

City Council Minutes – December 10, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of December 10, 2018. Councilmembers Eric Johnson, Brad Adams, Liz Lovelett, Bruce McDougall and Matt Miller were present. Councilmembers Ryan Walters and Anthony Young were absent.

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

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Community Action Profiles in Hope Presentation: Joan Penney introduced the Profiles in Hope exhibit installed in the Council Chambers featuring the photographs of Lisa Kuhnlein and inspiring accounts of Community Action's important partnerships in the community. Ms. Penney encouraged the public to visit the exhibit through the end of the year.

Pride in Service Awards to Councilmembers: Mayor Gere presented pride in service awards to Councilmembers Bruce McDougall (1 year), Matt Miller (5 years), Liz Lovelett (5 years) and Brad Adams (15 years). Councilmember Anthony Young was not present to receive his award. The mayor thanked the councilmembers for their service to the community.

Port/City Liaison Committee: Mr. Johnson reported from the committee meeting the prior Tuesday. He indicated that topics discussed included Congressman Rick Larsen's recent visit to Dakota Creek Industries and the status of the waiver, recent approval by the Anacortes Housing Authority Board to purchase the Olsen Building from the Port of Anacortes for affordable housing, roles and responsibilities of the parties pursuant to the north basin development agreement between the city and the Port, the city's ongoing revision of its development regulations, and ongoing discussion regarding the eventual alignment of the Guemes Channel Trail.

Public Safety Committee: Mr. Miller reported from the committee meeting the prior Tuesday. He indicated that topics discussed included the impact of initiative I-940 on the Anacortes Police Department, welcoming and orienting new Fire Chief David Oliveri, completion of hiring of the four new firefighter/paramedics to allow 24/7 staffing at Station 3, and the structure of the Traffic Safety Committee. Mr. Miller, Mr. Johnson and Mayor Gere all expressed staff's support of and confidence in the APD in the face of I-940. Ms. Lovelett reported the committee had also asked Fire Department personnel if public works staff could take on inspection and exercise of fire hydrants to free up firefighters for inspections of commercial buildings.

Finance Committee: Mr. Johnson reported from the committee meeting the prior Wednesday. He indicated that the members discussed several budget overruns and department head responsibility for their budgets. Mr. Johnson said that department heads would be present to elaborate on the proposed year end budget amendment at the December 17, 2018 regular City Council meeting.

Public Comment

Jeff Graf, 2406 Washington Court, spoke in response to sewer and recycling rate increases discussed at recent Council meetings. He expressed concern about lack of accountability, oversight and transparency. Mr. Graf challenged the city to improve public notice and public participation in discussion of rates in the coming year. He commented on the 1% property tax increase adopted by Council for 2019, noting that actual tax bills increase by more than 1% for those with rising valuations, on top of levies by other taxing authorities. Mr. Graf

commented on the substantial phased increase in water rates implemented in 2015 and the likely increase in sewer rates soon to follow. He urged more stringent questioning of staff and consultants and an internal assessment to determine priorities for the utilities and what rates are actually required. Mr. Graf also asked why the Port of Anacortes had negotiated a hiatus in its prilled sulfur payments to the city for road maintenance but at the same time was increasing its own bill to taxpayers. Mr. Graf cautioned Council to carefully consider any staffing increases because the long term cost of each position only increases over time. He commented on the fiber project, saying he supports that project but only if it in fact turns out to be self-supporting as planned. Mr. Graf concluded that rising rates of all kinds are a burden for many citizens. He urged Council to hold staff accountable, ask pointed questions, and run the city like a business.

Consent Agenda

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

- a. Minutes of December 3, 2018
- b. Approval of Claims in the amount of: \$222,075.06
- c. Contract Modification: Update Zoning, Development and Design Standards for Anacortes Municipal Code 16-081-IDS-001
- d. Contract Modification: 32nd Street & D Avenue Intersection Improvements 16-004-TRN-004
- e. Resolution 2026: Declaring AGA Systems as the Sole Source Supplier for Propane Vehicle Conversion Kits
- f. Resolution 2028: Authorizing Write-off of Uncollectible Billing Balances

The following vouchers/checks were approved for payment:

EFT numbers: 91478 through 91512, total \$163,440.63

Check numbers: 91513 through 91553, total \$77,648.93

Wire transfer numbers: 241425 through 241686, total \$1,632.27

OTHER BUSINESS

Contract Award: Retrofit Commercial Avenue Lighting #18-063-IDS-003 and 18-063-IDS-004

[Motion to approve on the floor since December 3, 2018, consideration postponed to December 10, 2018]

Public Works Director Fred Buckenmeyer noted that action on this item had been postponed from the December 3, 2018 Consent Agenda. He recommended reconsidering the projects at a later date to allow more research and development of alternative solutions by staff. Mr. Adams withdrew his motion to approve and Mr. Miller withdrew his second to that motion. No further action was taken.

Fire Impact Fee Presentation from Berk and Associates

Assistant Fire Chief Jack Kennedy introduced Emily Percival and Jason Hennessy of Berk and Associates to present the results of their fire impact fee feasibility study. Ms. Percival presented the purpose, methodology and results of the study, referring to her slide presentation in the packet materials for the meeting. Ms. Percival first summarized the current impact fee, unchanged since 1993, of \$1/SF applied only to floor area on third floors and higher. She then outlined state law constraining what portion of the cost of firefighting and EMS facilities, equipment and apparatus can be included in impact fees charged to new construction. She emphasized that the study presented the maximum impact fee that would be allowed by state law but that Council could establish lower rates at its discretion. Ms. Percival then described the growth projections, level of service standards, capital needs, geographic service patterns and potential exemptions utilized in the study, noting that the study harmonized with the city's adopted 2016 Comprehensive Plan. She then displayed the ten fire/EMS capital projects included in the draft 2019-2024 Capital Facilities Plan and the calculation of the total capital cost for which impact fees could be assessed, collected and expended for those projects. Ms. Percival presented the final

calculated maximum impact fees for new residential and commercial construction, adjusted to account for the revenue contributions of that new construction through existing funding mechanisms (e.g., sales tax and property tax).

Mr. Miller asked how the aging ladder truck was reflected in the established level of service standards. Ms. Percival said the Comprehensive Plan did not identify a level of service for that apparatus specifically but that the Plan could be amended to include one. Mr. Miller observed that the current impact fee was clearly insufficient but said that additional justification was needed for including the \$1.2M ladder truck in the capital project list.

In response to a question from Ms. Lovelett, Mr. Hennessy confirmed that the fire impact fee addressed “growth-driven needs in fire *and emergency services*” (emphasis added) as specified on page 2 of the study.

Ms. Percival then shared two additional slides, which were added to the packet materials, comparing the maximum fire impact fees calculated in the study for Anacortes with current fire impact fees in Burlington, Mount Vernon, Sedro-Woolley and Skagit County. The slide for commercial rates was missing its key, which Berk said it would provide. Councilmembers noted the much higher rate proposed for Anacortes and asked if the much lower rates were currently sufficient in the other jurisdictions. Mr. Hennessy said most of the other jurisdictions were currently considering or planning increases in their fire impact fees as well, which was generally an indication that their current rates were insufficient. Mr. McDougall requested comparable rates for other cities the size of Anacortes that had updated their rates in the past five years. Chief Kennedy displayed the Comparison of Fire Impact Fees that had been included in the packet materials and called attention to the rates established for Auburn. Mr. Johnson noted that the fees in Redmond and Bothell were half of the Anacortes rate developed by the Berk study. Ms. Percival reminded that the study calculated the *maximum* allowable rate for Anacortes. Ms. Lovelett supported increasing the current \$1/SF fee in Anacortes but suggested that the Planning Department solicit feedback from the construction sector. Mr. Miller agreed that Anacortes should charge a fire impact fee for new residences but requested methodology comparable to that used in other cities. Mr. Hennessy noted factors that cause variation between cities, including how each funds its fire protection service, its residential/commercial building mix, and its rate of growth, among others. Councilmembers asked that at the next discussion of this topic staff address the extent to which the 10 identified capital projects would be funded by impact fees if the maximum rates were adopted vs. some lower rate. Ms. Percival reminded that impact fees will never be collected at a rate to fully cover the cost of capital projects.

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

Jeff Graf, 2406 Washington Court, supported increasing the fire impact fee, saying that Anacortes has woefully under resourced its fire department. Mr. Graf said the methodology used to make future growth help pay for its effect on capital project needs was something that should be considered for the water and sewer utilities as well.

Mr. Johnson asked staff to also address any studies indicating what level of impact fee discourages development, particularly for affordable housing. Mr. Miller and Ms. Percival agreed that was likely a question for Planning Department staff. Mr. McDougall and Ms. Lovelett stressed that any new fire impact fee needed to be structured so as not to discourage affordable housing and market rate multifamily housing. Mayor Gere concluded that the matter would come back to Council for further discussion and consideration.

Ordinance 3030: Fire Impact Fees

Finance Director Steve Hogle advised that draft Ordinance 3030 was a companion to the fire impact fee presentation and would come back to Council for consideration as part of that ongoing discussion. Ms. Lovelett asked staff to explore impact fee structures in other jurisdictions, specifically if residential fees could vary by square footage to encourage construction of smaller, more affordable housing units. Mr. Miller concurred. Chief

Kennedy confirmed that residential units with fire suppression systems are exempt from fire impact fees which includes all buildings of more than four units.

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

Ordinance 3033: Adopting the 2019-2024 Capital Facilities Plan

Mr. Hoglund presented a revised CFP ordinance which reflected updated Fire Impact Fee revenue consistent with the Berk study and conformed the CFP to the adopted 2019/2020 biennial budget. He reminded that the public hearing on the CFP remained open from the November 5, 2018 City Council meeting. Mr. Hoglund said the CFP would come back before Council on December 17, 2018 to conclude the public hearing prior to adopting the CFP that evening. Ms. Lovelett requested a summary of the \$116M total capital project list broken down by revenue source. Mr. Hoglund referred her to the chart included on page 20 of the draft CFP in the packet materials for the meeting. Ms. Lovelett suggested moving that chart towards the front of the document. Mr. Johnson suggested adding a graph to reflect revenue by type. Mr. Miller reiterated the need for more justification for the \$1.2M ladder truck included on page 38 of the CFP. He confirmed with Chief Kennedy that there is no RCW requiring the city to own or maintain a ladder truck nor can the Washington State Rating Bureau require the city to have one; the Bureau can only issue deficiency points.

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

Contract Award: Sanitary Sewer Storage Study – Phase 1 Planning - 30% Design 18-179-SEW-001

Public Works Director Fred Buckenmeyer introduced City Engineer Eric Shjarback, Wastewater Treatment Plant Manager Becky Fox, and Eric Bergstrom and Colleen Petilla from HDR to address the subject contract. Mr. Buckenmeyer's slide presentation was added to the packet materials for the meeting. He summarized the Anacortes sanitary sewer system with its 23 pump stations in 29 basins, then explained the problem of inflow and infiltration (I&I), two means by which stormwater enters the sanitary sewer system and increases the demand on the treatment plant. Mr. Buckenmeyer cited the ongoing budget for I&I reduction and described the types of projects undertaken to date but noted that at current funding levels the effort was not proceeding quickly enough. He turned the presentation over to Mr. Bergstrom, who served as the engineer for the successful Combined Sewer Overflow (CSO) project in Mount Vernon in the mid 1990s and is now recognized as an authority on such projects in Washington State.

Mr. Bergstrom briefed Council on CSO projects around the state and how such a project could provide a more aggressive approach to resolving I&I in Anacortes. He referred to his slide presentation included in the packet materials for the meeting. Mr. Bergstrom explained the history of combined sewer design, the switch to separate sanitary and storm sewers to maintain water quality, and the fact that combined overflow during storm events still flows untreated into open water. He cited the 1987 RCW and WAC requiring strict reduction in such overflow events and noted that at that time Anacortes was one of the few communities in compliance with the law. However, he showed how over the past decade overflow events have become more common in Anacortes due to higher sanitary sewer load from the increased population and also more intense stormwater events as weather patterns shift. Mr. Bergstrom listed means of reducing overflows: disconnecting direct stormwater connections to the sewer system, reducing infiltration from private property and leaking public infrastructure, increasing storage capacity in pipes, tanks and/or tunnels, or upsizing the treatment plant which is the least affordable and least targeted option. Mr. Bergstrom said most agencies have opted for storage projects as the most cost effective means to address overflows. He then displayed and described nearly a dozen CSO storage projects he has worked on in western Washington.

Mr. Shjarback then presented staff's proposed sewer system storage study approach to define the problem, develop a range of conceptual solutions, refine the list according to geotechnical feasibility and order of

magnitude costs, arrive at a preferred alternative with 10% design level layouts and a construction cost estimate, and generate a summary report for consideration by Council and submission to the Department of Ecology. Councilmembers questioned Mr. Shjarback and Mr. Bergstrom about the level of design to be delivered by the proposed contract, noting 10% indicated on the slide presentations and 30% indicated in the agenda bill. Mr. Bergstrom said the scope of work would be considered 10% design. Mr. Miller asked Mr. Buckenmeyer how to explain the large cost of the proposed contract to constituents since staff has already made clear the need for a more aggressive approach to CSO. He said he would be more comfortable with 30% design. Mr. Buckenmeyer explained the need to consider and technically evaluate a number of options. Mr. Adams asked staff to clarify the completion date of the contract, listed in the agenda bill as July 2020. Mr. Buckenmeyer said the current contract would be approximately a 10 month effort. He cautioned that the subject contract would result in a planning level document and that there would be significant additional work and additional contracts or contract modifications to arrive at a final design and cost estimate. Mr. Buckenmeyer recommended approval of the contract as proposed so that HDR could begin that process. Mr. Johnson moved to approve the contract. Ms. Lovelett asked that the completion date be corrected to September 2019 in Paragraph 3 of the contract and that the agenda bill be revised to reflect 10% rather than 30% design, then seconded Mr. Johnson's motion with those modifications. Mr. Adams suggested taking action the following week given the scope of the project. Mr. McDougall moved to postpone consideration for one week. The motion died for lack of a second. Mr. Johnson and Ms. Lovelett withdrew the motion and the second to approve the contract as presented. Ms. Lovelett asked that the contract come back the following week with the requested corrections but not on the Consent Agenda.

There being no further business, at approximately 8:10 p.m. the Anacortes City Council meeting of December 10, 2018 was adjourned.