

City Council Minutes – February 19, 2019

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of February 19, 2019 at the advertised special time of 5:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Anthony Young, Brad Adams, Bruce McDougall and Matt Miller were present. Councilmember Liz Lovelett was absent. Mayor Gere announced that Ms. Lovelett would telephone in to the February 25, 2019 regular City Council meeting from Olympia or provide a statement for the mayor to read on her behalf.

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Skagit Valley Tulip Festival Poster Presentation: Cindy Verge, Executive Director of the Skagit Valley Tulip Festival, presented Mayor Gere with a framed print of the 2019 Tulip Festival poster by artist Ben Mann. Ms. Verge thanked Anacortes for the Lodging Tax funding used to print the festival brochure, noting that the festival brings 300K-400K people to the Skagit Valley during April each year.

Port/City Liaison Committee: Mr. Johnson reported from the committee meeting on February 5. He reported that the Port had renegotiated its petroleum coke contract with Shell reflecting increased coke transport and had purchased 7 acres of property adjacent to the Anacortes airport for \$1.5M for industrial or other uses but that the property had not been purchased with FAA funding so tree clearing or topping would not be required by that agency.

Public Safety Committee: Mr. Miller reported from the committee meeting on February 5. He mentioned a new hire in the police department who would begin the lengthy training process, updates in homelessness case law, and the accreditation process in 2019. For the Fire Department, Mr. Miller said the committee discussed the fire impact fees that would be presented later in the meeting, capital project priorities, and the cost of the volunteer program.

Mr. Johnson reported from the Traffic Safety Advisory Committee meeting earlier in the day. He advised that after further discussion of the intersection of 32nd Street with H and I Avenues, the committee had agreed to leave the stop signs in their current configuration pending eventual construction of a roundabout at that intersection. Mr. Miller added that the intersection of 32nd Street and M Avenue was considered a higher priority location for a roundabout. Mr. Johnson also advised that after discussion, the committee had recommended leaving Dead End and No Outlet signs in place in accordance with state standards. Mr. Johnson thanked Public Works Operations Manager Sandi Andersen for the new and improved Traffic Safety page on the city website.

Public Comment

Robert Miller, 1501 Latitude Circle, said that during the recent snowfall there were 4-5 days when no plowing occurred on his street until he flagged down a city plow. Mr. Miller expressed concern that the steep slope down to Oakes Avenue on Latitude Circle presented a hazard of cars sliding out into Oakes Avenue traffic during icy conditions. He suggested prioritizing that area for plowing during snow events to minimize that hazard. Mayor Gere thanked Mr. Miller for his comments and referred the suggestion to Public Works staff present.

Consent Agenda

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

- a. Minutes of February 4, 2019
- b. Approval of Claims in the amount of: \$341,310.32

- c. Interlocal 278 with Department of Corrections: Law Enforcement Canine Training Program
- d. Resolution 2034: Waiving Bidding Requirements for the Purchase of SAS Drives

The following vouchers/checks were approved for payment:

EFT numbers: 92141 through 92186 and 92225 through 92261, total \$536,140.04

Check numbers: 92139 through 92140, 92187 through 92224 and 92262 through 92303, total \$305,586.81

Wire transfer numbers: 24715 through 245307, total \$7,408.46

OTHER BUSINESS

Ordinance 3036: Municipal Code Chapter 1.30, Contracting

Resolution 2030: Purchasing Policy

City Attorney Darcy Swetnam introduced these related topics for Council review and discussion. Ms. Swetnam's slide presentation was added to the packet materials for the meeting. She outlined the extensive staff and committee work over the preceding two years to develop the proposed revisions currently under discussion.

Ms. Swetnam focused first on the proposed contracting ordinance. She summarized contracting and purchasing volume in 2018, then reviewed the legal authority for City Council to delegate contracting authority to the mayor, then presented draft Ordinance 3036 that would establish AMC 1.30. Ms. Swetnam advised that the ordinance would be slightly revised and renumbered before its next review by Council. Mr. Miller asked about changing the dollar limit of the mayor's contracting authority. Ms. Swetnam acknowledged prior discussions considering changing that limit, said that Council has discretion to set that limit, but advised that there was not a strong indication of a specific alternative. Mr. Miller praised the ordinance language addressing contract modifications. Mr. Walters asked that proposed AMC 1.30.030 set specific standards for review by each named reviewer. Ms. Swetnam concurred. Mr. Walters asked that contract numbering include four-digit rather than 2-digit years. Mayor Gere asked what the current \$30K limit, established in 2002, would equal in present day dollars. Mr. McDougall calculated approximately \$42K. Mr. Walters and Mr. Johnson reported that the Finance Committee had looked at limits established by other jurisdictions and whether different limits might be appropriate for different types of contracts (e.g., public works vs. other types). Ms. Swetnam said staff would bring back more information to Council on those topics, as well as the number of contracts over and under the current threshold, so Council could determine the time savings possibly to be achieved by establishing a different threshold. Mr. Adams observed that Council review and approval had sometimes provided a useful second set of eyes even on smaller contracts.

Ms. Swetnam then turned to the purchasing policy, noting the extensive effort by the Finance Department and more recently by Contract Specialist Tiffany Matson and the Finance Committee to develop the new draft. She emphasized the intent of bid laws "to help ensure that public contracts are performed satisfactorily and efficiently at the least cost to the public, while avoiding fraud and favoritism in their award." Ms. Swetnam briefly summarized the structure of the extensive and detailed policy, then elaborated on levels of competition. She addressed the topic of local preference and which purchases could allow some consideration of local businesses. Mr. McDougall raised the concept of velocity of money (a dollar spent locally multiplies its value in the local economy) and asked if that concept was recognized by the State Auditors. Ms. Swetnam said no and elaborated on staff's research of how other jurisdictions have addressed the question. Mr. Young reiterated his desire that the policy explicitly encourage staff to purchase locally where possible and suggested that staff be encouraged to negotiate prices with local vendors. He also asked that the city consider using alternative purchasing rosters, such as that of EDASC. Ms. Swetnam explained the requirements for using purchasing rosters and said city staff were available to assist any local vendor in joining the MRSC vendor rosters used by the city. She also clarified that state law prohibits negotiating prices. Mr. Adams cautioned against any practice

of negotiating pricing. Mr. Johnson suggested that the matrix on page 31 of the draft policy add the legal restrictions listed on Ms. Swetnam's final slide. Ms. Swetnam agreed.

Resolution 2033: Authorizing a Single Source Designation to Furnish and Install an Atlantis Hydrotec Integrated Smart Monitoring System (ISM) for City's Telemetry System

Public Works Director Fred Buckenmeyer introduced an innovative leak detection technology available from Craley, the firm supplying the city with fiber-in-the-pipe technology. Mr. Buckenmeyer advised that to procure the technology Council would need to authorize sole source designation for Craley, then at a future meeting approve the contract with Craley. Mr. Buckenmeyer described the leak detection technology and its potential to also serve as third-party intrusion detection, a service that could be potentially be marketed to other jurisdictions within the water utility's service area. Mr. Buckenmeyer handed out a summary of water loss statistics and concluded that the return on investment for ISM was six years based on water loss alone. Councilmembers questioned Mr. Buckenmeyer about where leaks could be detected, the value of water that might be conserved, what recurring costs would be involved, which portion of the water transmission and distribution system currently had fiber installed to implement ISM, and the costs and timeline for expanding fiber into other portions of the system. Mr. Walters said the \$367K price tag was high for monitoring transmission lines only and noted that the cost was not included in either the budget or the capital facilities plan. He suggested waiting until ISM could be added to those documents and water rates adjusted accordingly to cover the cost of the system.

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

Mr. Miller indicated he would rather focus efforts on lighting up and proving the fiber from the water treatment plant into Anacortes before implementing another new fiber-based technology. Mr. Young agreed. Mr. Adams said he would like more time to consider the proposal. Mr. McDougall agreed and suggested that the Public Works Committee investigate the proposal further. Mr. Johnson suggested that other vendors besides Craley might have the same technology available in the near future. Mayor Gere referred the proposal back to the Public Works Committee.

Fire Impact Fees

Fire Chief David Oliveri presented a proposal to implement new fire impact fees, noting that the current minimal fire impact fee was unchanged since 1993. Chief Oliveri sought direction from Council in order to prepare a fee ordinance for adoption at a future meeting. He reported that the Finance and Public Safety committees had already reviewed and discussed the proposed fees. Chief Oliveri summarized the material included in the packet materials for this item and explained the residential and commercial fire impact fees proposed by Berk Associates which had been presented to Council on December 10, 2018. He explained the fire department's capital needs and clarified that impact fees are never intended to cover the entire cost of capital projects. He also clarified that impact fees can only be used for the portion of capital expense that is due to new growth.

Mr. McDougall called the proposed residential fire impact fee a regressive tax on new development, since an 1100 SF home would pay the same impact fee as a 5000 SF home, effectively resulting in a 3% tax on an \$800K home and a 8% tax on a \$300K home. He said this discouraged affordable housing. Mr. McDougall suggested structuring the impact fee on a per SF basis. Mr. Johnson raised the same concern for multifamily structures. Assistant Chief Jack Kennedy clarified that any building with more than four units requires sprinklers and so is exempt from the fire impact fee. Mr. Walters suggested that exemptions can mitigate the regressive nature of impact fees and supported implementing new, higher fire impact fees to cover the increasing cost of the increased demand for service. He asked that the commercial fire impact fees include more categories, each with fees that more accurately reflect the demand for fire service by businesses in that category. Planning Director Don Measamer called Council's attention to the chart in the packet materials comparing fire impact fees for various jurisdictions. He said Anacortes fees could be structured with more commercial categories, like Bothell,

and by SF for residential, like Sedro-Woolley. Mr. Walters endorsed both of those options, noting that demand for fire service probably could be shown to increase with the size of a home. Mr. Johnson said the tire chart included in the packet materials was helpful, showing the relatively large cost of GFCs and small cost of impact fees for new construction. He requested a similar chart contrasting the fee distribution for multifamily vs. single family residential construction. Mr. Adams did not disagree with potentially breaking out more commercial categories but did urge implementing new impact fees without delay. Mr. Miller agreed that impact fees would become moot once the city was built out which was expected to occur in the next decade. Mayor Gere concluded that staff would investigate rates consistent with councilmember requests and bring the topic back before full Council at a future meeting.

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

At approximately 7:10 p.m. Mayor Gere called a five-minute break. At 7:15 p.m. the mayor called the meeting back to order.

Ordinance 3038: Establishing AMC Chapter 19.68, Wireless Service Facilities and Ordinance 3039: Establishing AMC Chapter 5.38, Public Utility and Telecommunications Right-of-Way Use

City Attorney Darcy Swetnam presented two ordinances to update the AMC for wireless service facilities and public utility and telecommunications right-of-way use. Ms. Swetnam's slide presentation was added to the packet materials for the meeting. She reminded Council of the moratorium currently in place regarding processing applications and the expiration of that moratorium on February 28, 2019. Ms. Swetnam reported that the proposed ordinances resulted from stakeholder meetings, special public hearings, and a public hearing before the Planning Commission, after which that body recommended approval to City Council in the form currently proposed in the packet. She added that the public comments were included in the packet materials. Ms. Swetnam reviewed the process for City Council to take legislative actions. She then summarized the current inadequacies of the AMC to address new technologies and current state and federal law, summarized the federal and state laws governing local regulation, and reviewed the two new code sections in more detail. In response to councilmember questions, Ms. Swetnam clarified the distinction between master permits and construction permits, confirmed that there was no appeal for these decision types, said that AMC 19.68 governed installations on private property, and explained how the proposed code addressed aesthetic concerns. Planning Director Don Measamer responded to councilmember questions regarding co-location. Mr. Johnson pointed out a reordering required in Section D.D of Ordinance 3038, which Ms. Swetnam said she would correct. Ms. Swetnam responded to Mr. Johnson's questions about configuration of facilities in Skyline where utilities are below ground. Mayor Gere concluded that Ms. Swetnam would make the minor corrections requested in Ordinance 3038 and bring both ordinances back before Council for action the following week.

Sewer Utility Revenue Requirement

Public Works Director Fred Buckenmeyer and Finance Director Steve Hoglund invited Council to continue discussion of sewer utility revenue requirements, last discussed by Council in November 2018. Mr. Buckenmeyer reported that the Public Works Committee had felt Council could continue the discussion without inviting FCS Group back to participate. Mr. Buckenmeyer provided additional information requested by Council in November regarding the Capital Improvement Plan and the Combined Sewer Overflow (CSO) facility. He elaborated on his memo included in the packet materials addressing both those questions. Mr. Buckenmeyer recommended implementing the 7% annual increase recommended by FCS as soon as possible and evaluating sewer rates every six years in the future. Mr. Miller observed that sewer GFC collection would only decrease as available lots were built out so increased rates would be needed to maintain capital funding. Mr. Adams agreed that the funding was required in spite of the tangible impact to ratepayers. Mr. Buckenmeyer and Mr. Hoglund confirmed that a separate FCS study was underway to evaluate GFC levels. Mr. Hoglund answered councilmember questions about the winter averaging method used to determine the quantity of sewage billed to

each account but reminded that quantity was independent of the rate. Mayor Gere concluded that staff would bring the rate proposal back before Council in an actionable format for further consideration the following week.

Resolution 2035: Anacortes Maritime Strategic Plan

Planning Director Don Measamer presented the draft Maritime Strategic Plan, referencing his slide presentation that had been included in the packet materials for the meeting. He indicated that the Port of Anacortes Commission would review and potentially approve the plan at its meeting the following Thursday and that if City Council were to approve the plan at its meeting on March 4, the executive directors of the Port of Anacortes and the Economic Development Alliance of Skagit County would join Mayor Gere in signing the document at that meeting. Mr. Walters pointed out that a signature line for EDASC would need to be added to page 16 of the document. Mr. Measamer said that would be done. Mr. Miller noted that the monthly Port/City Liaison Committee meetings would provide a framework for pursuing and monitoring progress on implementing the plan. Mayor Gere emphasized how the plan aligned with the state's maritime plan and said Anacortes had the attention of the State Department of Commerce due to its position on the cutting edge of the maritime sector. She concluded that Resolution 2035 would come back before Council for action at its February 25, 2019 meeting.

There being no further business, at approximately 8:30 p.m. the Anacortes City Council meeting of February 19, 2019 was adjourned.