

City Council Minutes – December 4, 2017

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of December 4, 2017 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmember Bruce McDougall was absent. The assembly joined in the Pledge of Allegiance.

Ms. Lovelett moved, seconded by Mr. Johnson, to excuse the absence of Mr. McDougall who was away on business. The motion carried unanimously by voice vote.

Announcements and Committee Reports

Public Works Committee: Mr. Johnson reported from the committee meeting earlier in the evening at which a large number of topics was discussed:

- The 32nd Street/D Avenue roundabout received significant grant funding and was scheduled for construction in spring 2018. The grant will free up some budgeted transportation impact fee revenue which may be redirected to address the intersection of 32nd Street and M Avenue.
- Regarding City Hall seismic retrofitting, consultants had estimated a cost of approximately \$100K to fasten the walls to the ceiling joists but that given the large number of additional projects required to make the building seismically sustainable, the committee recommended exploring longer term alternatives to staying in the existing building. Ms. Pickett encouraged Council to proceed with the \$100K project. Mr. Johnson reported that the committee consensus agreed with that position.
- Sharpes Corner roundabout construction was scheduled to begin in April 2018 and complete by the 4th of July. Paving of SR20 spur between Sharpes Corner and Commercial Avenue was also scheduled for summer 2018.
- Staff was researching which private streets inside the city limits were not currently paying stormwater fees and working to assess fees where appropriate in 2018.
- Washington State may require changes in chlorination practices at water treatment plants that could result in additional water treatment expense.
- Craley representatives were working with city crews installing fiber optic microduct in the 36" water transmission line. Staff and consultants continued to evaluate municipal internet service models.

Mr. Miller reported from the three-day Emergency Operations Center training the prior week attended by Mr. Miller, Mayor Gere, all department heads and numerous other city staff. He advised that the session was part of the city's ongoing efforts to be prepared to maintain operations during a disaster, a responsibility the city takes very seriously.

Mr. Johnson announced the Washington State Governor's Committee on Disability Issues and Employment (GCDE) Town Hall Meeting to be held Wednesday, December 6, 2017 from 5:30 to 7:30 p.m. at the Anacortes Senior Activity Center. He said the public was invited to share success stories and ideas for positive change regarding life and work issues faced by persons with disabilities

Ms. Pickett announced that several local ham radio operators were working to establish an emergency radio station at the Salvation Army building and were still looking for funding to complete the project.

Mr. Walters reminded that he would be holding a Ward 1 community meeting on Tuesday, December 12 at 6 p.m. in the Library meeting room.

Mr. Walters reported that Council was looking into the questions raised about the Haddon Road PUD during public comment at the November 27, 2017 regular City Council meeting. He explained that some topics required more time to fully address and assured the public that its questions were not ignored by the Council. Mayor Gere confirmed that she had met with staff earlier in the day on that topic and that a report to Council was forthcoming.

Public Comment

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

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 November 27, 2017
- b. Approval of Claims in the amount of: \$267,069.07

The following vouchers/checks were approved for payment:
EFT numbers: 87276 through 87296, total \$132,073.99
Check numbers: 87297 through 87324, total \$134,131.22
Wire transfer numbers: 224281 through 224974, total \$6,157.16

OTHER BUSINESS

Ordinance 3015: Authorizing the Refunding of the 2007 Utility System Revenue Bond

Finance Director Steve Hoglund presented Ordinance 3015 which had been introduced for first reading at the November 27, 2017 regular City Council meeting. He introduced Duncan Brown of PFM Financial Advisers and bond counsel Alice Ost diek of Stradling Yocca Carlson & Rauth.

Mr. Brown summarized the background, process and estimated benefit to the city of the proposed refunding, referring to his slide presentation which was included in the packet materials for the meeting. He compared bond refunding to refinancing a home mortgage and noted that due to the low interest rate environment, significant debt service savings could be achieved by refunding the \$6,550,000 2007 utility system revenue bond. Mr. Brown recommended that Anacortes move forward with refunding. He advised that an RFP had been issued for financing proposals, that five proposals had been received by the deadline earlier in the day and that those proposals were currently being reviewed but that the rates looked very favorable and could achieve even more than the \$550K savings originally estimated. Mr. Brown concluded that if Ordinance 3015 were adopted, PFM would work with staff and bond counsel to conclude the refinancing by year end subject to the terms of the ordinance.

In response to a question from Ms. Lovelett, Mr. Brown estimated the total transaction costs for refunding would be no more than \$50K and noted that the projected annual debt service savings were net of those fees. Ms. Ost diek responded to councilmember questions about specific provisions of the ordinance.

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

Johnny Chase, 4211 Glasgow Way, asked what the city would do with the debt service savings. Mr. Hoglund explained that the savings would remain part of the regional water system capital fund for which the 2007 bonds were originally issued and that the savings could fund additional regional system capital

projects and/or potentially result in lower regional rates for the next three-year rate period. Mr. Adams asked staff to report back to Council how the savings were eventually used.

Mr. Miller moved, seconded by Mr. Walters, to adopt Ordinance 3015 authorizing the refunding of the 2007 Anacortes Utility System Revenue bonds. Vote: Ayes – Walters, Pickett, Adams, Lovelett, Miller and Johnson.

Ordinance 3018: Blue Heron Circle Reservoirs Project Funding

Mr. Hoglund resumed the discussion begun at the August 7, 2017 regular City Council meeting regarding funding for the Blue Heron Circle water reservoirs. He reminded Council that the low interest state loan originally awarded to the project had not been funded due to the legislature's failure to adopt a capital budget in the last legislative session. Mr. Hoglund said staff recommended approving a one-year interfund loan from restricted water utility capital cash to water utility operating cash to provide cash flow for the ongoing project costs. If the state loan was funded in the next legislative session and if the state loan documents were revised to allow retroactive funding of project costs, the state loan would be used to pay off the interfund loan. If not, the city would issue bonds to fund the project. Mr. Hoglund explained the proposed 1.61% interest rate for the interfund loan, based on the LGIP rate, and noted that the rate was only slightly higher than the state loan rate.

Mr. Hoglund and City Attorney Darcy Swetnam responded to councilmember questions regarding the likelihood of capital budget adoption and of loan proceeds being made available for retroactive expenditures. Several councilmembers voiced support for continuing with the state loan funding if at all possible as per Council's previous in depth consideration of funding options.

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

Mr. Walters suggested bringing the ordinance back to Council for adoption on the Consent Agenda at the regular December 11, 2017 City Council meeting. Mr. Hoglund advised that he would not be in attendance at that meeting but that the ordinance could be presented on the Consent Agenda. Councilmembers concurred with that course of action.

There being no further business, at approximately 6:43 p.m. the Anacortes City Council meeting of December 4, 2017 was adjourned.