

City Council Minutes – June 18, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of June 18, 2018. Councilmembers Eric Johnson, Anthony Young, Ryan Walters, Brad Adams, Liz Lovelett, Bruce McDougall and Matt Miller were present. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Pulp Mill Exhibit Opening Announcement: Museum Director Bret Lunsford invited the public to the new exhibit at the Maritime Heritage Center spotlighting 1925-1978 pulp mill industry and community in Anacortes. Mr. Lunsford thanked the many former mill employees and their families for sharing stories, artifacts and photographs for the exhibit, the first of a series of upcoming waterfront history exhibits. He invited the public to the opening reception on June 21, 2018 from 4 to 6 p.m.

Finance Committee: Mr. Johnson reported from the committee meeting the prior Wednesday. He said the committee discussed pavement management and felt that the best funding mechanism would be a new 0.2% sales tax combined with removal of the current \$20 vehicle licensing fee after approximately a year when the new sales tax revenue stream had been established. Mr. Johnson reported that the committee also discussed the recent capital funding request from Community Action of Skagit County and felt that a \$20K contribution from the City of Anacortes would be appropriate, proportional to other county jurisdictions based on population size.

Skagit County Law & Justice Council: Mr. Miller reported from the LJC meeting the prior week. He reported that Mount Vernon had recently hired a commissioned park ranger to address homelessness and its effects on city parks. Mr. Miller announced that the Skagit League of Women Voters and Skagit County Dispute Resolution Center would host a series of sessions on Civil Discourse in the Public Arena including one on July 19, 2018 6:30 to 8:30 p.m. at the Anacortes Public Library. Mr. Miller added that representatives from the 10th and 39th districts had updated the LJC on law enforcement legislation issues. He concluded by noting the recent *Skagit Valley Herald* article covering the first 8 graduates from the Transition Life Skills program at the new Skagit County Community Justice Center, another success story at the new jail.

Public Works Committee: Mr. Adams reported from the committee meeting earlier in the evening. He relayed staff briefings on the 32nd Street/D Avenue roundabout which would be considered later on the agenda, the Ship Harbor/Edwards Way roundabout tentatively scheduled for construction in 2020, an upcoming sewer rate revision currently being studied by consultants, the Fidalgo Water System Update study to determine if Anacortes should and could afford to bring current PUD water customers on Fidalgo Island into the Anacortes water service area, the Combined Sewer Overflow project funding and design, and the Water Treatment Plant disinfection system which was scheduled to go out to bid soon and complete by November 2018.

Mr. Young reported that he had attended the Leadership Skagit 2018 graduation ceremony and noted that one of the 2018 projects involved the Anacortes Family Center.

Fiber Committee: Mr. Walters reported from the committee meeting the prior week to consider a rough draft of the fiber business plan on which it would be offering feedback to staff for revisions. He also reported on progress installing fiber in the water mains between the Water Treatment Plant in Mount Vernon and the Swinomish Slough and said that fiber telemetry is now live to five pump stations on Fidalgo Island. Mr. Walters said the committee also discussed how best to connect the Anacortes fiber backbone to the internet and a more reasonable franchise agreement with Skagit County for fiber in county right of way. Administrative Services Director Emily Schuh announced the Name Our Network contest posted earlier in the day on the city's website to solicit public suggestions via Survey Monkey to name the new municipal broadband network. She also introduced a new city website page hosting information about the broadband network project and its status.

Public Comment

Skagit County Commissioner Ron Wesen thanked Mayor Gere and City Council for its letter of support to DEM regarding that interlocal. He also thanked Council for its discussion of funding for Community Action of Skagit County, on whose Board Mr. Wesen serves as chair. Commissioner Wesen said he looked forward to Anacortes participation in the upcoming meeting regarding water in Skagit County following the Hirst decision. Mayor Gere advised that she would attend that meeting the following Thursday with City Attorney Darcy Swetnam and Public Works Director Fred Buckenmeyer. Mr. Walters requested that Council be copied on the letter to DEM.

Consent Agenda

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

- b. Approval of Claims in the amount of: \$488,237.36
- c. Contract Modification: 17-028-TRN-004 Downtown Sidewalks Phase 2
- d. Interlocal Agreement 266: City of Marysville - Storvik Park Outdoor Movie Video Services
- e. Resolution 2016: Sole Source Procurement of WTP Intake Pumps

The following vouchers/checks were approved for payment:

EFT numbers: 89565 through 89598, total \$114,023.60

Check numbers: 89450 and 89599 through 89636, total \$373,426.85

Wire transfer numbers: 233411 through 233928, total \$3,782.33

OTHER BUSINESS

Resolution 2012: Agriculture Irrigation

City Attorney Darcy Swetnam continued the discussion of how to transition agricultural irrigation customers outside the city's service area to paying the full wholesale cost of the water purchased. Her slides were added to the packet materials for the meeting. Ms. Swetnam responded to councilmember questions from Council's last consideration of this topic at its April 2, 2018 regular meeting. She began by reporting in detail on the city's easements and purchases for the water mains from the Water Treatment Plant in Mount Vernon to the Swinomish Slough, listing acquisition details for each parcel and describing mains located in public right of way. She concluded that staff did not find any sections of water line for which private landowners had not been compensated. Mr. Walters observed that prior suggestions that the city owed reduced rate irrigation water to adjoining properties as payment for construction access was thus not the case. Ms. Swetnam agreed and added that staff had found no written agreements binding the city to provide agriculture irrigation water at a subsidized rate.

Ms. Swetnam then presented draft Resolution 2012 which would implement Council's preference expressed at the April 2, 2018 meeting to phase in rate increases over three years to reach the full wholesale water rate, beginning on April 1, 2019. Mr. Walters observed that for the 2018 season agriculture irrigation customers would not see an increase. Ms. Swetnam then addressed three additional rate increase options that councilmembers had asked staff to evaluate: restricting the tiered rate to existing ag meter customers and requiring new ag meter customers to pay the full regional wholesale rate beginning immediately; charging the reduced tiered rate for half each ag customer's average historic consumption and the full wholesale rate for any water used above that amount; and explicitly paying the current rate subsidy to the water utility out of the general fund. She presented staff's analysis of each of those three ideas and staff's recommendation not to pursue them because administrative costs and legal risks would not be justified by potential additional revenue generated. Mr. Young reminded of Council's fiduciary duty to end the subsidy of agriculture irrigation customers by the city's own ratepayers. Mr. Walters and Mr. McDougall both expressed a preference for avoiding complicated rate structures during the phased rate increase. Mr. Adams reminded that he had suggested

the three options as ways to both reduce the subsidy by Anacortes ratepayers and achieve parity among Skagit Valley farmers who were and were not within reach of Anacortes irrigation water which was offered at such a low rate compared to other purveyors in the valley. Not seeing support for those options among his colleagues, Mr. Adams said he would accept the staff recommendation of phasing in the rate increase over three years as presented in draft Resolution 2012. Mr. Young concurred. Mr. Miller noted that the city had been extremely transparent about the rates charged historically and the basis for the rate increases now. Ms. Lovelett said she was disheartened to see that the agenda bill for this item did not include any competing viewpoints or alternative actions. She reiterated her preference for a longer phase in period to ease the impact on farmers and her frustration that this rate adjustment was not considered as part of the water rate increase adopted for 2015. Mr. McDougall said he had advocated a five-year phase in but that Resolution 2012 was essentially a four-year phase in since 2018 would have no increase.

Mr. Walters asked that “rater” be corrected to “rate” in Section 1 of Resolution 2012, then moved, seconded by Mr. Adams, to approve Resolution 2012 as presented with that one correction.

Mayor Gere observed that the irrigation rate was not a mistake, rather that it had been historically and culturally accepted in Anacortes for many years that irrigation water had its own rate separate from the general water rates. The mayor invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Vote: Ayes – Young, Walters, Adams, McDougall, Miller and Johnson. Nays – Lovelett. Motion carried.

IL264: Collection and Distribution of Impact Fees

Ms. Swetnam reviewed the discussion begun at the June 4, 2018 regular City Council meeting regarding entering into an interlocal agreement with Skagit County for the collection and distribution of impact fees. Ms. Swetnam reviewed the slide presentation from the earlier meeting, then shared additional staff research in response to councilmember questions raised at the meeting including calculation of transportation impact fees, responsibility for maintenance of county roads in the UGA, which categories of impact fees would be collected, and which capital facilities projects would be impact fee eligible.

She shared Mr. Walters’s observation that the refineries are located in the UGA and so the fire impact fee schedule would need to be revised to clarify that unoccupied structures such as refinery towers would not be subject to the “3rd floor and up” provision of the current fire impact fee. Ms. Lovelett asked if the fire impact fee could be modified to calculate differently depending on the hazards presented by different facilities. Planning Director Don Measamer reported that he had been working with Fire Chief Richard Curtis and Berk Consulting, Inc. to research and possibly recommend fire impact fees based on other criteria beside building height, clarifying that the current fire impact fee was developed only to recover costs for the ladder truck. Mr. Hoglund reported that very little fire impact fee revenue had been collected under the current fee schedule. Mr. McDougall reported that neighboring jurisdictions have much simpler, generally larger and generally more widely applicable fire impact fees. Mr. Walters advised that Skagit County does not currently collect fire impact fees for any jurisdiction but that the WAC preventing that had been repealed, suggesting that Anacortes explicitly direct the county to begin collecting those fees where applicable. He also noted that if Anacortes wanted to revise its fire impact fee, it should do that before the county adopted the Anacortes impact fee schedule per the interlocal. Mr. Walters urged clarifying how the road impact fee calculation would apply to the refineries to ensure the fee schedule did not have unintended consequences. Ms. Swetnam said that staff anticipated preparing a guide for the public identifying all the impact fees and how to calculate them. Ms. Lovelett requested a separate list of what types of projects were eligible for funding with each type of impact fee. Mr. Walters suggested that an impact fee guide should include GFCs and impact fee reductions for affordable housing.

Mayor Gere encouraged staff to research the impact fee rates, impact fee revenue thus generated, and how much revenue was truly needed to ensure that infrastructure accommodated growth but that Anacortes did not price itself out of economic development opportunities. Mr. Measamer suggested that Council committees might begin discussing impact fee incentives to spur development.

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

Ms. Lovelett moved, seconded by Mr. Walters, to approve Interlocal Agreement 264 for the collection and distribution of impact fees. Vote: Ayes – Walters, Adams, Lovelett, McDougall, Miller, Johnson and Young. Motion carried.

Contract Award: 32nd St & D Avenue Intersection Improvements 16-004-TRN-004

Public Works Director Fred Buckenmeyer requested City Council consent to award a contract in the amount of \$576,698.00 to SRV Construction, Inc. to perform the 32nd Street & D Avenue Intersection Improvements Project. Mr. Buckenmeyer said staff anticipated the project would begin in late July or early August with a 20-working-day construction window and expected completion by the end of August. He advised that engineering staff had met with all adjoining property owners to ensure the design addressed their concerns. Mr. Buckenmeyer congratulated City Engineer Eric Shjarback for obtaining a Transportation Improvement Board grant which would provide over \$421K of the project cost, with the remaining \$306K provided by impact fees. He said SRV was the sole bidder on the project but that its bid was within \$2,000 of the engineer's estimate and that the city had been happy with SRV's work product on past projects. He recommended approval of the contract. Ms. Lovelett and Mr. Young advised staff that Rosemary Stevens had reiterated her previous request to Council for a "no through traffic" sign on 32nd Street west of D Avenue.

Ms. Lovelett moved, seconded by Mr. Young, to authorize the Mayor to sign contract 16-004-TRN-004 with SRV Construction, Inc. in the amount of \$576,698.00 to perform the 32nd Street & D Avenue Intersection Improvements Project. Vote: Ayes – Adams, Lovelett, McDougall, Miller, Johnson, Young and Walters. Motion carried.

Mr. Young commended staff for purchasing from local vendors rather than Amazon when possible.

Executive Session (30 Minutes) per RCW 42.30.110 (i)

At approximately 7:20 p.m. Mayor Gere announced that City Council and the City Attorney would convene in Executive Session for approximately 30 minutes to discuss potential litigation and that following the executive session the meeting would adjourn with no action being taken.

There being no further business, at approximately 7:50 p.m. the Anacortes City Council meeting of June 18, 2018 was adjourned.