

## **Anacortes City Council Minutes - October 27, 2025**

### **Call to Order**

Mayor Matt Miller called to order the October 27, 2025, Anacortes City Council meeting at 6:00 p.m. Councilmembers TJ Fantini, Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Amanda Hubik were present. Councilmember Anthony Young participated in the meeting remotely via Zoom.

### **Closed Session**

#### **Collective Bargaining topics per RCW 42.30.140(4)(b) (30 minutes)**

At approximately 6:00 pm, Mayor Miller announced that the Council would enter a closed session pursuant to RCW 42.30.140(4)(b) regarding collective bargaining topics. The closed session lasted 50 minutes and no action was taken.

### **Pledge of Allegiance**

The assembly joined in the Pledge of Allegiance.

### **Announcements and Committee Reports**

Mayor Miller announced that Skagit County will hold a public hearing on the 0.1% proposed sales tax increase for public safety on Tuesday, October 28<sup>th</sup> at 3:30 pm in the Commissioners Hearing Room, that the Downtown Trick-or-Treat would take place on Friday, October 31st, from 4-6 pm between 3rd and 10th Streets on Commercial Avenue, and that daylight savings ends on Sunday, November 2nd with clocks being set back one hour.

#### **Fiber Committee**

Mr. Walters reported from the Fiber Committee meeting held October 23rd. The topics discussed included SummitX recommencing backbone construction in November with an expected completion date in the first quarter of 2026 and project invoices expected to be received in 2026, an update on the fiber installation calendar, and an interlocal agreement with the Samish Indian Nation for fiber along Fidalgo Bay Road that will be funded by a grant and allow the city to provide service to customers in the area without paying for the network buildout in that area. Mr. Walters also reported that he toured the fiber network room at the library earlier today.

#### **Finance Committee**

Ms. Moulton reported from the Finance Committee meeting held October 23rd. The topics discussed included the 2026 operating budget, which the council would consider in greater detail later on in tonight's agenda.

#### **Planning Committee**

Ms. Cleland-McGrath reported from the Planning Committee meeting held earlier in the evening. The topics discussed included the cold weather shelter contract in partnership with the Salvation Army that will be funded at \$12k over the winter 2025 and 2026 seasons, and the Planning Commission approval of development regulations for council consideration.

Mr. Fantini congratulated Ms. Cleland-McGrath for bringing back the Halloween Carnival at Fidalgo Elementary School over the past weekend. Ms. Cleland-McGrath thanked Mr. Fantini for being the emcee for the event and Police Officer Brent Lindquist and Fire Chief Bill Harris for volunteering as mummy wrap participants.

Ms. Moulton mentioned the successful Haunted Forest over the past weekend, thanking staff and volunteers for their efforts.

### Mayor's Budget Message

Mayor Miller delivered his budget message for the 2026 operating budget, a copy of which was added to the packet materials for the meeting.

### Public Comment

Mayor Miller invited the public to comment on any item not on the agenda. No one present wished to address the Council on any topic not already on the agenda.

### Consent Agenda

Ms. Moulton removed Item 6.d., Contract Award: Social Worker Agreement #26-007-APD-001 (Action), from the Consent Agenda.

Ms. Moulton moved, seconded by Mr. McDougall, to approve Consent Agenda items 6.a. through 6.c. The motion carried unanimously by voice vote.

a. Minutes of October 20, 2025

b. Minutes of North Star Special Joint Meeting September 30, 2025

c. Approval of claims in the amount of \$365,999.26

The following vouchers/checks were approved for payment:

EFT numbers: 113877 through 113905, total \$166,135.95

Check numbers: 113906 through 113921, total \$190,680.78

Wire transfer numbers: 378122 through 378572, total \$9,182.53

### Contract Award: Social Worker Agreement #26-007-APD-001

Police Chief Dave Floyd and Finance Director Steve Hoglund responded to council questions regarding the proposed Social Worker Agreement #26-007-APD-001 with the Anacortes Family Center.

Discussion topics included:

- The position is currently funded at \$60,000 through the professional services line item in the Police Department budget under general revenues.
- The proposal for the new contract would be to shift the funding source to opioid settlement funds.
- Due to multiple demands for opioid settlement funds for different programs throughout the city, the issue of which programs receive how much of those funds should be discussed further in a council work session.
  - Budget consideration will include discussion of how opioid funds are distributed, so no need for an additional session.
- The current contract expires December 31, 2025.
- Defer consideration of the contract until after budget deliberations are complete.
- Have opioid funds broken out in a separate budget book section.

Without objection, the contract was tabled for consideration on a later date.

### Other Business

#### Interlocal Agreement #26-005-APD-001 with Skagit County for Vessel Registration Fees

Chief Floyd introduced interlocal agreement #26-005-APD-001 with Skagit County for vessel registration fees that would support marine patrol and boating safety programs and detailed that the Anacortes Police Department received \$14,000 this year and a one-time bonus grant of \$10,000 from the Washington State Parks and Recreation and that allocation of boat registration fees collected by the state would be funded to the city at a rate of 30% by Skagit County for a boating safety program. He added that the department had officers operating

the new boat during the recent boating season and that several officers are scheduled for training in 2026. He estimated that APD would receive \$15k each from the State Parks grant and vessel registration for 2026, and that the funding is restricted to being used for boating safety programs.

Discussion topics included:

- Expanding into a mission area that is not fully funded in accordance with the [Washington Administrative Code \(WAC\) 352-65-040](#).
- Move cautiously on the program due to current fiscal challenges.
- \$30k is the expected annual funding amount from the state that would be disbursed towards the end of the year.
- State Parks funding is fairly stable, and vessel registration fees will continue to be disbursed. Adequate funding for the marine safety program.
- If the grant is not accepted, can the boat be used?
  - Targeted use during high maritime activity periods.
  - Use of funds for drug interdiction for the program.
- Federal funding is on hold due to the government shutdown, but the grant application is in for the next cycle.
- Is this capability at the expense of an officer being assigned to the Anacortes Community Forest Lands (ACFL)?
  - An officer was assigned in 2024, but not in 2025 due to staffing requirements, with newly hired officers being in training. An officer is planned to be assigned to the ACFL in 2026.
- Police boat mission areas.
  - Response boat versus a patrol boat.
  - Monitoring boat operators for possible impairment due to drug and alcohol use.
  - Narcotics interdiction.
  - Assisting distressed boaters.
- Could fund officers being out on the water without taking funds from the general fund.
- Produce a summary of what is proposed for the boating safety program and how it meets the nine associated requirements under the WAC.
  - The department is not fully staffed due to officers being in training.
  - Adding new programs under current fiscal conditions is not necessarily desirable.
  - Targeted hours based on agency size can be met.

Without objection, the proposed interlocal agreement was tabled for a future meeting.

#### **Interlocal #IL265 Amendment #2 with Anacortes School District 103 for the School Resource Officer Program**

Chief Floyd introduced amendment #2 to interlocal agreement #IL265 with Anacortes School District 103 for the School Resource Officer program. He mentioned that the School District had previously asked the Public Safety Committee that the School Resource Officer remain for half of the allotted time due to lack of funding in the School District's budget. He outlined reasons that the School Resource Officer should be posted full-time due to the ability to interact with students who are facing challenges at school or at home, citing support from the School District. He added that the funding arrangement would be from opioid funds for the 2025–2026 school year only. Mr. Hoglund responded to council questions on funding for the interlocal agreement.

Discussion topics included:

- Makes sense as a shared expense with the School District.
  - Not able to continue the arrangement indefinitely.

- Find alternative revenue sources in the succeeding years.
- Clarity on funding source(s). Will it be Proposition 1 funds or opioid funds?
  - Exact funding source(s) will be fleshed out in the council budget process.
- Program saves lives and money in the long run.
- The School District must take a hard look at its own funding to make the program work beyond next year.
- The budget is a balanced budget, not \$9 million short.
- The total cost of the School Resource Officer is approximately \$160k annually, depending on contractual salary increases and benefits.

Amanda Hubik moved, seconded by Bruce McDougall, to authorize the mayor to execute amendment #2 to interlocal agreement IL265 with the Anacortes School District 103 for the School Resource Officer Program. Vote: Ayes - Carolyn Moulton, Anthony Young, Ryan Walters, Christine Cleland-McGrath, Bruce McDougall, Amanda Hubik, TJ Fantini. Nays - None. Abstentions - None. Result: Passed

**Interlocal Agreement 25-270-APD-001 with Washington Traffic Safety Commission for Traffic Safety Grant**

Chief Floyd introduced interlocal agreement #25-270-APD-001 with the Washington Traffic Safety Commission, which allows for funding of overtime costs associated with large events in the city where increased traffic safety patrols are necessary.

Bruce McDougall moved, seconded by Amanda Hubik, to authorize the mayor to execute interlocal agreement #25-270-APD-001 with the Washington Traffic Safety Commission for traffic safety.

Vote: Ayes - Carolyn Moulton, Anthony Young, Ryan Walters, Christine Cleland-McGrath, Bruce McDougall, Amanda Hubik, TJ Fantini. Nays - None. Abstentions - None. Result: Passed

**Contract Modification: South Commercial Avenue Corridor Phase II - 13th to 34th Streets – Design #19-097-TRN-001**

Public Works Director Andrew Rheame introduced the proposed contract modification for the South Commercial Avenue (13th to 34th Streets) Phase II design with Osborn Consulting, Inc. He outlined updated requirements for crosswalk signal buttons and wiring that will be installed at the intersections of Commercial Avenue with 17th Street, 22nd Street, and 32nd Street to comply with requirements under the Americans with Disabilities Act. The redesign for these new requirements will cost an additional \$133k.

Discussion topics included:

- The new request from Washington State Department of Transportation (WSDOT) did not come with more funding from the state.
- It does change the channelization plan.
- Short on funding for the overall project.
- Checked veracity of cost increase with other on-call transportation consultants.
- The cost of construction is unknown.
- A phased approach to the project.
- Work has not yet been done by Osborn.
- Breaking up the project into two phases - 13th Street to 23rd Street and 24th Street to 34th Street.
  - Mobilization cost is usually 10%, but would be paid twice.
- Real Estate Excise Tax (REET) is a revenue source for the project.
- The project cost impact will not be known until the design is complete.
- Not funded by the general fund.
- The project could benefit sales tax revenues with future development after improvements.

- How long does WSDOT approval last? — No expiration, but could be adjusted if a block is redeveloped.
- Transportation Benefit District (TBD) funds versus REET as a funding source.
  - Use TBD funds for this portion of the project, as it is more restrictive.
  - TBD funds could be spent on salaries and benefits related to road maintenance.
- The utility tax portion of the project funding comes from solid waste funds from large truck impacts on the road.
  - Utility tax money is not restricted by statute, but by policy.

TJ Fantini moved, seconded by Ryan Walters, to authorize the mayor to sign the modification to the design contract #19-097-TRN-001 with Osborn Consulting for the South Commercial Avenue Corridor Phase II (13th to 34th Streets).

Vote: Ayes - Carolyn Moulton, Anthony Young, Ryan Walters, Christine Cleland-McGrath, Bruce McDougall, Amanda Hubik, TJ Fantini. Nays - None. Abstentions - None. Result: Passed

### **2026 Budget Work Session - Public Works**

Finance Director Steve Hoglund and Finance Manager Rhonda Peck introduced the 2026 operating budget for Public Works, referring to a slide presentation that was added to the packet materials for the meeting. Public Works representatives present included Director Andrew Rheame, Water System Manager Terry Nemeth, Wastewater Treatment Plant Manager Brian Walker, City Engineer Logan Lee, Administrative Assistant Sidney Neel, Stormwater Manager Aaron Esterholt, and Operations Manager WiL Ludemann.

Mayor Miller invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Discussion topics included:

- Property tax revenue does not keep pace with inflation.
- The solution is to change the law to raise the 1% property tax increase limit or look to other revenue sources such as sales, utility, or business and occupation taxes.
- Problems will persist unless new revenue streams are found.

### **Streets and Arterial Construction**

#### **Transportation CFP-2026**

- Utility tax as a general revenue funding source.
- The CFP is a fully funded view that does not include funding reductions.
  - The council must have input on CFP priorities.
  - 2026 requested view + 2026 actual allocation.
  - Narrative where each project stands regarding funding status.

### **ERR, Operations, Sanitation and Facilities**

#### **Vehicles & Equipment**

- How is insurance being cut by 23%?
  - Allocated year to year based on prior year claims history

#### **Facilities CFP - 2026**

- \$430k rate/user fees for project — for Operations Repair Projects and Equipment Heated Storage.
- Utility portion is \$350k and REET portion is \$150K

#### Stormwater Administration

- Professional services shifted to design for the outfall pipe on the 17th Street building and heavy haul route sinkhole repair.
- How are stormwater reviews funded?
  - Not charged with their first two reviews.
  - Possibly update the unified fee schedule to include fees for stormwater reviews.

#### Storm

#### Storm CFP - 2026

- Which storm project will take priority (heavy haul route sinkhole or 17th Street outfall)?
  - The aspirational CFP is based on staff capacity; the funding outlook was not known.
  - Projects are not grant eligible.

#### Wastewater / Sewer

#### Engineering

- Interfund for utility vehicles and sewer pump generators.
- Overhead accruals for other city department services (Finance, Legal, etc.)

#### Sewage Collection

- No capital projects for 2026

#### Water Systems

#### Water Treatment Plant

- The Puget Sound Energy rate increase was unexpected and not negotiable.
  - Increases occurred in January and February 2025.

#### **Resolution 3188: City Council Procedures**

Mayor Miller tabled without objection consideration of Resolution 3188: City Council Procedures to a future meeting.

#### **Adjournment**

There being no further business, at approximately 9:25 pm the Anacortes City Council meeting of October 27, 2025, was adjourned.