

City Council Minutes – May 1, 2017

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of May 1, 2017 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett and Matt Miller were present. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Finance Committee: Mr. Johnson reported from the committee meeting the previous Wednesday at which those present discussed a proposal from former La Conner Town Councilmember Dan O'Donnell regarding irrigation water and also the finance update and budget amendment to be presented later in the evening.

Personnel Committee: Ms. Pickett reported from the committee meeting the previous Friday at which those present discussed the process for selecting a city councilmember to replace John Archibald.

Public Works Committee: Mr. Johnson reported from the committee meeting earlier in the evening at which those present reviewed an upcoming presentation on the fiber optic network project and discussed the stormwater utility public outreach effort. Mr. Walters added that the committee also briefly discussed Rotary Park Lane maintenance.

Mr. Miller reported from joint meeting between the City Council and the Anacortes School Board on April 27, 2017 to discuss a proposed Youth Community Center. He summarized that the District was concerned about long term use of the proposed site at 22nd Street and J Avenue and the City Council was concerned about long term O&M costs for such a facility. Mayor Gere reported that the privately funded feasibility study for the project had identified a need for the center and that some private funding was also available for construction so she was optimistic that a suitable location and ongoing operational funding could be resolved.

Mayor Gere amended the agenda to add to Item 8, Executive Session, an additional ten minutes to discuss litigation per RCW 42.30.110(i).

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 passed unanimously by voice vote.

- a. Minutes of April 24, 2017
- b. Approval of Claims in the amount of: \$140,746.55
- c. Grant Agreement: PSE Schedule 258 High Voltage Conservation Grant to Lamp Water Treatment Plant with LED Lights

The following vouchers/checks were approved for payment:
EFT numbers: 84719 through 84758, total \$38,573.73
Check numbers: 84759 through 84796, total \$49,579.65
Wire transfer numbers: 214965 through 215673, total \$16,753.44

OTHER BUSINESS

City Council Candidate Presentations

Administrative Services Director Emily Schuh explained the process for filling the city council position vacated by John Archibald effective April 30, 2017, referencing the relevant RCW 35A.12.050. Her slide presentation was added to the packet materials for the meeting. Ms. Schuh introduced the three candidates who had expressed interest in the position: Chad Ehler, Bob Hyde and Bruce McDougall. She said each candidate would have five minutes to address the Council, in an order drawn by lots prior to the meeting, and would then be given two additional minutes for closing comments. In response to a question from Mr. Walters, Ms. Schuh reported that the vacancy had been publicized via press release and on the city website, that letters of interest had been accepted through noon on April 27, 2017, and that the Personnel Committee had then met on the morning of April 28 to determine if all candidates met the residency requirements and to finalize the process for presentations at the present meeting.

Candidate Bruce McDougall shared a slide presentation summarizing his local roots, educational and professional background, and community involvement including serving on the Citizens Advisory Council for the 2016 Comprehensive Plan and as a volunteer consultant for the municipal fiber optic network initiative and its feasibility study. He identified goals of building a 21st Century community, supporting a strong and diverse local economy, and protecting and preserving the community. Mr. McDougall added that he had already filed to run for the Council position in the general election.

Candidate Chad Ehler shared the inspiration for his candidacy, describing the interconnected web of neighbors, friends and community members who make up Anacortes and whom he wished to continue to serve as a councilmember for the common good of the city. Mr. Ehler then addressed the wide ranging perspective he would bring to the Council position, citing his range of professional and volunteer experience, extensive travels, outdoor activities, and dedication of time, energy and resources to those in need.

Candidate Bob Hyde briefly summarized his professional and volunteer accomplishments in public sector leadership positions in Anacortes and Skagit County over the preceding twenty years including as Anacortes Public Works Director and Port of Anacortes Executive Director. Mr. Hyde then listed ten aptitudes and attitudes he would bring to his service on the Council. Mr. Hyde described the mentality of excellence and true sense of customer service that Anacortes was moving towards to distinguish itself from other cities and said that was an exciting opportunity for the community.

Mayor Gere thanked the candidates for their presentations. She said Council would discuss the candidates in executive session at the end of the meeting and would continue the discussion in open session at the regular City Council meeting on May 8, 2017.

Resolution 1988: Skagit, Whatcom, Island Counties HUD HOME Consortium Agreement Renewal

Planning, Community and Economic Development Director Don Measamer summarized the proposed consortium agreement as presented in the packet materials for the meeting. He said draft Resolution 1988 would authorize the mayor to enter into the interlocal agreement for 2018-2020, then automatically renew for successive 3-year periods. He introduced Kayla Schott-Bresler, Skagit County Public Health Analyst, to elaborate on the consortium and its accomplishments during the past 3-year cycle.

Ms. Schott-Bresler provided historical background on the HOME grant and the formation of the consortium in 2015 to allow jurisdictions in Skagit, Whatcom and Island counties to qualify for federal funding to address homelessness and the shortage of affordable homes. She emphasized that continued participation in the consortium for the 2018-2020 grant cycle increased the amount of funding available to the group without impacting any member's access to federal funding it would otherwise qualify for. Ms.

Schott-Bresler described the several programs funded by the approximately \$1.8M awarded to the consortium for 2015-2017. She said the bulk of the resources had been dedicated for portable tenant vouchers for homeless households that provide one year of rental assistance to tenants who pay 30% of their income for rent with the vouchers making up the remainder. She added that Skagit County was supporting a 0.5 FTE for case management support for those high need clients. Ms. Schott-Bresler said HOME also supported home ownership efforts in Skagit County, administered by Home Trust of Skagit, and planning activities related to homelessness needs. She asked Anacortes to continue its participation in the consortium.

Ms. Schott-Bresler responded to councilmember questions about how many Anacortes residents had been served by the regional grant, how voucher use was monitored, the distribution of grant funding among the three counties and membership on the consortium board. She noted the challenges of implementing the voucher program due to extensive federal regulations, low vacancy rates and the very high market rental rates in the area. Mr. Johnson suggested that given those factors, perhaps the funding would be better spent to build an apartment complex that could then rent units in conformance with the federal requirements. Ms. Schott-Bresler said that option could be considered for the 2019-2021 consolidated plan.

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. Adams, to approve Resolution 1988 and to enter the interlocal cooperation agreement for the HOME Consortium. Mr. Walters disclosed that as a fixed salary employee of Skagit County, one of the contracting parties to the agreement, under RCW 42.23.040 he had a remote interest in the agreement and for the city to enter into the agreement his vote could not be counted. Vote: Ayes - Johnson, Pickett, Adams, Lovelett and Miller. Abstain – Walters. Motion carried.

Water Treatment Plant Optimization Program

Public Works Director Fred Buckenmeyer introduced Water Treatment Plant Manager Jeff Marrs to update Council on the ongoing treatment optimization program at the plant. His slide presentation was added to the packet materials for the meeting. Mr. Marrs explained the Washington State Dept. of Health Treatment Optimization Program initiated in 2001 for rapid rate filtration plants that treat surface water, focusing on particulate removal and disinfection to maximize public health protection from microbial contamination. He contrasted compliance, which is required, with optimization, which further enhances performance. Mr. Marrs described how the wide variation in sediment levels in the Skagit River made optimization challenging until the new plant with its Actiflo ballasted sedimentation process was commissioned in 2013. He summarized the optimization efforts undertaken since that time and announced that the plant was fully optimized for 2016. Mr. Marrs said staff was enrolled in performance based training with the Dept. of Health and expected that ongoing training, planning, and research would allow further optimization.

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

Maureen Scheetz asked if any kind of filter had been installed to help remove pharmaceuticals from the finished water. Mr. Marrs said plant staff did test for precursors for pharmaceuticals. He said he would further investigate that topic and report back.

Wilhelmus Houppermans suggested periodic open houses for the public at the water treatment plant. Mayor Gere endorsed that idea.

First Quarter Finance Update

Finance Director Steve Hoglund provided an update on the city's financial picture following the close of the first quarter. Referring to the charts provided in the packet materials for the meeting, Mr. Hoglund reported on first quarter tax revenues including sales tax, real estate excise tax (REET), impact fees, lodging tax, and Transportation Benefit District vehicle fees, all of which were above projections as of March 31. Mayor Gere asked about sales tax distribution. Mr. Hoglund replied that car sales, the hospitality industry, construction and marine trades continued to lead sales tax revenues in Anacortes. Ms. Lovelett asked what proportion of revenue came in from construction taxes since new construction on an island could not continue indefinitely. Mr. Hoglund said he could bring an analysis of that topic back to Council.

Mr. Hoglund then looked at general fund revenue streams which in total were right at 25% of budget after the first quarter even without any first half property tax. He continued with a summary of revenues and expenditures by fund in the other funds, noting no unusual activity except in Fund 108 pending rollover of unspent 2016 budget into 2017. Mr. Hoglund reviewed the cash flow graph and budget to actual capital expenditures report included in the packet materials.

He then presented an analysis of Anacortes budget trends, demonstrating that the budget increase between 2012 and 2017 was primarily due to increased capital spending including debt service for the new water treatment plant and to artifacts of accounting changes for pass through funds. He concluded that excluding those factors, the budget had been increasing at approximately the rate of CPI. Mr. Hoglund's budget trend analysis was added to the packet materials for the meeting.

Ordinance 3003: 2017 Budget Amendment

Mr. Hoglund presented a proposed amendment to the 2017 budget and reviewed each line item, noting the funding sources for each additional expenditure including grants, roll over of unspent budget from 2016, fund balance and REET. He responded to councilmember questions about individual projects and funding sources. Mr. Johnson noted that one item was mentioned in the amendment recitals but not included in the amendment calculation. Mr. Hoglund advised that the amount would be \$20,000 in Planning Department repairs and maintenance to be funded by fund balance.

Ms. Pickett moved, seconded by Mr. Johnson, to adopt **Ordinance 3003** amending the 2017/2018 budget including the addition of a line item of \$20,000 for ditch cleanup.

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

Vote: Ayes – Walters, Pickett, Adams, Lovelett, Miller and Johnson. Motion carried.

Executive Session per RCW 42.30.110 (h) and (i)

At 8:10 p.m. Mayor Gere announced that City Council and the City Attorney would convene in Executive Session for approximately 30 minutes to discuss City Council candidate qualifications and litigation and that immediately following the executive session the meeting would adjourn with no action being taken.

There being no further business, at approximately 8:57 p.m. the Anacortes City Council meeting of May 1, 2017 was adjourned.