknowledged that change is frightening and not being able to afford to live where you are is also scary, pointing out that the Council's obligation is to support everyone in the community, especially those who need it most. She concluded by expressing support

for the 50% small unit requirement and thanked everyone for their comments and concerns on this issue.

Mr. Walters agreed that more diverse housing types, sizes and styles are needed and that going up and not out supports the Growth Management Act. He appreciated the Council's support of increased building height, adding that the 50% proportion of small units would help those at the lower income levels, but that those at the lowest income levels will still likely be unable to afford housing. He added that there had not been enough time to consider the issue, citing the pandemic and other issues that had diverted the Council's attention. He acknowledged that economies of scale is important, but pointed out that four-story buildings have been constructed elsewhere in Skagit County and that currently 400+ acres of Anacortes is zoned to allow height in excess of 50 feet, of which the moratorium has affected about 115 acres, and that no five-story buildings have been built to this point in the area outside of the moratorium. He advocated pursuing 'missing middle' and infill housing, which would be less expensive on a per unit basis and at lower risk to developers. He then addressed the geographic buffer to set the line between M Avenue and O Avenue and added that there is not a serious plan to achieve the needed sidewalk and street infrastructure when development occurs with city funding. He advocated allowing the moratorium to expire east of O Avenue and have it continue west of O Avenue until the Council has a plan for development and that a taller building would be out of place and displeasing to area residents. He advocated incremental growth to achieve housing goals.

At 7:06pm Mayor Miller closed the public hearing.

Mr. Young pointed out that discussion has been ongoing for many years, the need for housing is critical, and that the Council's action will help developers to provide it. He expressed sympathy for those who feel that new development would be disruptive to their neighborhoods, but that the discussion has gone on long enough and that the Council must vote on the issue. He added that it does not prevent the Council from re-examining the issue at a later date, but allows the city to move forward in addressing the critical need for more housing.

ANTHONY YOUNG moved, seconded by CHRISTINE CLELAND-MCGRATH, to approve Ordinance 4042 with the percentage of small units at 50 percent (option B).

RYAN WALTERS moved to amend Attachment A, Subsection B of Ordinance 4042 to read, "*Applicability*: Height bonuses are available to development in the **R4 zone east of O Avenue**, C and CBD zones...". Mr. McDougall raised a point of clarification, asking if Mr. Walters' motion essentially changes the line to east of O Avenue and keeps the moratorium in place west of O Avenue or changes the boundary. Mr. Measamer responded that it changed the boundary to east of O Avenue. Mayor Miller announced that the motion was not seconded and thus dead.

RYAN WALTERS moved, seconded by BRUCE MCDUGALL, to amend Attachment A, Subsection B of Ordinance 4042 to read, "*Applicability*: Height bonuses are available to development **in the R4 zone east of O Avenue and the medical use overlay**, C and CBD zones...".

Mr. Young asked for clarification that the only change to the previous motion was adding the medical use overlay. Mr. Measamer responded that it is changing the boundary to east of O Avenue and adding the medical use overlay. Mr. Young followed up by asking if there was a reason not to add the medical use overlay. Mr. Measamer responded that a building height of 60 feet is already allowed in the medical use overlay. Mr. Walters explained that about 400 acres are zoned for 50-feet or greater building height and that if the R4 zone were to be removed, that it would be subtracting 115 acres west of O Avenue and adding in the medical use overlay, which is part of the R4 zone, that it would be a total net loss of 70 acres of the 400+ acres that can be developed at 50 feet or more. Ms. Cleland-McGrath responded that is not quite accurate, asserting that 50 feet are allowed when tied to area median income, and that four-story buildings can be built anywhere between M Avenue and Commercial Avenue and that with a certain number of affordable units a five-story building is currently allowed. She

clarified that the issue before the Council is whether or not to incentivize developers to build a building with 50% units of 600 square feet or less between O Avenue and M Avenue. She added that Mr. Walters' proposal is counterintuitive, remarking that in light of the low inventory of small unit housing, it does not benefit the community to shrink the area where those units can be built, and would only make it more difficult for people to live in the community. She expressed appreciation for trying to keep development east of O Avenue and the medical use overlay, but cited concerns of increased traffic on the south end of Commercial, as buildings constructed in that area would not be close enough for residents to walk to amenities and would only prohibit having more available market rate small-unit housing.

Vote: Ayes - RYAN WALTERS, BRUCE MCDOUGALL. Nays - ANTHONY YOUNG, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, AMANDA HUBIK. Result: Failed

Mayor Miller called for the vote on the original motion, ANTHONY YOUNG moved, seconded by CHRISTINE CLELAND-MCGRATH, to approve Ordinance 4042 with the percentage of small units at 50 percent (option B). Vote: Ayes - ANTHONY YOUNG, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - RYAN WALTERS. Result: Passed

Other Business

Planning, Community, and Economic Development (PCED) Department activity update

Planning, Community and Economic Development Director, Don Measamer, provided a departmental overview referring to a slide presentation that was added to the packet materials for the meeting.

Trends by Housing Type - Mr. McDougall clarified that the percentages depicted account for units of total construction. Ms. Moulton asked for the total number of units to be included on the slide. Mr. Walters recommended a stacked bar chart showing total units for year-to-year comparison with more effective data display and would enable the Council to track progress toward the 131-unit annual goal.

SmartGov - Mr. Measamer provided an update that SmartGov would go live with a soft opening at the end of March.

Current Planning Updates - Senior Planner, Grace Pollard updated current projects and upcoming projects.

Upcoming Land Use Projects -

MJB Development - Ms. Pollard reported that there will be a web page on the city website dedicated to the project once the application is complete. Ms. Moulton asked about view corridors in the development. Ms. Pollard responded that these would be captured in the application and presented to the Council and public for review prior to the final plat review. Mr. McDougall asked about the color coding on the drawing, asking if the red buildings represent residential and the yellow buildings represent commercial. Ms. Pollard responded affirmatively, but that the zoning was not finalized. Mr. Walters asked if it would be typical for a developer to develop the roads shown on the subdivision application. Ms. Pollard responded that the permits for the roads were reviewed as a private developer's right to bring access to a property, but prior to the dedication of those roads to the city, those streets would be subject to review as part of the subdivision process. Mr. Walters asked if the roads could be in a different place through the subdivision process. Ms. Pollard responded affirmatively. Ms. Cleland-McGrath mentioned that this is an old drawing (5 years old) and serves only as an example of what the area could look like. Mayor Miller added this is the only one. Mr. Young pointed out that this is only the beginning of the discussion and there is significant curiosity about the development in the community, and that the drawing represents certain assumptions that will need to be discussed before being codified. Mayor Miller reminded the Council that the mixed marine use zoning is the only codification related to the project.

Electric Ferry Project - Mr. Walters suggested better security cameras for the updated ferry landing.

Port West Basin Redevelopment - Ms. Moulton asked that pedestrian and cyclist safety, with the latter being able to avoid riding directly on R Avenue or Commercial Avenue, be considered for street improvements in the project area.

Planning Manager, Libby Grage, detailed land use permit trends, the long range planning timeline, 2023-2025 Legislative Work Plan, 2025 Periodic Update for the Anacortes Comprehensive Plan, and Shoreline Master Program.

Mr. Measamer concluded by presenting the Community Development Block Grant, reviewing allocations of grant monies from 2018-2022.

Mr. Young expressed appreciation for the presentation and asked for quarterly updates. Mr. Measamer thanked the PCED team for their efforts.

Resolution 3118: Authorizing Execution of Tourism Promotion Fund Contracts

Finance Director, Steve Hoglund, introduced Resolution 3118: Authorizing Execution of Tourism Promotion Fund Contracts for the Anacortes Pride Parade and Celebration and the Anacortes Arts Festival for the Art Center at Buxton's. He detailed the projected budget numbers for lodging tax revenues.

BRUCE MCDOUGALL moved, seconded by CAROLYN MOULTON, to approve Resolution 3118: Authorizing Execution of Tourism Promotion Fund Contracts as presented.

Vote: Ayes - ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK. Nays - None. Result: Passed

Ordinance 4044: Amending the Qualifications for the Utility Discount Program

Finance Director, Steve Hoglund, re-introduced Ordinance 4044: Amending the Qualifications for the Utility Discount Program. He detailed proposed program requirements, referring to a slide presentation that was included in the packet materials for the meeting.

Mr. Young mentioned that the utility discount program is part of what we need to ensure the well-being of our community and thanked the committees for their work, offering support for the proposed program changes.

Ms. Moulton expressed surprise that 18% of the population are below 50% of area median family income and that 10% are surviving at 30% or below and that the discount could make a difference for households in their ability to purchase essential goods and services, expressing support for the measure to help keep people in their homes. Mayor Miller thanked Ms. Moulton for bringing up the question at the previous meeting to clarify the percentage of eligible households. He then reminded the public of available information on the [Washington State tax credit on the city website](#).

Ms. Cleland-McGrath mentioned Anacortes Housing Authority and Anacortes Family Center households would be auto-enrolled in the program and that there is no grant funding associated with utility fees. Mayor Miller summarized that the clean ordinance would be brought back next week with a 30% discount.

Adjournment

There being no further business, at approximately 8:11 p.m. the Anacortes City Council meeting of March 20, 2023 was adjourned.