

City Council Minutes – March 26, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of March 26, 2018. Councilmembers Eric Johnson, Anthony Young, Ryan Walters, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmember Bruce McDougall was absent. (Mr. McDougall joined the meeting at approximately 6:34 p.m.) The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Planning Committee: Mr. Adams reported from the committee meeting earlier in the evening at which those present reviewed the timeline for development regulation updates. Mr. Adams said a joint City Council/Planning Commission meeting would be held soon to kick off the update process and that the Planning Commission was scheduled to begin detailed review of each chapter at its May 23, 2018 meeting.

Mr. Adams read from a letter he and Mr. Walters had received from a resident who was not able to attend City Council meetings. The letter expressed a dire need for more shopping options in Anacortes with an emphasis on more reasonably priced groceries and general merchandise. The letter writer said that health setbacks had made it impossible for her to travel outside of Anacortes without hiring assistance and that she was sure the physical and financial shopping needs of many Anacortes residents were not being addressed. She said she hoped Council would pay attention to a problem that affects more people than Council seemed to be aware of.

Public Comment

Richard Bergner, 15515 Yokeko Drive, representing Transition Fidalgo & Friends, read the group's [mission statement](#). He invited councilmembers and the audience to attend FutureFest on Saturday, April 21 and Sunday, April 22 at the Port Transit Shed Event Center. Mr. Bergner described FutureFest as a free Earth Day weekend celebration and community brainstorming session on how the community wants its future to look. He referred the audience to the Transition Fidalgo website for a full list and schedule of the event's many activities.

Nick Rennis, 814 6th Street, owner of The Business at 216 Commercial Avenue, spoke regarding the Olson Building. Mr. Rennis reminded Council that the five longstanding businesses in that block were having difficulty operating on a month to month basis with a landlord that had shown little good will. He said documents provided by the Washington Trust for Historic Preservation indicated that the Port of Anacortes had turned down services and monies offered to it. Mr. Rennis described the operating difficulties faced by the Olson Building tenant businesses given the uncertain future of the property. Mr. Rennis said he remained optimistic that a win-win solution for both historic and cultural preservation could be found. He urged not ruling out artist residencies and/or live/work spaces in the building. Mr. Rennis said the solution to the Olson Building would set the tone for how Anacortes approaches growing inequalities. He urged continued discussion and dissipating the cloud of unease surrounding the building's future.

Consent Agenda

Ms. Lovelett moved, seconded by Mr. Johnson, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of March 19, 2018
- b. Approval of Claims in the amount of: \$421,878.18

The following vouchers/checks were approved for payment:
EFT numbers: 88559 through 88604, total \$58,936.63
Check numbers: 88605 through 88645, total \$361,203.20
Wire transfer numbers: 228917 through 230191, total \$4,621.22

OTHER BUSINESS

2019/2020 Budget Kickoff: Departmental Goals and Objectives for the Upcoming Biennium – Finance Department

Finance Director Steve Hoglund introduced the budget process for the 2019/2020 biennium, referring to his slides included in the packet material for the meeting. He invited councilmembers and the public to share their goals, objectives and concerns with him or the mayor, during or outside the budget meetings. Mr. Hoglund reviewed the budget development schedule for the rest of 2018 which had been posted to the City website.

Mr. Hoglund then shared the 2019/2020 budget goals and objectives for the Finance Department including Information Technology. He described two software initiatives that the Finance Department wanted to explore during the upcoming biennium, the CAFR Builder module for the Eden accounting software and new accounting software overall. Councilmembers inquired if the two initiatives were compatible with one another and with permitting software under consideration by the Building Department. Mr. Hoglund then reviewed the IT division goals for the biennium. Councilmembers asked if the IT staff position added in the 2017/2018 budget had addressed cybersecurity concerns. Mr. Hoglund replied in the affirmative. Mr. Young requested background and contextual information to better understand, evaluate and prioritize the proposed initiatives.

2019/2020 Budget Kickoff: Departmental Goals and Objectives for the Upcoming Biennium – Public Works Department

Public Works Director Fred Buckenmeyer presented the projects and initiatives that would feature in the 2019/2020 Public Works Department budget, referring to his slides included in the packet material for the meeting. He prefaced his remarks by observing that four additional FTE positions would likely be proposed for the department. Mr. Buckenmeyer responded to councilmember questions about projects in the thirteen different functional divisions within his department.

He advised that the pavement management program would soon have addressed most of the city's arterials and collectors and that work would then begin on residential streets, which are significantly more costly due to worse condition, the need to reconstruct rather than simply overlay many sections, and the cost to upgrade utilities and perform required accessibility enhancements along each street segment. Councilmembers requested a focused discussion on the pavement management program, including lifespan of various treatment methods, demonstrating progress on rehabilitating residential streets, annual funding level, and possibly altering funding sources to remove the \$20 car tab and instead propose to the voters a .02% sales tax increase which would help spread the cost of the program to visiting drivers as well as residents. Mr. Hoglund was invited to participate in this discussion. Mr. Walters asked that sufficient time be provided to file for public vote on a the sales tax option if Council were to pursue that direction. Mr. Buckenmeyer suggested pursuing the topic with the Public Works Committee and advised that a consultant presentation of the updated pavement ratings was scheduled for a regular City Council meeting in late May.

[Mr. McDougall joined the meeting at this point.]

Mr. Buckenmeyer described improvements proposed for Commercial Avenue between 11th and 13th Streets as part of the South Commercial Avenue Corridor plan. Ms. Lovelett inquired why the 22nd Street vicinity was not still the first target area. Mr. Buckenmeyer explained that the 12th Avenue intersection had more grant funding potential based on accident statistics. He also alerted Council that approximately \$3M of waterline replacements should be pursued under Commercial Avenue before that stretch of SR20 is repaved, but that WSDOT's timing for that paving was still uncertain. He suggested that the waterline project could be phased in during 2019 and 2020, in lieu of waterline replacements in other locations. He reminded that the water rates implemented several years prior were calculated to provide a steady source of capital funding that could be directed to different locations throughout the retail system as needed.

Mr. Buckenmeyer reviewed the stormwater utility rate structure implemented through 2022 and reminded that the modest rate increases primarily funded normal operations rather than capital projects. He listed a number of deferred maintenance and improvement projects for that utility. Ms. Lovelett asked if the adjustments underway to reconcile commercial stormwater accounts with their actual surface area might result in a net revenue increase for the utility. Mr. Buckenmeyer agreed that was possibly, in which case some of the deferred projects might be pursued. Mr. Young asked staff to calculate and present the opportunity cost for performing vs. deferring stormwater projects.

Mr. Buckenmeyer next reviewed the current staffing configuration for solid waste, water maintenance and fleet equipment maintenance crews, which share some crew members. He suggested adding one FTE position to serve as a solid waste driver and mechanic assistant because current staffing leaves the water crew short-handed whenever solid waste drivers are on vacation, sick, etc. Mr. Miller reminded that an additional FTE is an ongoing \$100K annual commitment. He requested calculations to support the position, such as the impact of overtime cost vs. a new staff position. Councilmembers asked if the dedicated drop box driver could be used more effectively to cover the combined workload. Mr. Buckenmeyer said the nature of the drop box service precluded that option, noting that the drop box program is generating more revenue than anticipated. Mr. Walters asked that other options be considered, including possibly changing from weekly to biweekly solid waste collection. Mr. Buckenmeyer noted that topic for a future Public Works Committee meeting.

Mr. Buckenmeyer advised that as separate matter, the fleet maintenance department needed an additional mechanic. He noted that the fleet had nearly doubled in size and grown more complex and diverse since 1992 without an increase in staff. He said the Anacortes ratio of 183 equipment units per mechanic is much higher than the industry standard, resulting longer service intervals that could affect life of the fleet over time. He listed benefits of adding that position.

Mr. Buckenmeyer also proposed adding one FTE position to the facilities division, noting that the one manager and one staff member comprising that division were busy full time in the field leaving no staff time for long range capital planning. He suggested that the Correction Worker Program could be incorporated into the facilities division and provide an additional labor pool for janitorial and maintenance tasks. In response to a question from Ms. Lovelett, Administrative Services Director Emily Schuh indicated that CWP hours minimally augment hours worked by existing bargaining unit positions but in no way replace those staff. Mr. Walters called a lack of capital facilities planning the city's number one problem and said addressing that was his number one goal. He described the financial cost of deferred maintenance, delayed rate increases, and lack of planning for entire categories of capital facilities. He said that an additional FTE position that would solve that problem would be money well spent, regardless of whether that position were added to the Public Works or Administrative Services or Finance department. Mr. McDougall seconded Mr. Walters in this regard. Mr. Johnson also supported a facilities planner to allow planned rather than emergency repairs to city infrastructure.

Mr. Miller asked Mr. Buckenmeyer to prioritize the new positions he had described and to summarize any current costs that would be avoided by hiring, such as expenditures for HVAC and electrical contractors. He said a capital facilities planning position was an ongoing annual commitment of roughly \$100K which could possibly save the city money but was not guaranteed to do so.

Mr. Buckenmeyer then described a number of upcoming projects in the water utility, including reservoir rehabilitation, pump station upgrades, relining the 36-inch transmission line, constructing a redundant raw water intake line at the water treatment plant, and decommissioning the old water treatment plant. He proposed adding a full time in house SCADA programmer/analyst position that could serve both the water and wastewater systems and protect against SCADA-related system incidents. Councilmembers requested more information to justify this position.

Mr. Buckenmeyer presented modest project costs for the GIS and Resource Conservation Divisions. He then described a number of upcoming capital projects for the wastewater treatment system, including a combined sewer overflow reduction project that would temporarily store up to 1.5MG of combined stormwater/sewer effluent during storm events that are expected with increasing frequency. He listed a number of benefits of adopting that aggressive solution to CSO events before resuming ongoing I&I reduction efforts and said the budget would likely reflect property acquisition for the project as early as 2019. Councilmembers questioned Mr. Buckenmeyer regarding the cost/benefit ratio of the CSO in line storage facility, its timing, location, sizing, permitting and potential to replace multiple sewer pump stations.

Mr. Buckenmeyer concluded his presentation by noting that ongoing work on the fiber telemetry network and the municipal broadband project would be discussed on upcoming City Council agendas prior to further budget conversations.

Mr. Young requested a list of budgeted projects that had not been undertaken or completed so that Council could evaluate and possibly reprioritize and reallocate funding. Mr. Miller asked for a report on actual progress against the 2017-2022 Capital Facilities Plan. Mr. Johnson requested a list of all the deferred maintenance projects. Several councilmembers reiterated interest in a meeting dedicated to discussion of the pavement management program.

Mayor Gere invited members of the audience to comment on this agenda item.

Vernon Lauridsen, 2219 32nd Street, said he was concerned about the idea of spending capital funds previously allocated for sewer line repair for a stop-gap measure that would entail buying up real estate and building a 1.5MG tank to handle I&I from heavy rainfall. Mr. Lauridsen said that would do nothing to address the fact that sewer pipes in the ground continue to take in ground water during storm events, and so presumably to leach out sewage when the surrounding ground is dry. He asked that staff identify which pipes need to be replaced in which order to solve the I&I problem. He said building the CSO in line storage would delay progress on the pipe repairs and suggested that the overflows could possibly be prevented with an aggressive pipe repair schedule.

Mr. Walters noted that the tank would not replace the I&I project, would just use its funding for a few years. Ms. Lovelett asked staff for a summary of the cost to repair the sewer pipes that were in the worst shape and identification of their locations. Mr. Buckenmeyer clarified that I&I through the sewer pipes is only about 35% of the problem and that other factors contribute to overflow events. He called CSO storage a more successful and aggressive approach to the problem, noting that pipes would still be replaced on a regular schedule but that the storage solution would keep the conveyance system and the plant from being inundated.

Contract Award: Operations Building Electrical Upgrades

Mr. Buckenmeyer requested City Council consent to award a contract in the amount of \$74,750.00 to VECA Electric & Technologies to perform the electrical work at the City of Anacortes Operations Shop. To place the contract in context, Mr. Buckenmeyer shared a slide presentation updating Council on the remodeling project at the Operations Shop. He reviewed the work completed in Phase 1 of the project, largely in house, and the resulting enhanced safety, access and efficiency. He then outlined the work to be completed in Phase 2, including completing office spaces, constructing a server room and upgrading the electrical system including the heating system and coordinating generator backup for all critical systems in the building. Mr. Buckenmeyer added that the updates would enable the building to support both city crews and the community in case of an emergency.

Councilmembers questioned Mr. Buckenmeyer about the total cost of the project, asked if the Anacortes School District would be sharing in any of the costs, and requested confirmation that the project would result in up to date as built drawings for the building and its systems. Mr. Buckenmeyer said that the total costs to date, not including the roofing project in 2016, were approximately \$140K and he estimated another \$128K to complete

the project in 2018. He added that the school district had been asked to contribute to the project to the extent that it affected their portion of the building, including generator backup.

Ms. Lovelett moved, seconded by Mr. Johnson, to approve the contract award for the operations building electrical upgrades. Following a question from Mr. Walters, Mr. Buckenmeyer explained why a time and materials not-to-exceed contract was selected and why only one bid was received following the solicitation on the small works roster. Vote: Ayes – Young, Adams, Lovelett, McDougall, Miller and Johnson. Nays – Walters. Motion carried.

There being no further business, at approximately 8:15 p.m. the Anacortes City Council meeting of March 26, 2018 was adjourned.