

City Council Minutes – July 9, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of July 9, 2018. Councilmembers Eric Johnson, Anthony Young, Ryan Walters, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmember Bruce McDougall was absent. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Independence Day Celebration: Parks and Recreation Director Gary Robinson reported on the 4th of July celebration. Mr. Robinson thanked a long list of volunteers and sponsors who assisted with the town photo, the patriotic program, and the parade. Sylvia Cooper, parade coordinator, thanked all the participants in the parade and the volunteers who assisted. Mayor Gere thanked Ms. Cooper for her extraordinary efforts on behalf of the parade. Mayor Gere and Ms. Cooper presented the awards for the parade. In the Float category, 3rd place went to Anacortes Public Library, 2nd place went to Anacortes Robotics Booster Club, and 1st place went to Evans Funeral Chapel. In the Marching Group category, 3rd place went to Anacortes Brewery, Band and Bottles, 2nd place went to Twisted Pixies, and 1st place went to AHS Varsity Cheer. Mr. Robinson then thanked Whidbey NAS and the Chamber of Commerce, thanked Ms. Cooper for coordinating the parade, thanked the Port of Anacortes for Rock the Dock, and thanked all the volunteers, staff, sponsors and agencies who made the fireworks display possible.

Anacortes Town Crier Richard Riddell read a proclamation from Mayor Gere proclaiming July 9 to be International Town Criers Day in Anacortes. Mayor Gere thanked Mr. Riddell for representing the community so well at so many events.

Port/City Liaison Committee: Mr. Johnson reported from the committee meeting the prior week. He listed five topics of discussion: 1) the interlocal agreement on Port/City partnership under review by staffs of the two agencies, 2) ongoing Anacortes Housing Authority consideration of the Olson Building, 3) potential routing of the Guemes Channel Trail in the vicinity of Western Washington University's Shannon Point Marine Center campus, 4) the planned NAS Whidbey base operations expansion and its local impact, and 5) cancellation of the August Port/City Liaison Committee meeting.

Skagit County Population Health Trust: Ms. Lovelett reported that the Trust does not meet in July.

Planning Committee: Mr. Walters reported from the committee meeting earlier in the evening. He said the group discussed two topics: 1) Planning Department staff was studying means of making traffic impact fees more closely mirror actual impacts of businesses, and 2) following the final plat approval of the Haddon Road development, the committee was considering potential legislative changes to reflect lessons learned.

Public Comment

No one present wished to address Council on any topic not already on the agenda.

Consent Agenda

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

- a. Minutes of July 2, 2018
- b. Approval of Claims in the amount of: \$78,514.09
- c. Street Fair Application: Anacortes Arts Festival

The following vouchers/checks were approved for payment:
EFT numbers: 89790 through 89815, total \$14,057.81
Check numbers: 89816 through 89850, total \$117,965.56
Wire transfer numbers: 234284 through 234980, total \$2,941.90

OTHER BUSINESS

Contract Award: 14-056-IDS-007 Fiber Optics Project Phase 3 Construction – RBC

Public Works Director Fred Buckenmeyer requested Council approval to award a contract in the amount of \$659,695.73 to Robinson Brothers Construction, Inc. (RBC) to perform the construction of Phase 3 of the Fiber Build project, the final phase of the fiber optic telemetry construction. Mr. Buckenmeyer reminded that Council had previously approved a cooperative purchasing agreement with NoaNet allowing Anacortes to piggyback on NoaNet's competitively bid unit price contract with RBC for Emergency Response and Restoration, Maintenance and Line Extension of OSP Facilities. Mr. Buckenmeyer advised that two additional sub-phases of the work would follow under separate contract in 2019 and that separate contracts would also be let for materials purchases, allowing the city to achieve cost savings by avoiding contractor markup on materials. Mr. Buckenmeyer recommended approval of the contract with RBC.

Mr. Buckenmeyer responded to councilmember questions regarding the micro trenching installation method. Mayor Gere read a letter from absent councilmember Bruce McDougall supporting award of the contract. Mr. Johnson observed that underground fiber in Phase 3 would be protected from disruption during storm events. Mr. Adams confirmed with Mr. Buckenmeyer that the total of the multiple 2018 construction and material contracts for Phase 3 would add up to the total budgeted for the project through 2018.

Mr. Johnson moved, seconded by Ms. Lovelett, to authorize the Mayor to sign a contract 14-056-IDS-007 with RBC in the amount of \$659,695.73 to perform the construction of Phase 3 of the Fiber Build project. Vote: Ayes – Young, Walters, Adams, Lovelett, Miller and Johnson. Motion carried.

Contract Award: 14-056-IDS-008 Fiber Optics Project - Central Broadband District – RBC

Mr. Buckenmeyer requested Council approval to award a contract in the amount of \$77,418.77 to Robinson Brothers Construction, Inc. (RBC) to perform the construction of Central Broadband District (CBD) portion of the Fiber Build project, the first municipal broadband segment spanning 2nd to 15th Streets between R Avenue and N Avenue. He summarized that the work included installing approximately 2,000 feet of fiber optic cable, in both aerial and buried locations, to reach approximately 200 potential residential and business customers. In addition, the project would procure additional equipment for the fiber equipment room in the library and materials and equipment to facilitate connections at subscriber premises. Mr. Buckenmeyer reminded that Council had previously approved a cooperative purchasing agreement with NoaNet allowing Anacortes to piggyback on NoaNet's competitively bid unit price contract with RBC for Emergency Response and Restoration, Maintenance and Line Extension of OSP Facilities.

Ms. Lovelett confirmed with Mr. Buckenmeyer that Skagit County Economic Development Grant funds would pay for the work. Councilmembers questioned Mr. Buckenmeyer about how the proposed contract fit into the municipal broadband business model. Mr. Buckenmeyer explained that the fiber committee was actively developing the business plan for the broadband network but that the infrastructure was needed regardless of the particular ISP model selected. He added that the work would likely proceed in the fall. Mayor Gere confirmed that the city was proceeding along parallel paths with the infrastructure installation and the business model development. Mr. Walters said that the fiber committee supported proceeding with the contract, noting that grant funds would pay for the work which would be extremely valuable if and when the city decided to move forward with the municipal broadband network. Mr. Miller echoed those comments. Mayor Gere read a letter from absent councilmember Bruce McDougall supporting award of the contract. Mr. Miller asked why the BARS for

the contract was still that being used for the telemetry portion of the fiber project. Mr. Buckenmeyer explained that whichever account was used to pay for the RBC contract would be reimbursed by the grant funds. Mr. Johnson asked how soon customers could potentially connect to the network. Mr. Walters elaborated on a number of additional steps required, beginning with completion and adoption of a business model. Mr. Buckenmeyer explained the steps necessary to connect Anacortes fiber to the internet.

Ms. Lovelett called the project a tremendous opportunity to create a very business friendly environment. She moved, seconded by Mr. Johnson, to authorize the Mayor to sign a contract 14-056-IDS-008 with RBC in the amount of \$77,418.77 to perform the construction of Central Broadband District of the Fiber Build project. Mayor Gere called the project the biggest economic development tool and service the city had ever provided to the community. Mr. Walters clarified with Mr. Buckenmeyer that a separate contract for approximately \$110K of materials for the project would come before Council in the near future. Vote: Ayes – Walters, Adams, Lovelett, Miller, Johnson and Young. Motion carried.

Contract Award: Water Treatment Plant Intake Pumps 3 & 4 18-098-WTR-001

Water System Manager Jeff Marrs requested Council approval to award a contract in the amount of \$526,526.63 to Beckwith & Kuffel, Inc. to provide and install the WTP Intake Pumps 3 & 4. Mr. Marrs shared a slide presentation explaining the pump technology used at the intake station, the history of the four pumps installed there in 1969, the replacement of Pumps 1 and 2 in 2013 and 2015 respectively, and the recommendation to replace Pumps 3 and 4. Mr. Marrs's slides were added to the packet materials for the meeting. He reminded that at its June 18, 2018 meeting City Council approved Resolution 2016 designating Beckwith & Kuffel, Inc. as a single source supplier for two Goulds pumps to be purchased and installed at the Water Treatment Plant's Intake Station.

Mr. Miller confirmed with Mr. Marrs that replacing two pumps at once was less expensive than replacing them separately and asked about the expected life of the new pumps. Mr. Adams noted that the cost of this capital project was shared with the water utility's regional customers so city customers would only pay for approximately 10% of the cost.

Mr. Adams moved, seconded by Mr. Young, to authorize the Mayor to sign a contract 18-098-WTR- 001 with Beckwith & Kuffel, Inc. in the amount of \$526,526.63 to perform the WTP Intake Pumps 3 & 4 project. Vote: Ayes – Adams, Lovelett, Miller, Johnson, Young and Walters. Motion carried.

Contract Modification: Laserfiche RIO Connector

City Attorney Darcy Swetnam requested Council approval to issue a contract modification to Compulink Management Center, Inc., dba Laserfiche, in the amount of \$1,965.44, increasing the total contract price to \$91,868.54, to purchase the Laserfiche Connector utility. Ms. Swetnam's slide presentation was added to the packet materials for the meeting.

Ms. Swetnam briefly reviewed the original contract approved by City Council on January 22, 2018, reported that implementation of the original scope of work was approximately 80% complete, and explained the purpose for the minor contract modification to integrate Laserfiche with the city's accounting software. She then reported in more detail on Laserfiche implementation milestones achieved to date and planned for the near term. Ms. Swetnam concluded with a demonstration of the new public document portal available at <https://docs.cityofanacortes.org>. Ms. Swetnam responded to councilmember questions about document availability and security in the portal and the extent to which the Laserfiche document repository and the public document portal could reduce public records requests by making more records directly and easily available to the public. Several councilmembers endorsed the additional transparency offered by the public portal. Mayor Gere said this was an example of Council doing great work to increase transparency and public access by planning, budgeting and supporting implementation of electronics records management.

Ms. Lovelett moved, seconded by Mr. Miller, to authorize the Mayor to sign a contract modification with Compulink Management Center, Inc., dba Laserfiche, in the amount of \$1,965.44, increasing the total contract price to \$91,868.54, under contract 2017-013-WA011. Vote: Ayes – Lovelett, Miller, Johnson, Young, Walters and Adams Motion carried.

Resolution 2017: Transportation Benefit District 0.2% Sales Tax (for public vote in November)

Ms. Swetnam introduced Resolution 2017 which would place a 0.2% sales tax for TBD funding on the November 7, 2018 general election ballot. Her slide presentation was added to the packet materials for the meeting. Ms. Swetnam summarized recent Council and committee discussion of funding options for the pavement management program, reminded of Council's direction to staff to draft Resolutions 2017 and 2018 which were presented for consideration at the current meeting, and shared a timeline for moving forward to determine and implement a funding plan. She then summarized the terms of Resolution 2017, including the proposed wording of the ballot measure, in more detail. Ms. Swetnam also advised that RCW 42.17A.555 prohibits use of public resources to support or oppose a ballot measure or election campaign, with limited exceptions.

Councilmembers discussed various means of communicating to the voters the benefit of the TBD sales tax, including publishing a neutral description of the ballot measure and the overall pavement management funding plan in the city's *A-Town* publication. Ms. Swetnam indicated that she would determine who would be responsible for writing the ballot measure pro and con statements for the voter's pamphlet and report back to Council in more detail on allowed communications concerning the ballot measure.

Mr. Johnson suggested altering the ballot measure to explicitly state that the current \$20 TBD car tab fee would be repealed if the sales tax were enacted. Ms. Swetnam and Mr. Walters explained that enacting or repealing the vehicle tab fee was a function of City Council as the TBD board rather than the voters. Mr. Miller and Mr. Walters noted that accompanying Resolution 2018 specifying the entire pavement management funding plan would be an important companion to the ballot measure. Mr. Miller clarified that the proposed 0.2% TBD sales tax would bring the total retail sales tax rate in Anacortes to 8.7%.

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

Mayor Gere concluded that Resolution 2017 would come back to Council for action at its July 16, 2018 meeting with additional information from staff regarding Mr. Johnson's proposed modification to the ballot measure language and additional guidance on advocacy restrictions per RCW.

Resolution 2018: Transportation Benefit District Description and Funding Source Breakdown

Finance Director Steve Hoglund introduced Resolution 2018 adopting a nonbinding policy concerning budget allocations for street improvement projects and identifying specific revenue sources to provide \$1.6M in funding for annual street overlays. Mr. Hoglund reviewed the history of the pavement management program established in 2014, then facilitated the discussion of the proposed revision to the funding plan via Resolution 2018. His slides were added to the packet materials for the meeting.

Mr. Hoglund compared the estimated funding sources identified in Resolution 1895 with the actual revenue sources in the 2018 budget, demonstrating that Real Estate Excise Tax (REET) had replaced approximately \$260K of funding that had been anticipated to come from prilled sulfur and the general fund. He then presented that same comparison with the funding source estimates reflected in draft Resolution 2018. Mayor Gere inquired if a larger REET allocation was possible. Mr. Hoglund replied in the affirmative, noting that pavement funding was eligible for both REET 1 and 2. Councilmembers observed that REET could not be used for staffing and so encouraged use of REET for contracted work and use of general fund revenues for additional staffing if that were required. Mr. Miller asked the Public Works department to identify the maximum level of pavement

contracts it could administer annually at current staffing levels. Mr. Miller also asked that the 0.2% sales tax rate be correctly and consistently reflected in the resolution. Mr. Johnson introduced the idea of considering the LID model to provide additional funding for streets in the future, reminding that the pavement consultant had initially indicated a need for \$2.8M in annual street maintenance spending to hold the average PCI steady over time. Ms. Lovelett observed that a ballot measure on the .2% sales tax would help Council gauge the public will on spending for streets. Mr. Adams suggested that the TBD car tab fee should be repealed on December 31, 2018 if the sales tax were to go into effect on January 1, 2019. Ms. Lovelett concurred. Several councilmembers objected to the final clause of draft Resolution 2018 raising the specter of a TBD vehicle licensing fee increase if the TBD sales tax measure were to fail at the polls.

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

Patrick Gallagher, 1406 Portalis Court, observed that sales tax is a less predictable revenue stream than vehicle licensing fees and warned that pavement funding could fall short of the desired level if sales tax were to significantly decline. He wondered if the voters would be aware of that increased risk. Mr. Gallagher noted that he'd prefer to see \$2M or more invested annually on road maintenance. He urged more discussion of what would happen to the road budget if the economy were to tank.

No one else present wished to address Council on this topic.

Mr. Hoglund called Council's attention to an edited version of Resolution 2018 which had been provided by Mr. Walters and added to the packet materials for the meeting earlier in the day. Mr. Hoglund endorsed those edits. He raised several other questions that the resolution should address including identifying a source for approximately \$128K of additional revenue required to meet the spending goals, planning for the possible need for additional engineering staff to support the pavement management program at the new funding level, and providing flexibility among funding sources in case of revenue shortfalls in any one source. Mr. Hoglund suggested that the Finance Committee review and revise the draft resolution at its meeting the following Wednesday, then bring the Resolution 2018 back to Council on July 16, 2018 for consideration and possible action in conjunction with Resolution 2017. Mayor Gere concurred and requested more historical sales tax information to inform that decision. Ms. Lovelett asked that the annual spending target be consistently identified in the resolution.

There being no further business, at approximately 8:30 p.m. the Anacortes City Council meeting of July 9, 2018 was adjourned.