

City Council Minutes – October 23, 2017

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of October 23, 2017 at 6:00 p.m. Councilmembers Eric Johnson, Erica Pickett, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmembers Ryan Walters and Bruce McDougall were 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

Proclamation of National Hospice Palliative Care Month: Mayor Gere read a statement proclaiming November 2017 to be National Hospice Palliative Care Month in Anacortes and encouraging citizens to increase their understanding and awareness of care at the end of life and to observe the month with appropriate activities and programs. Mayor Gere presented the signed proclamation to Bob Laws, Executive Director of Hospice of the Northwest.

Mr. Johnson reported from the Finance Committee meeting earlier in the evening at which those present discussed upcoming topics including a computer systems backup purchase and water debt refunding opportunities as well as the mid-biennium budget review and adjustment.

Mr. Miller reported from the Lodging Tax Advisory Committee meeting the prior week, the first of three meetings to consider applications for the approximately \$325K of lodging tax funding available.

Mr. Adams reported that the Planning Committee meeting regularly scheduled for earlier in the evening had been cancelled but that the committee would meet 5:00-7:00 p.m. on Thursday, October 26 to review the draft development regulations.

Ms. Lovelett reported from the Depot Master Planning Committee meeting the prior Thursday at which those present discussed interior lighting options and continued discussion of potential funding for and desirability of an exterior restroom, a small outdoor stage and enhanced madrone grove access.

Public Comment

No one present wished to address 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 October 16, 2017
- b. Approval of Claims in the amount of: \$602,838.08

The following vouchers/checks were approved for payment:
EFT numbers: 86795 through 86829, total \$234,097.73
Check numbers: 86830 through 86878, total \$270,242.04
Wire transfer numbers: 221295 through 222954, total \$104,175.09

OTHER BUSINESS

Cost of Service Water Rates

Finance Director Steve Hoglund recalled the water rate discussions from several recent City Council meetings, referring to the packet materials for this item. He recapped the proposal to introduce a new multi-family rate category separate from the single family and commercial rate categories beginning January 1, 2018. Mr. Hoglund confirmed that Council was not interested in implementing “tiered” or “block” rates at this time. He advised that the proposed rate structure would come back to Council for adoption at its November 6, 2017 regular meeting.

Ms. Pickett asked why agricultural irrigation rate revisions were not included in the draft resolution revising the water rate schedule. Mr. Hoglund said he had understood that Council wanted more input from interested parties before proceeding. Mr. Miller suggested posting a specific proposal for a specific date to encourage public feedback. He observed that most of the councilmembers appeared to support a phased in increase in agricultural water rates. Ms. Pickett spoke in favor of implementing the actual cost rate as staff had proposed on October 16. Ms. Lovelett asked to separate the discussion of agricultural irrigation rates from residential rates and supported a gradual rate increase to something below staff’s proposed rate, preferably subsidized by all parties in the water system rather than Anacortes residents only. Mr. Adams agreed with Mr. Miller. Mr. Johnson reminded that the current rate structure gives Anacortes agricultural customers an advantage over those purchasing water from other Skagit Valley purveyors. Mayor Gere advised that the current low agricultural irrigation rates had been established when the water lines were installed across the valley to compensate the farmers along the route of the 36” line for disruption to their fields during construction.

Mr. Hoglund reviewed with councilmembers the draft ordinance that would define the new rate category and which rate class would apply to different homeowner association configurations. Ms. Pickett and Mr. Miller thanked staff for the effective definitions. Ms. Lovelett asked for more specificity in paragraph G.

Mayor Gere invited members of the public to address this agenda item.

Chuck Bush, 2308 Forest View Lane, said he was totally against the proposed multi-family designation and rates and felt it was discriminatory. Mr. Bush said that 1-4 unit structures were considered residential by financial institutions and that 5 or more unit structures were considered commercial and subject to higher interest rates. He expressed concern that increasing water rates would increase rents and that some older tenants might not be able to absorb those increases. Mr. Bush said that in the early 1990’s 5/8” residential meters were not available so some multi-plexes were built with 3/4” or even 1” meters and were charged the commercial rate even though they were residential properties. Mayor Gere clarified that the proposed multi-family rate would apply to those duplexes that share a single water meter and would lower their water rates, not increase them. Mr. Bush reiterated that 1-4 unit structures were considered residential by lending institutions. Ms. Lovelett asked if Mr. Bush’s duplexes could have their meters swapped out for 5/8” meters. Mr. Hoglund said he would refer that question to the Public Works department.

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

Mr. Hoglund confirmed that he would bring both the draft ordinance and the draft resolution back to Council for consideration and action at its November 6, 2017 meeting.

Third Quarter Finance Update

Finance Director Steve Hoglund updated Council on the city’s financial position through the end of the third quarter. He reviewed the customary series of graphs and charts included in the packet materials for

the meeting including property, sales, real estate excise and lodging tax revenues, impact fees, revenues and expenditures vs. budget by fund, the investment portfolio, and capital projects. Mr. Hoglund explained the few apparent anomalies caused by non-linear revenue and expenditure streams and elaborated on several items that would be addressed by the budget amendment later on the agenda. He concluded that the economy was healthy and the city's financial position offered no cause for concern.

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

Ordinance 3012: Amending the 2017/2018 Budget

Finance Director Steve Hoglund presented a draft ordinance to amend the 2017/2018 biennial budget, in preparation for the mid-biennial review. He explained each line item and responded to councilmember questions. Parks Operations Manager Jonn Lunsford clarified that the tennis court resurfacing line item referred to the 22nd Street courts and that the costs were being shared 50% by Anacortes School District, 25% by the Anacortes Parks Foundation and 25% by the city.

Mayor Gere invited members of the public to address this agenda item.

John Chase, 4211 Glasgow, asked if there was a cap on how much the city would spend for the fiber optics investigation as that number seemed to be increasing. He also asked how the original contract to NoaNet was solicited and awarded. Mr. Hoglund explained that the budget amendment line item was to support a contract amendment that had already been approved. He added that the NoaNet contract was a professional services contract so was not required to be bid. Mayor Gere said staff would get Mr. Chase more specific information.

Ms. Pickett moved, seconded by Mr. Adams, to adopt **Ordinance 3012** amending the 2017/2018 biennial budget. Vote: Ayes – Pickett, Adams, Lovelett, Miller and Johnson. Motion carried.

There being no further business, at approximately 7:15 p.m. the Anacortes City Council meeting of October 23, 2017 was adjourned.