Mayor Pro Tem Ryan Walters called to order the regular Anacortes City Council meeting of December 12, 2016 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett and John Archibald were present. Councilmember Matt Miller was absent. Mr. Walters reported that Mayor Gere was absent due to illness. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Planning Committee: Mr. Walters announced that the committee meeting scheduled for earlier in the evening had been cancelled due to illnesses.

Nicole Johnston, Recreation Coordinator, reported on the very well attended 5th annual Wonderland Walk held at Washington Park over the weekend. Ms. Johnston thanked all the vendors, performers, volunteers and the entire Parks Department staff for making the popular event possible.

Ms. Johnston updated Council on the Storvik Park spray pad project. She reported that Tesoro had recently donated $50K to the Anacortes Parks Foundation in support of the project which brought total donations for the spray pad to $160K towards the $180K goal. Ms. Johnston said construction was approximately 50% complete.

Mr. Johnson reported that due to below freezing night temperatures in the forecast the Salvation Army cold weather shelter would be open. He encouraged volunteers to contact the Salvation Army.

Mr. Walters reported that the audit exit conference had been rescheduled to Thursday, December 22, 2016 at 11:00 a.m.

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

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

a. Minutes of December 5, 2016
b. Approval of Claims in the amount of: $462,852.87
c. Resolution 1978: Authorizing Public Works Director to Accept Projects as Complete & Act as Authorized Signator of WSDOT HQLP Documents
d. Puget Sound Energy Schedule 139 Voluntary Long Term Renewable Energy Service Agreement
e. Contract Modification: Engineer Design Storvik Park Spray Pad (Schemmer Consulting)
f. Accept as Complete: Re-Roofing Operations Building (16-065-IDS-001) - Hytech Roofing, Inc.

The following vouchers/checks were approved for payment:
Check numbers: 83089 through 83148, total $508,931.93
EFT numbers: 83035 through 83088, total $234,250.77
Wire transfer numbers: 210484 through 211058, total $10,750.93

OTHER BUSINESS

Ordinance 2988: Amendments to AMC Title 2, Title 9, Title 18, and Creating a New Title 20 to Provide for a Fair and Efficient System of Civil Code Enforcement
Planning Director Don Measamer recalled that at its December 5, 2016 meeting Council considered a revised draft of proposed Ordinance 2988 and a summary of public comments received up to that point. He advised that those comments and councilmember feedback from that meeting had been incorporated

in the revised draft ordinance included in the packet materials for the present meeting. Mr. Measamer said that no additional comments had been received since December 5, 2016. He responded to councilmember questions from the previous meeting regarding the number of code enforcement activities typically undertaken in a year and said the proposed revised code would provide a means to achieve more rapid resolution of complaints. In response to a previous councilmember query about the anticipated annual cost of engaging a hearing examiner for code enforcement appeals, Mr. Measamer estimated 4-6 cases per year averaging four hours each at approximately $150 per hour. He reminded that the public hearing on the ordinance had been closed on October 24, 2016 and invited Council consideration of the proposed ordinance. Mr. Measamer addressed councilmember questions about removing "legalese" from proposed AMC 2.30.050, timing of the annual report called for in proposed AMC 20.30.090, and establishment of appeal fees as part of the future unified fee schedule. Ms. Lovelett expressed concern about mandating the appearance of residential yards and supported allowing for a variety of neighborhood and personal styles.

Mr. Archibald moved, seconded by Ms. Pickett, to adopt **Ordinance 2988** amending AMC Title 2, Title 9, and Title 18, and creating a new Title 20 to provide for a fair and efficient system of civil code enforcement. Vote: Ayes – Pickett, Walters, Adams, Archibald, and Johnson. Nays – Lovelett. Motion carried.

Ordinance 2992: Title 19, Land Use Permit Procedures

Mr. Measamer summarized the history of this ordinance including a public hearing before the Planning Commission on November 23, 2016 and November 30, 2016, Planning Commission recommendation of approval with specific changes, and incorporation of the Planning Commission recommendation and public and councilmember comments into the revised version of Title 19 that was presented in the packet materials for the current meeting. Mr. Measamer advised that copies of additional public comments received after packet preparation had been distributed to councilmembers and the public at the beginning of the meeting. He welcomed additional public and councilmember discussion and comment in preparation for the scheduled public hearing on December 19.

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

Councilmembers discussed at some length parking requirements for ADUs and whether to address those explicitly in Title 19 or rather as part of the development regulation update in 2017. Mr. Measamer reviewed proposed Table 19.20.030-1 in detail and discussed with councilmembers a number of possible revisions to that table. Councilmembers debated conditional use permits at some length in relation to the table. Mr. Walters explained that conditional uses would be addressed during the zoning code rewrite and would be specifically identified by type according to Table 19.20.030-1. He emphasized that Title 19 was intended to specify procedures and that substantive decisions about development regulations and zoning code would be part of the longer development regulation process during 2017 and possibly beyond. Ms. Lovelett asked how much funding was included in the 2017/2018 biennial budget for hearing examiner services and how much additional funding would be required if more types of decisions were assigned to a hearing examiner. Mr. Measamer said staff would bring more information back to the next meeting on that topic and noted that outside of code enforcement appeals, most hearing examiner fees would be paid by the applicant. Ms. Lovelett reiterated the need to strike a balance between preventing taxpayers from subsidizing appeals and not making appeal fees prohibitive for appellants.

Mr. Walters again invited members of the audience to comment on this agenda item. No one present wished to address the Council.

Mr. Walters concluded from the discussion that no revisions to draft Ordinance 2992 were requested for the public hearing on December 19, 2016. Mr. Measamer confirmed that public comment would be accepted through the conclusion of the public hearing. Mr. Walters reminded his colleagues that Council needed to adopt a final version of Title 19 by the end of the year because the new stormwater code effective in January 2017 depended upon Title 19.

Resolution 1979: Adopting New Travel and Business Meals Policies and Procedures for the City
Finance Director Steve Hoglund presented draft Resolution 1979 updating the 2010 travel and business meals policy. Mr. Hoglund reviewed the four substantive changes to the policy as described in the agenda bill for this item. Councilmembers were generally supportive of the changes but questioned the proposed policy for reimbursing staff for local business meals. After considerable discussion, Mr. Walters said the language of that section was overly broad and asked that the policy be redrafted to require all local business meals to comply with the constraints listed on page 6 of the draft document. Mr. Archibald disagreed and supported the policy as drafted.

Mr. Archibald moved, seconded by Mr. Johnson, to authorize Resolution 1979 adopting a new travel policy for the City of Anacortes.

Mr. Adams moved, seconded by Ms. Pickett, to table the motion pending additional information from staff. Mr. Walters considered this a motion to postpone consideration to the next regular City Council meeting. No one objected. Mr. Walters asked that Ordinance 2825 adopting the current travel policy be repealed before adopting the new policy by resolution.

Vote on motion to postpone consideration to the next regular meeting of the City Council carried by voice vote.

Resolution 1976: Lodging Tax Contracts
Mr. Measamer reported that the Lodging Tax Advisory Committee met on November 17 and November 29, reviewed the 23 applications submitted for lodging tax funding totaling $463,748, and recommended awarding funds totaling $291,000 for eighteen projects and setting aside $97K (25%) of the projected $388K in 2017 lodging tax revenue consistent with the Tourism Promotion Strategic Plan recently adopted by Council. Mr. Measamer noted that the LTAC recommended awarding the Anacortes Chamber of Commerce more than it had requested for the International Ferry and Anacortes Marketing Program and less than it had requested for the Visitor Information Center. He advised that the Chamber had subsequently requested that the VIC contract be removed from consideration as part of Resolution 1976 to provide the Chamber an opportunity to present more information to Council. In the absence of LTAC Chair Matt Miller, Mr. Measamer invited committee member Mark Lione to answer questions from councilmembers.

Mr. Lione explained that in 2016 the Chamber had requested approximately $73K for the VIC and the LTAC had awarded an increased amount of approximately $84K but that when considering 2017 applications the LTAC felt the marketing program needed an additional $25K over what had been requested which necessitated lowering the VIC award. Mr. Johnson asked if the additional 2016 funding for the VIC had successfully provided more exposure to businesses that were not Chamber members. Chamber Executive Director Stephanie Hamilton reported on the process established in 2016 to display promotional materials from non-member businesses at the VIC, said that only three such businesses had applied, and described how the additional funding had been used to enhance the visitor experience at the VIC including purchasing additional white lights downtown, a flat screen TV, an iPad and docking station for visitor use, and exterior improvements to the building. Mr. Archibald said IRS guidelines call for chambers of commerce to promote the common economic interest of all the commercial enterprises in a given community. He asked that both Chamber contracts be removed from consideration as part of Resolution 1976 until Council could determine that the VIC funding complied with IRS regulations. Mr. Walters inquired if the LTAC would like to reconsider those two applications. Mr. Lione reported that the LTAC recommendation had been unanimous. Mr. Measamer said that staff supported awarding the majority of the contracts so applicants could proceed with their projects early in the new year but that the awards could be postponed a couple of weeks if Council wished to hear more from the Chamber about the VIC.

Ms. Pickett spoke in support of the Chamber's efforts welcoming visitors and presenting Anacortes to the public. She moved to adopt Resolution 1976 as presented. The motion died for lack of a second.

Mr. Archibald moved to pull the two Chamber of Commerce applications and approve the rest of the applications. The motion died for lack of a second.

In response to a question from Mr. Adams, Mr. Measamer explained that if Council wished to allocate funding differently than recommended by the LTAC, it could remand some or all of the applications to the LTAC for a mandatory 45-day period of reconsideration. Mr. Walters, immediate past Chair of the LTAC, observed that sending a single contract back to the LTAC for reconsideration would not allow for any modification to its recommendation since all funding had already been allocated. He advised against pressuring the LTAC to change its recommendation.

Mr. Johnson moved, second by Ms. Pickett, to adopt **Resolution 1976** authorizing execution of tourism promotion fund contracts.

Councilmembers continued discussion of the VIC funding. Mr. Lione commented on the Chamber's extremely specific and well supported proposal for destination marketing which convinced the LTAC that that contract deserved more funding and that the $59K of available funds remaining would be adequate to fund the functioning of the VIC.

Ms. Pickett called for the question.

Mr. Walters invited members of the audience to comment on this agenda item.

Josh Baldwin, 4309 Blue Heron Circle, spoke on behalf of the Chamber and its far reaching efforts to bring visitors to Anacortes. He said the Chamber promotes Anacortes as a destination, not just member businesses. Mr. Baldwin said the VIC serves a good purpose for visitors and that volunteer recommendations do benefit the community as a whole. He recommended approving the Chamber contracts.

Stephanie Hamilton thanked the LTAC for looking at the international marketing and tourism promotion contract. She said that lodging tax collected in the city has increased by 62% since 2008 largely due to the work of the Chamber's destination marketing. She noted the importance of advertising placed in annual publications and thanked Council for the timely funding for that work. She said the marketing division was already working on determining the best use for the additional funds, informed by the Tourism Strategic Plan. She mentioned the successful 2016 program to invite travel writers to town which the Chamber hoped to expand.

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

Mr. Archibald moved to amend the motion to remove both Chamber of Commerce contracts from Resolution 1976. The motion died for lack of a second.

Vote on motion to approve **Resolution 1976** as presented: Ayes –Walters, Adams, Lovelett, Johnson and Pickett. Nays – Archibald. Motion carried.

<u>Updating Water, Sewer GFC and Other Miscellaneous Fees</u>
Mr. Measamer introduced a first look at projected increases in general facilities charges for 2017 and 2018 which would be effective January 1, 2017. The rate table he displayed was added to the packet materials for the meeting. He explained that staff were still working on developing a new fire impact fee, which would require a public hearing and adoption by ordinance. Mr. Measamer said staff were also researching in increase in the traffic impact fee, over the longstanding $900 fee, as recommended by the transportation consultant to support the level of service adopted by the 2016 Comprehensive Plan. He advised that staff would bring those rate proposals before Council for consideration and action early in the new year. He said revised Title 3 language would also address the possibility of waivers for impact fees for affordable housing. Council discussed making all fees subject to an annual CPI adjustment. Ms. Lovelett reiterated her prior suggestion that fire impact fees possibly be based on risk factors rather than strictly on square footage and that they be structured to incentivize sprinkler systems.

Mr. Walters invited members of the audience to comment on this agenda item.

Wilhelmus Houppermans, 3412 K Avenue, recalled recent suggestions of establishing a city ombudsman position to assist the public relating to appeals. Mr. Houppermans said that most problems start with a building being built so he suggested a $5,000 per building fee to fund an ombudsman position.

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

There being no further business, at approximately 8:15 p.m. the Anacortes City Council meeting of December 12, 2016 was adjourned.