*** Per Governor's emergency Proclamation 20-28 et seq., agencies are required to meet completely remotely without providing for a physical location.*
*** Per Section 3 of Anacortes Resolution 2082 Ratifying Proclamation of Emergency and Providing Temporary Procedures to Respond to the COVID-19 Epidemic, adopted by the Anacortes City Council on March 16, 2020, and Resolution 3010, adopted December 28, 2020, extending the duration of Resolution 2082 through March 31, 2021, all in-person Committee meetings of the City Council are cancelled. Council and committee meetings may be held telephonically regardless of whether the City has the capability of video recording meetings.*

- *Meetings may be viewed on the City of Anacortes website, on the City of Anacortes YouTube Channel, or on TV Channel 10.*
- *The public may also watch, listen to, or participate in the meeting live by visiting https://us02web.zoom.us/j/89255646791 or by telephoning 1-253-215-8782 and entering Meeting ID 892 5564 6791.*
- *The public is encouraged to comment via email to cityclerk@cityofanacortes.org or via written comment addressed to City Clerk, P.O. Box 547, Anacortes, WA 98221. Public comments received prior to 3:00 p.m. the day of the meeting will become part of the record for the meeting, just as if presented in person.*
- *Complete guidelines for public participation in virtual Anacortes City Council meetings are available here. View the quick video example for connecting to the meeting here.*

Anacortes City Council

~~Municipal Building Council Chambers~~

**** This meeting will be held electronically only ****

February 16, 2021
6:00 PM

PRELIMINARY AGENDA

Packet Materials / Watch Meeting

1. **Call to Order**
2. **Announcements and Committee Reports**
   a. COVID-19 Update (Discussion)
   b. Finance Committee (Discussion)
   c. Personnel Committee (Discussion)
   d. Public Safety Committee (Discussion)
3. **Public Comment**
4. **Consent Agenda**
   a. Minutes of February 8, 2021 (Action)
   b. Approval of claims in the amount of $756,724.87 (Action)
   c. Ordinance 3084: Repealing and replacing Ordinance 3082 to establishing a $4,500,000 line of credit with SaviBank to provide resources for the continued build out of the City Access Fiber network (Action)
   d. Resolution 3018: Waiving the State Competitive Bidding Requirements for the Purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment (Action)
5. **Other Business**
   a. * Anacortes Family Center Agreement (Discussion/Action)

Per Resolution 2044, citizens wishing to comment on items not on the agenda may do so under the Public Comment portion of the agenda. Citizens wishing to comment on agenda items indicated with an asterisk (*) may do so as those items are considered by Council during the course of the meeting.

The City of Anacortes is committed to making public meetings available and accessible to all members of the community.
For assistance with special needs, please contact the City Clerk at 360-299-1960 in advance of the meeting.

b. * Lodging Tax Advisory Committee Annual Appointments 2021 (Discussion/Action)

c. * Access Anacortes Fiber Internet Update (Discussion)

6. **Adjournment**

Per Resolution 2044, citizens wishing to comment on items not on the agenda may do so under the Public Comment portion of the agenda. Citizens wishing to comment on agenda items indicated with an asterisk (*) may do so as those items are considered by Council during the course of the meeting.

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Anacortes City Council Minutes - February 8, 2021

Call to Order
Mayor Laurie Gere called to order the Anacortes City Council meeting of February 8, 2021 at 6:00 p.m. Councilmembers Jeremy Carter, Anthony Young, Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Matt Miller all participated in the meeting in absentia via video conference.

Announcements and Committee Reports

COVID-19 Update: Mayor Gere shared current case statistics for Anacortes, Skagit County, Washington State, and the nation. The mayor remarked on the continuing increasing case trend in the region. She reported on vaccination progress in Anacortes and in Skagit County, noting that supply chain problems were hampering vaccination administration in Skagit County.

Port/City Liaison Committee: Ms. Cleland-McGrath reported from the committee meeting held the previous Tuesday. The topics discussed included ongoing COVID impacts and the Port's marine terminal modernization plan.

Public Safety Committee: Mr. Miller reported from the committee meeting held the previous Tuesday. The topics discussed included sprinkler requirements in the proposed International Building Code, the role of Interim Fire Chief Mike Ganz, two new hires in the police department, and social service delivery.

Housing Affordability and Community Services Committee: Ms. Moulton reported from the committee meeting held the previous Wednesday including staff from the Police, Planning and Parks departments and the Anacortes Family Center. The group explored having the AFC community resources manager coordinate delivery of social services. It also discussed compilation of an inventory of existing social services in the community. A report to full Council was anticipated in the near future.

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

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

a. Minutes of February 1, 2021
b. Approval of claims in the amount of $124,140.16
   The following vouchers/checks were approved for payment:
   EFT numbers: 99261 through 99303, total $84,527.42
   Check numbers: 99304 through 99316, total $36,456.69
   Wire transfer numbers: 279371 through 279882, total $2,928.36
c. Interlocal Agreement: Bartholomew Road Fiber Extension #21-027-FBR-001

OTHER BUSINESS

Parks and Recreation Impact Fee Rate Study
Parks and Recreation Director Jonn Lunsford presented a draft ordinance that would raise Parks and Recreation revenue by increasing the current impact fee on residential development and adding an impact fee on commercial development. Mr. Lunsford observed that Parks and Recreation Impact fees had last been updated

in 1998. He reviewed the Anacortes Parks Impact Fees Rate Study prepared by Berk Consulting, LLC. Mr. Lunsford's slide presentation was added to the packet materials for the meeting. He collected councilmember feedback and questions to be addressed by the consultant at a future presentation of this topic prior to Council taking action. Mr. Walters and Mr. McDougall urged staff to have the consultant investigate means of indexing residential impact fees to expected number of residents in the home.

Washington Park Fee Rate Update

Assistant Parks and Recreation Director Bob Vaux presented a proposed fee increase at Washington Park to provide additional revenue for improvements at the Park and its campground. Under the proposal, City residents would continue to pay a reduced rate for park services compared to out of town visitors. Mr. Vaux requested Council direction on implementing the proposed fee increase. Mr. Lunsford advised that the fees would need to be adopted by resolution to add them to the City's Unified Fee Schedule. Councilmembers were generally supportive of the proposed rates.

Resolution 3016: Wastewater Plant Outfall Competitive Bidding Waiver

City Attorney Darcy Swetnam presented draft Resolution 3016 which would authorize the replacement and relocation of the existing wastewater plant outfall pipe, construction of an associated combined sewer overflow pump station, and decommissioning of associated existing infrastructure without following competitive bidding requirements in awarding the contract. Ms. Swetnam summarized the RCWs that allowed this course of action.

Ms. Swetnam noted that in response to councilmember feedback, she had revised the resolution earlier in the day, after publication of the packet. She reviewed the revisions, which were indicated in red on the revised resolution. Ms. Swetnam and Public Works Director Fred Buckenmeyer responded to councilmember questions.

RYAN WALTERS moved, seconded by ANTHONY YOUNG, to approve Resolution 2016 as presented by the City Attorney. Vote: Ayes - JEREMY CARTER, ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, MATT MILLER. Nays - None. Result: Passed

Adjournment

There being no further business, at approximately 7:10 p.m. the Anacortes City Council meeting of February 8, 2021 was adjourned.

The following claims against the City of Anacortes have been preaudited and certified by the Clerk-Treasurer as ready for City Council approval at the February 16, 2021 City Council meeting:

Download this file in OpenDocument spreadsheet format.

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
280224	11/30/2020	9611	DALTON, OLMSTED & FUGLEVAND	WWTP OUTFALL PRE-DESIGN - NOVEMBER 2020	$ 58,309.00	pw1
280221	12/22/2020	E20075P	ELEMENTAL AIR, LLC	MERCURY SAMPLING	$ 3,920.00	dwwtp
280225	12/31/2020	9666	DALTON, OLMSTED & FUGLEVAND	WWTP OUTFALL PRE-DESIGN - DECEMBER 2020	$ 7,100.00	pw1
278856	1/1/2021	2018-10826	CI SECURITY	SUBSCRIPTION FEE 1/1/2021-12/31/2023	$ 32,688.00	infosys
280237	1/11/2021	4045	NW CLEANERS	JANITORIAL SERVICES - DECEMBER 2020	$ 2,277.32	pw1
280105	1/16/2021	148583	LAKESIDE INDUSTRIES, INC.	ROCK SALES & DUMP FEES- WATER DEPT	$ 1,370.29	wdist
280115	1/20/2021	216865	SCOTT RICHARDS INSURANCE, INC	CITY WATERLINE PIPELINE RENEWAL POLICY	$ 3,653.14	finance
279947	1/20/2021	1218939	SKAGIT PUBLISHING LLC	PUBLISH AA-2041914 AA-2041916	$ 312.62	finance
279948	1/20/2021	9871699460	VERIZON WIRELESS	WWTP SCADA COMMUNICATION 12/21-1/20/21	$ 1,136.42	dwwtp
280187	1/22/2021	400002941401	PUGET SOUND ENERGY INC	ENGINEERING FEE FOR POLE ATTACHMENT	$ 133.18	fiber
279941	1/22/2021	15622	THE PLUMBING GUYS, INC	ASAC HOT WATER REPLACEMENT	$ 619.07	pwfac
280003	1/23/2021	184979	INFOSEND, INC.	JANUARY 2021 PROCESSING	$ 3,256.76	finance
280222	1/25/2021	216992	SCOTT RICHARDS INSURANCE, INC	2021 PROPERTY INSURANCE	$ 110,258.00	finance
280198	1/26/2021	9319774469	GRAYBAR ELECTRIC COMPANY, INC	FIBER OPTIC JUMPER CABLES	$ 3,050.77	fiber
280016	1/26/2021	1838555	MILES SAND & GRAVEL CO.	5/8" CRUSHED ROCK	$ 275.82	dshop
280017	1/26/2021	1838556	MILES SAND & GRAVEL CO.	5/8" CRUSHED ROCK	$ 91.94	dshop
280116	1/26/2021	9872157858	VERIZON WIRELESS	SCADA MODEM 12/27/20-1/26/21	$ 527.04	dwtp
280113	1/27/2021	207158	NAPA	BATTERY AND CORE #427	$ 150.09	dshop
280188	1/27/2021	400002940650	PUGET SOUND ENERGY INC	ENGINEERING FOR POLE ATTACHMENT	$ 386.40	fiber
280189	1/27/2021	400002940668	PUGET SOUND ENERGY INC	ENGINEERING FOR POLE ATTACHMENT	$ 305.35	fiber
280192	1/27/2021	400002940676	PUGET SOUND ENERGY INC	ENGINEERING FOR POLE ATTACHMENT	$ 273.54	fiber
280193	1/27/2021	400002954040	PUGET SOUND ENERGY INC	ENGINEERING FOR POLE ATTACHMENT	$ 399.56	fiber
280121	1/27/2021	217005	SCOTT RICHARDS INSURANCE, INC	CITY FINE ARTS & SCULPTURES INSURANCE	$ 1,620.00	finance
279946	1/27/2021	1219045	SKAGIT PUBLISHING LLC	PUBLISH AA-2042138 SVH-2042411	$ 163.22	finance
280101	1/28/2021	1839136	MILES SAND & GRAVEL CO.	5/8" CRUSHED ROCK	$ 1,838.71	dshop
280008	1/28/2021	207186	NAPA	BATTERY CONNECTORS #170	$ 114.21	dshop
280018	1/28/2021	207278	NAPA	FRONT DISC #170	$ 18.27	dshop
280111	1/28/2021	9872212758	VERIZON WIRELESS	CITY CELL PHONES 12/29-01/28/21	$ 10,122.38	finance
280010	1/28/2021	360-293-6427-0218975	ZIPLY FIBER	CITY HALL 911 1/28-2/27/2021	$ 80.64	finance
280013	1/28/2021	360-299-3674-0214175	ZIPLY FIBER	OPERATIONS PHONE 1/28 - 2/27/21	$ 71.45	dshop

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
280022	1/28/2021	360-293-4900-0912865	ZIPLY FIBER	APD BAC LINE 1/28-2/27/21	$ 87.06	apd
280023	1/28/2021	360-299-6615-0615165	ZIPLY FIBER	APD 911 LINE 1/28-2/27/21	$ 74.27	apd
280024	1/28/2021	360-588-1422-0822015	ZIPLY FIBER	APD BUSINESS LINE 1/28-2/27/21	$ 305.46	apd
280025	1/28/2021	360-588-9248-0619005	ZIPLY FIBER	APD BACKUP LINE 1/28-2/27/21	$ 209.40	apd
280191	1/28/2021	360-293-9063-0926075	ZIPLY FIBER	STA 3 INTERNET/PHONE/FAX: 1/28-2/27/21	$ 85.11	medic
280207	1/28/2021	360-299-0813-1017915	ZIPLY FIBER	WWTP 1/28-2/24/21	$ 318.08	dwwtp
280212	1/28/2021	360-299-2484-0726025	ZIPLY FIBER	LIBRARY PHONE 1/28-2/27/21	$ 57.86	publib
280123	1/29/2021	248 984 6277 5	CASCADE NATURAL GAS CORP.	WTP 12/31/20-1/28/21	$ 2,602.63	dwtp
280028	1/29/2021	017541874	GALLS, LLC.	UNIFORM SHIRTS; NEW OFFICER PACKARD	$ 166.72	apd
280102	1/29/2021	1839435	MILES SAND & GRAVEL CO.	1-1/4" CRUSHED ROCK	$ 735.48	dshop
280205	1/29/2021	6171	PETTY CASH FUND	CURATORIAL SUPPLIES	$ 12.85	museum
280186	1/30/2021	FB-1536	CITY OF MOUNT VERNON	DARK FIBER	$ 350.00	fiber
280137	1/30/2021	214997	SCOTT RICHARDS INSURANCE, INC	OPERATIONS SHOP WITH ASD POLICY RENEWAL	$ 4,034.00	finance
280210	1/31/2021	61605378	150-PRAXAIR DISTRIBUTION INC	MAINTENANCE SUPPLIES	$ 826.82	dwwtp
280195	1/31/2021	SI379970	AMERICAN REGISTRY FOR	ANNUAL REGISTRATION FOR ARIN	$ 1,000.00	fiber
280217	1/31/2021	422	BOYS & GIRLS CLUBS	JAN - LUNCH PROGRAM SERVICE PROVISION	$ 100.00	finance
280109	1/31/2021	317	BUBBA SUDZ CAR WASH, INC.	JANUARY CAR WASHES- 2	$ 18.00	dshop
279935	1/31/2021	149770	LAKESIDE INDUSTRIES, INC.	1-1/4 & 1-1/2 ROCK SALES & RAILROAD BALLASTS	$ 512.05	dshop
280294	1/31/2021	3093074535	LEXISNEXIS	LEXIS NEXIS ON-LINE RESEACH JAN. 2021	$ 323.14	legal
280229	1/31/2021	IN939288	NOANET	MUNICIPAL FIBER NETWORK COORDINATED SERVICES - JAN 2021 - SR ENGINEER	$ 1,050.00	fiber
280230	1/31/2021	IN939287	NOANET	MUNICIPAL FIBER NETWORK COORDINATED SERVICES - JAN 2021 - GIS AND ENGINEERING	$ 8,877.57	fiber
280231	1/31/2021	IN939286	NOANET	MUNICIPAL FIBER NETWORK COORDINATED SERVICES - TRAVEL EXPENSES - JAN 2021	$ 459.60	fiber
280233	1/31/2021	IN939285	NOANET	MUNICIPAL FIBER NETWORK COORDINATED SERVICES - JAN 2021	$ 14,991.89	fiber
280234	1/31/2021	IN939303	NOANET	MUNICIPAL FIBER NETWORK COORDINATED SERVICES - JAN 2021	$ 2,399.37	fiber
280185	1/31/2021	24950	ORCA INFORMATION, INC	EMPLOYMENT SERVICES FOR JAN 2021	$ 122.00	hr
280241	1/31/2021	34851	PACIFIC SECURITY	JAN SECURITY DETAIL COURT	$ 280.00	court
280015	1/31/2021	9359	PETDATA, INC	PETDATA LICENSING FEES JANUARY	$ 1,094.70	finance
280060	1/31/2021	CL19207	REISNER DISTRIBUTOR INC	VEHICLE FUEL - JAN 2021	$ 17,360.14	finance

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
280055	1/31/2021	INV00643239	SMARSH, INC	ARCHIVING PLATFORM 1/1-1/31/2021	$ 333.24	infosys
280134	2/1/2021	276019	ANACORTES ANIMAL HOSPITAL	BOARD & DISTRAINER; JANUARY 2021	$ 300.00	apd
280181	2/1/2021	052-0010-00	CITY OF ANACORTES	OPS W/S/G 1/1-1/31/21	$ 1,407.35	dshop
279944	2/1/2021	0955596	FERGUSON ENTERPRISES, INC	METER INVENTORY	$ 3,928.80	wdist
280238	2/1/2021	20411.20-2	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT: 27TH ST, JAN 2021	$ 551.90	plan
280239	2/1/2021	20411.17-3	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT: SAMMISH COTTAGES, JAN 2021	$ 235.65	plan
280240	2/1/2021	20411.01-2	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT: JERRY SMITH SHORT PLAT, 1/21	$ 424.00	plan
280197	2/1/2021	1255576864	GRAY, MATTHEW	DENTAL SERVICES	$ 157.00	hr
280211	2/1/2021	1000099562	OCLC, INC	CATALOGING, ILL, FIRSTSEARCH/WORLDCAT DISCOVERY 2/1-2/28/21	$ 371.59	publib
279945	2/1/2021	300000340004	PUGET SOUND ENERGY INC	STREET LIGHTS 12/30 - 1/28/21	$ 80.31	dshop
279999	2/1/2021	300000006951	PUGET SOUND ENERGY INC	STREET LIGHTS: 12/30/20 - 01/28/2021	$ 336.89	dshop
280000	2/1/2021	300000325005	PUGET SOUND ENERGY INC	STREET LIGHTS: 12/09/20- 01/07/2021	$ 97.89	dshop
280002	2/1/2021	300000290043	PUGET SOUND ENERGY INC	STREET LIGHTS: 12/03- 12/31/2020	$ 18,908.26	dshop
280122	2/1/2021	200012505505	PUGET SOUND ENERGY INC	WTP 1/1-1/31-21	$ 59,056.17	dwtp
280213	2/1/2021	200000666863	PUGET SOUND ENERGY INC	LIBRARY 10TH STREET LED 1/1-2/1/21	$ 9.39	publib
280216	2/1/2021	200000667218	PUGET SOUND ENERGY INC	LIBRARY 10TH & M ST 1/1-2/1/21	$ 20.08	publib
280011	2/1/2021	5061318830	RICOH USA, INC	S/N C86078711 LIBRARY FL1 STAFF COPIER 11/1/20-1/31/2021	$ 547.42	finance
280012	2/1/2021	5061318962	RICOH USA, INC	S/N C86111692 ENG 11/1/20-1/31/2021	$ 15.33	finance
280014	2/1/2021	5061319519	RICOH USA, INC	S/N C86152062 HR COPIES 1/1-1/31/2021	$ 10.09	finance
280020	2/1/2021	5061319200	RICOH USA, INC	S/N C86138599 APD FRONT OFFICE COPIES 1/1/21-1/31/21	$ 20.58	apd
280021	2/1/2021	5061319022	RICOH USA, INC	S/N C86146548 APD PATROL OFFICE 11/1/20-1/31/21	$ 111.70	apd
280004	2/1/2021	1393089-0043-8	WASTE MANAGEMENT	JANUARY 2021 CONTRACTED SERVICES	$ 116,062.89	finance
280117	2/1/2021	228730-0043-4	WASTE MANAGEMENT	TRASH/RECYCLING PICKUP 1/1-1/31/21	$ 169.95	dwtp
279942	2/1/2021	102958801-0008638	WAVE	DEDICATED INTERNET ACCESS 2/1-2/28/2021	$ 1,469.82	fiber
280009	2/1/2021	360-293-1900-0122885	ZIPLY FIBER	CITY MAIN PHONE 2/1-2/28/2021	$ 1,608.55	finance
280190	2/1/2021	360-293-0045-0223175	ZIPLY FIBER	STA 1 BACK-UP LINES: 2/1-2/28/21	$ 157.23	medic
280244	2/2/2021	293094C	BAY CITY SUPPLY	COVID-19 PPE DISINFECTANT	$ 85.52	pwfac
280194	2/2/2021	INV06656	BLUE CARD	TRAINING SOFTWARE SUBSCRIPTION 2/1-2021	$ 2,053.60	medic

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
280058	2/2/2021	8498 30 017 0319913	COMCAST	LIBRARY INTERNET ACCESS 2/9-3/8/21	$ 182.07	fiber
280129	2/2/2021	017572908	GALLS, LLC.	UNIFORM VEST AND CARRIER; SGT KING	$ 1,198.13	apd
280130	2/2/2021	017572926	GALLS, LLC.	UNIFORM VEST AND CARRIER; CORP LEETZ	$ 1,198.13	apd
280132	2/2/2021	017572915	GALLS, LLC.	UNIFORM VEST; CAPT FULLER	$ 877.17	apd
280001	2/2/2021	812-14611	GCR TIRES & SERVICES	TIRE REPAIR #512	$ 86.49	dshop
280005	2/2/2021	812-14612	GCR TIRES & SERVICES	TIRE REPAIR #609	$ 79.42	dshop
280228	2/2/2021	1837	IPV4 MARKET GROUP, LLC	IPV4 BLOCK PURCHASE	$ 23,600.00	fiber
279938	2/2/2021	207786	NAPA	OPERATING SUPPLIES- #601	$ 39.43	dshop
279940	2/2/2021	207791	NAPA	GAUGE #601	$ 30.45	dshop
279939	2/2/2021	211320913	SURETY PEST CONTROL	PEST CONTROL	$ 43.52	pwfac
280295	2/2/2021	331 0559464	UNIFIRST CORPORATION	WATER CREW LAUNDRY	$ 39.26	wdist
280026	2/3/2021	5620	ANACORTES TOWING, LLC	TOWING; APD CASE 21-A00719	$ 163.20	apd
279937	2/3/2021	cpls	DEPARTMENT OF LICENSING	CPLS TO D.O.L.; JAN 2021	$ 468.00	apd
280131	2/3/2021	017574014	GALLS, LLC.	UNIROM SHIRTS AND PANTS; NEW OFFICER ROUKIE	$ 505.35	apd
280124	2/3/2021	12309771	HACH COMPANY	FLUORIDE ELECTRODE KIT	$ 3,000.50	dwtp
280103	2/3/2021	00100708	OWEN EQUIPMENT COMPANY	OPERATING SUPPLIES- #610	$ 6,875.12	dshop
280220	2/3/2021	5979-8	SEMRAU ENGINEERING & SURVEYING	DEPOT PLAZA RESTROOM - ENGINEERING - THROUGH 1/31/21	$ 1,465.00	parks1
279943	2/3/2021	1409	THE CLEAN TEAM	HEART DEEP CLEAN	$ 100.00	pwfac
280235	2/3/2021	1403	THE CLEAN TEAM	2021 PUBLIC BATHROOM JANITORIAL - JANUARY 2021	$ 600.00	pw1
280236	2/3/2021	1402	THE CLEAN TEAM	2021 JANITORIAL SERVICES - JANUARY 2021	$ 1,832.50	pw1
280057	2/3/2021	331 0559628	UNIFIRST CORPORATION	WTP LAUNDRY SERVICE	$ 95.15	dwtp
280245	2/4/2021	295614A	BAY CITY SUPPLY	COVID-19 PPE AIR PURIFER	$ 4,346.56	pwfac
280246	2/4/2021	291037B	BAY CITY SUPPLY	FACILITY SUPPLIES	$ 387.01	pwfac
280119	2/4/2021	93059228	CHEMTRADE CHEMICALS US LLC	ALUMINUM SULFATE	$ 5,325.90	dwtp
280127	2/4/2021	017584111	GALLS, LLC.	UNIFORM PATCHES; OFC PACKARD	$ 3.43	apd
280208	2/4/2021	U2116005029	ICONIX WATERWORKS INC	FORCEMAIN BREAK/REPAIR - HDPE PIPE	$ 232.40	dwwtp
280104	2/4/2021	MV248271	MOTOR TRUCKS, INC	BELT- #203	$ 148.64	dshop
280051	2/4/2021	208019	NAPA	HYDRAULIC HOSE & FITTINGS- #514	$ 172.37	dshop
280249	2/4/2021	911	SKAGIT COUNTY PUBLIC HEALTH	4TH QTR CITY SHARE OF LIQUOR TAX	$ 6,389.21	finance
280052	2/4/2021	153081	SKAGIT HYDRAULICS	REPAIRS TO #304	$ 236.05	dshop
280215	2/4/2021	1479	STERLING WALLS & MORE	DRYWALL INSTALLATION @ OPS/PARKS	$ 5,984.00	pwfac
280226	2/4/2021	S20216887	SUPERIOR SYSTEMS, INC	WWTP SCRUBBER DUCTING REPAIR	$ 15,623.68	dwwtp
280059	2/4/2021	113230	WALTON BEVERAGE COMPANY, INC	CITY HALL BREAK ROOM SUPPLIES	$ 239.50	finance
280112	2/4/2021	113231	WALTON BEVERAGE COMPANY, INC	OPS BREAKROOM SUPPLIES	$ 82.25	dshop
280114	2/4/2021	113229	WALTON BEVERAGE COMPANY, INC	AFD BREAKROOM SUPPLIES	$ 98.50	medic
280106	2/5/2021	208147	NAPA	DRILL BIT #108	$ 8.55	dshop

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
280107	2/5/2021	208204	NAPA	FUSES- #108	$ 18.32	dshop
280108	2/5/2021	208169	NAPA	CAM FOLLOWER- #601	$ 150.44	dshop
280209	2/5/2021	12757	NORTHWEST CLEAN AIR AGENCY	WA DEPARTMENT OF ECOLOGY DEVELOPMENT AND OVERSIGHT FEE	$ 122.27	dwwtp
280135	2/5/2021	220013286491	PUGET SOUND ENERGY INC	APD 1/7-2/4/21	$ 1,725.97	apd
280182	2/5/2021	220015523313	PUGET SOUND ENERGY INC	CHARGING STATION 501 Q AVE 1/7-2/4/21	$ 62.96	dshop
280250	2/5/2021	220013286525	PUGET SOUND ENERGY INC	HEART OF ANACORTES 1/7-2/4/2021	$ 209.27	finance
280206	2/5/2021	480201	RAINBOW ENTERPRISES	FORCEMAIN BREAK/REPAIR - PUMPING SERVICE	$ 3,264.00	dwwtp
280118	2/5/2021	48946590	UNIVAR USA INC	CAUSTIC SODA	$ 3,682.77	dwtp
280204	2/6/2021	317932	DOORMAN COMMERCIAL, LLC	CITY HALL PLANNING/BUILDING/PUBLIC WORKS SECUITY DOOR INSTALLATION	$ 3,750.88	pwfac
280128	2/6/2021	017603076	GALLS, LLC.	UNIFORM PATCHES; OFC ROUKIE	$ 3.43	apd
280180	2/6/2021	76800	STOW-IT	CONTAINER RENTAL	$ 217.60	wdist
280133	2/6/2021	00005W5A83061	UNITED PARCEL SERVICE, INC	UPS SHIPPING CHARGES; WEEK ENDING 2-6-21	$ 38.24	apd
280184	2/7/2021	220013297498	PUGET SOUND ENERGY INC	CASINO DR UNDER TWIN BRIDGE 1/8-2/5/21	$ 56.98	wdist
280214	2/7/2021	200000667101	PUGET SOUND ENERGY INC	LIBRARY 1220 10TH 1/8-2/5/21	$ 2,313.92	publib
280251	2/7/2021	220013297076	PUGET SOUND ENERGY INC	1100 STATE ROUTE 20 1/8-2/5/2021	$ 18.08	finance
280120	2/8/2021	2021-02200 C	DEPARTMENT OF HEALTH	2021 OPERATING PERMIT, OPERATOR CERTIFICATION SYSTEM	$ 10,411.70	dwtp
280218	2/8/2021	20021-02	PNW CIVIL, INC.	DEPOT PLAZA RESTROOM - 11/30/20-2/8/21	$ 33,750.20	parks1
280126	2/8/2021	20210239	SYSTEMS DESIGN WEST, LLC	AMBULANCE SERVICE BILLING 01/2021	$ 3,636.60	finance
280219	2/8/2021	Pay App 3	TIGER CONSTRUCTION LTD	GRANDVIEW CEMETERY EXPANSION - PHASE 1	$ 68,954.68	parks1
280200	2/9/2021	20-002-TRN-0011	ASPHALT QUALITY SEALERS	RETAINAGE RELEASE	$ 11,456.20	pw1
280203	2/9/2021	19-197-SEW-0011	TONKA GROUND WORK	RETAINAGE RELEASE	$ 12,945.91	pw1
280247	2/10/2021	827413	PACIFIC LAMP & SUPPLY COMPANY	LIGHT FIXTURES	$ 238.92	pwfac
280293	2/10/2021	February	SKAGIT LAW GROUP, PLLC	PROSECUTING ATTORNEY SERVICES FEB. 2021	$ 6,430.00	legal

Total $756,724.87

City Council Agenda Bill

Meeting Date: February 16, 2021 **Agenda Item:** 4.c.

Agenda Item Title: Ordinance 3084: Repealing and replacing Ordinance 3082 to establishing a $4,500,000 line of credit with SaviBank to provide resources for the continued build out of the City Access Fiber network

Staff Contact(s): STEVE HOGLUND, Emily Schuh

Approved for Submittal to Council by	**Action Type**
STEVE HOGLUND Emily Schuh	Ordinance

Item Summary: This ordinance repeals and replaces Ordinance 3082 that was adopted by City Council on January 19th. Ordinance 3084 includes additions that are not material to the terms, intent, or implementation of the line of credit. Changes in the new Ordinance 3084 include in Section 1.6b the addition of the calculated, non voted, debt limit of the City of $59,783,582.55; and in Section 1.6c the calculated, voted, debt limit of $99,639,304.25. Ordinance 3084 also includes an antiquated form for making a loan draw, as Exhibit B. These changes were included at the request of bank related parties, and, as there is no imminent need for a draw on this line of credit, we had the time to incorporate these changes, making it reasonable to adopt the updated ordinance.

Budget Impact:
It is a $4.5M LOC at 1.75% fixed rate, on a 30/360 basis.

Previous Action: Discussed numerous times at the committee level, and full council level during City Council budget meetings in fall and winter of 2020.
January 19, 2021 original Ordinance 3082 adopted

Recommended Motion: I move to adopt Ordinance 3084.

Alternative Actions: Do not adopt updated ordinance, and advise staff as to next steps.

Attachments (listed in order presented):

1. Ordinance 3084

CITY OF ANACORTES, WASHINGTON

ORDINANCE NO. 3084

AN ORDINANCE of the City of Anacortes, Washington, relating to contracting indebtedness; providing for the establishment of a revolving line of credit evidenced by the issuance, sale and delivery of a not to exceed $4,500,000 principal amount limited tax general obligation Note, in order to provide part of the funds necessary to design and construct extensions to and betterments of the City's fiber optic network for the purpose of supporting City services and other municipal and public purposes, and to pay the costs of issuance and sale of the Note; fixing or setting parameters with respect to certain terms and covenants of the Note; appointing the City's designated representative to approve the terms of the sale and delivery of the Note to SaviBank; repealing Ordinance No. 3082 of the City; and providing for other related matters.

Passed February 16, 2021

This document prepared by:

Stradling Yocca Carlson & Rauth, P.C.
Seattle, Washington 98104
(206) 829-3000

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**The cover page, table of contents and section headings of this ordinance are for convenience of reference only, and shall not be used to resolve any question of interpretation of this ordinance.*

CITY OF ANACORTES, WASHINGTON

ORDINANCE NO. 3084

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NOW THEREFORE, the City Council of the City of Anacortes, Washington (the "City"), do ordain as follows:

Section 1. Recitals and Findings. The City Council makes the findings and determinations set forth below. Capitalized terms that are not defined have the meanings given in Section 2 of this ordinance.

1.1 *Municipal Fiber Network Services*. The City currently owns and operates a high capacity telecommunications fiber network that serves the City's utility operations, public safety operations and other City and public agency services, and desires to extend and improve that system in order to enhance other utility operations, and public safety operations. The extension and improvement of the City's existing fiber network creates excess capacity that may be used to provide access to ultra high capacity internet and other telecommunications services; capacity for accommodating expanding technologies and demand; and intergovernmental coordination and services, including educational and health institutions.

1.2 *Description of Fiber Network Services*. Pursuant to chapter 13.56 of the Anacortes Municipal Code and applicable state law, the City previously established its Municipal Fiber Network Services to maintain and operate its high capacity telecommunications fiber network in a manner that is intended to satisfy the City's ongoing need for a cost-effective fiber telecommunications system to support City services; to ensure cost-effective telecommunications services continue to be available to public agencies and the City; to operate, manage, and maintain telecommunications facilities owned by the City in the right-of-way up to the point of delivery to public agencies and the City; to manage and regulate competing demands for the use of the public right-of-way by minimizing the installation of duplicative communications lines and facilities on, over or under the public right-of-way; to provide for the operation, management and maintenance of the City's metropolitan area network; to offer affordable, reliable, and locally-managed high-speed broadband service to every business and resident within the City; and to own and operate the telecommunications facilities.

1.3 *Fiber Network Services Business Plan*. City Council Resolution 2013 directed staff to develop a Business Plan for a City-owned and operated fiber network. City staff presented that

Business Plan to the City Council on November 16, 2020. The City is now in need of funds to pay for the construction of the next phase of the fiber system operated by the City (the "Project"). The City is in need of financing for the Project, the estimated total cost of which is more than $4,500,000, and the City does not have available sufficient funds to pay the cost. The City Council therefore finds that it is in the best interests of the City to issue the Note authorized by this ordinance in order to provide the funds for these purposes.

1.4 *Plan of Financing*. The City Council finds it necessary and advisable that the City issue and sell its limited tax general obligation Note (the "Note") to evidence indebtedness drawn on a revolving line of credit in a principal amount not to exceed at any given time $4,500,000 for the purpose of providing financing to enhance the City's fiber network infrastructure for use by City departments in order to enhance other utility operations, public safety operations, and other City services, to provide access for use by other governmental, and educational and health institutions pursuant to interlocal agreements and other contractual arrangements. Pursuant to applicable law, including without limitation chapters 35.37, 39.36 and 39.46 RCW, the City is authorized to issue general obligation Notes for the purposes described herein.

1.5 *Issuance of the Note*. For the purpose of providing the funds necessary to undertake the Project and to pay the costs of issuance and sale of the Note, the City Council finds that it is in the best interests of the City and its taxpayers to issue the Note and deliver it to the Bank to evidence the indebtedness drawn against a revolving line of credit, pursuant to the terms set forth in this ordinance.

1.6 *LTGO Debt Capacity*. In conjunction with each Draw Request, the Finance Director shall provide a written calculation of the City's then-current LTGO Debt Capacity, and the Purchaser is entitled to rely upon such representation for purposes of authorizing such Draw. The maximum amount of indebtedness authorized by this ordinance to be outstanding at any one time is $4,500,000 to be issued within the amount permitted to be issued by the City for general municipal purposes without a vote. The City finds and represents that this amount is within its LTGO Debt Capacity, calculated based upon the following facts:

(a) The assessed valuation of the taxable property within the City as ascertained by the last preceding assessment for City purposes is $3,985,572,170. The last preceding assessment completed as of the date of this ordinance is the assessment prepared for collection in the calendar year 2020; the assessment for collection in calendar year 2021 has not yet been finalized.

(b) As of the date hereof, the City had no outstanding nonvoted limited tax general obligation indebtedness incurred within the limit of up to 1½% of the value of the taxable property within the City ($59,783,582.55) permitted for general municipal purposes without a vote.

(c) As of the date hereof, the City had no outstanding voter-approved unlimited tax general obligation indebtedness incurred within the limit of up to 2½% of the value of the taxable property within the City ($99,639,304.25) for capital purposes only for general municipal purposes; no outstanding voter-approved indebtedness incurred within the limit of up to 2½% of the value of the taxable property within the City ($99,639,304.25) for City-owned water, artificial light, and sewers; and no outstanding voter-approved unlimited tax general obligation indebtedness incurred within the limit of up to 2½% of the value of the taxable property within the City ($99,639,304.25) for acquiring or developing open space, park facilities, and capital facilities associated with economic development.

Section 2. Definitions. As used in this ordinance, the following capitalized terms shall have the following meanings:

(a) "*Bank*" means SaviBank, Anacortes, Washington (or its corporate successor) or any other qualified public depository selected by the City as the provider of the line of credit consistent with RCW 39.46.050.

(b) "*City*" means the City of Anacortes, Washington, a municipal corporation duly organized and existing under the laws of the State.

(c) "*City Council*" means the legislative authority of the City, as duly and regularly constituted from time to time.

(d) "*Code*" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

(e) "*Designated Representative*" means the officer of the City appointed in Section 4 of this ordinance to serve as the City's designated representative in accordance with RCW 39.46.040(2) for purposes of accepting, on behalf of the City, an offer to purchase the Note on the Note Terms consistent with this ordinance and the parameters set forth herein.

(f) "*Draw*" means an incremental draw of principal of the Note.

(g) "*Draw Request*" means a request for a Draw, submitted in accordance with this ordinance.

(h) "*Finance Director*" means the Finance Director or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

(i) "*Government Obligations*" has the meaning given in RCW 39.53.010, as now in effect or as may hereafter be amended.

(j) "*Interest Rate*" means a fixed rate of 1.75% computed on the basis of a 360-day year of twelve 30-day months.

(k) "*Issue Date*" means the date of issuance and delivery of the Note to the Bank in exchange for the purchase price of the Note.

(l) "*LTGO Debt Capacity*" means the City's capacity to issue nonvoted limited tax general obligation debt, calculated in accordance with chapter 39.36 RCW and the State constitution.

(m) "*Maturity Date*" means a date not later than January 31, 2024.

(n) "*Municipal Fiber Network Services*" means the communications services, provided in whole or in part by means of the city's municipal fiber network or other communications infrastructure, network services that include residential internet services, business class internet services, dedicated internet access services, dark fiber services, ethernet service, and other city-provided communications services of the City established and operating under chapter 13.56 of the Anacortes Municipal Code.

(o) "*Note*" means the not to exceed $4,500,000 Revolving Line of Credit Note issued pursuant to and for the purposes provided in this ordinance.

(p) "*Note Counsel*" means the firm of Stradling Yocca Carlson & Rauth, P.C., its successor, or any other attorney or firm of attorneys selected by the City with a nationally recognized standing as Note counsel in the field of municipal finance.

(q) "*Note Debt Service Fund*" means the general indebtedness fund of the City created for the payment of the principal of and interest on general obligations of the City, including the Note.

(r) "*Note Register*" means the books or records maintained by the Note Registrar for the purpose of identifying ownership of the Note.

(s) "*Note Registrar*" means the Finance Director.

(t) "*Note Terms*" means the terms of the line of credit established consistent with the parameters set forth in Exhibit A, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity, redemption rights, price, and other terms or covenants.

(u) *"Project"* means the design and construction of extensions to and enhancements to the City's fiber network infrastructure for use by City departments in order to enhance other utility operations, public safety operations, and other City services, including the creation of excess capacity that may be used to provide access to ultra-high capacity internet and other telecommunications services, to provide access for use by other governmental offices, educational institutions, health institutions, businesses, and residents pursuant to interlocal agreements and other contractual arrangements

(v) "*Project Fund*" means that part of the General Fund of the City created for the purposes of paying the costs of carrying out the Project.

(w) "*Record Date*" means the Note Registrar's close of business on the 15th day of the month preceding an interest payment date.

(x) "*Registered Owner*" means, with respect to the Note, the person in whose name the Note is registered on the Note Register.

(y) "*State*" means the State of Washington.

(z) "*System of Registration*" means the system of registration for the City's Notes, Notes and other obligations set forth in Ordinance No. 1944 of the City.

Section 3. Authorization of Note. In order to provide funds necessary to carry out the Project, including paying the costs of issuance and delivery of the Note, the City is authorized to borrow money on the credit of the City and issue a limited tax general obligation Note evidencing indebtedness to be drawn in a maximum principal amount of not to exceed $4,500,000 outstanding at any given time. The proceeds of Draws on the Note shall be deposited as set forth in Section 9 of this ordinance and shall be used for the purposes described herein in such order of time as the City determines is advisable and practicable.

Section 4. Appointment of Designated Representative; Description of the Note. The Finance Director is appointed as the Designated Representative of the City for purposes of RCW 39.46.050 and is authorized and directed to approve the Note Terms and the form of the Note, within the parameters set forth in Exhibit A, which is incorporated by this reference, with such additional terms and covenants as the Designated Representative deems advisable.

The Note shall be issued in fully registered form, shall be numbered R-1, shall be dated the date of the first substantial Draw against the Note in accordance with the Code, and shall mature on the Maturity Date. Draws on the Note shall be made and shall bear interest as set forth in Section 5 below. The line of credit evidenced by the Note is revolving. Amounts repaid may be reborrowed, provided, however, the Draws may only be used for cost and expenses associated with the Project.

Section 5. Draws on the Note. The City's Designated Representative is designated as the officer authorized to make Draws on the Note. As a condition to the initial Draw, the City shall have delivered this ordinance authorizing the loan transaction with the Bank and a legal opinion certifying the City's ability to enter into the loan transaction with the Bank and the tax status of the Note. The City, through its Designated Representative, may make Draws with three business days' prior written notice to the Bank. Only one draw shall be permitted each month and the minimum amount of any Draw shall be $50,000. Draw Requests shall be in substantially the form attached hereto as Exhibit B, and shall be made in accordance with the terms and provisions of this ordinance. Draws shall be recorded on the Draw Record attached to the Note, or in such other form as the City and the Bank agree.

Section 6. Interest Rate; Bank Fees. Interest on each Draw against the Note shall accrue at the fixed Interest Rate, defined above, accruing from the date of that Draw. Interest on each Draw shall be computed on the principal amount of the Draw outstanding on the basis of a 360-day year of twelve 30-day months. Upon the initial delivery of the Note to the Bank, the City shall pay the Bank's attorney's fees equal to $6,000, and any other reasonable costs incurred by the Bank in connection with the Note financing, which may be discounted against the proceeds of the first Draw on the Note. The City Council finds that the fixing of the Interest Rate is in the best interest of the City.

Section 7. Note Registrar; Registration and Transfer of Note.

7.1 *Registration of Note*. The Note shall be issued only in registered form as to both principal and interest and the ownership of the Note shall be recorded on the Note Register.

7.2 *Note Registrar; Duties*. The Finance Director shall serve as initial Note Registrar. The Note Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Note, which shall be open to inspection by the City at all times. The Note Registrar is authorized, on behalf of the City, to authenticate and deliver the Note in accordance with the provisions of the Note and this ordinance, and to serve as the City's authenticating agent, transfer agent, registrar and paying agent for the Note and to carry out all of the Note Registrar's powers and duties under this ordinance and the System of Registration. The Note Registrar shall be responsible for its representations contained in the Note Registrar's Certificate of Authentication on the Note.

7.3 *Note Register; Transfer of Note*. The Note Register shall contain the name and mailing address of the Registered Owner and the principal amount and number of the Note held by the Registered Owner. The Note shall state on its face that the principal and interest shall be paid only to the Registered Owner thereof registered as such on the Note Register as of the Record Date and to no other person or entity, and that such Note may not be assigned except on the books of the Note Register. The Note may be assigned or transferred only in whole by the Registered Owner to a single investor that is a financial institution or person who is reasonably believed to be a qualified institutional buyer or accredited investor within the meaning of the applicable federal securities laws. The Note Registrar shall not be obligated to transfer registered ownership during the period between the applicable Record Date and the next upcoming installment payment or the Maturity Date. When the Note has been paid in full, as to principal, interest and/or other costs and expenses due by the City to the Bank with respect to the Note, the Registered Owner shall promptly present and surrender the Note to the City as the principal offices of the City for cancellation.

Section 8. Form and Execution of Note.

8.1 *Form of Note; Signatures and Seal*. The Note shall be prepared in a form consistent with the provisions of this ordinance and State law. The Note shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on the Note ceases to be an officer of the City authorized to sign Notes before the Note bearing his or her manual or facsimile signature is authenticated by the Note Registrar, or issued or delivered by the City, that Note nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign Notes. The Note also may be signed on behalf of the City by any person who, on the actual date of signing of the Note, is an officer of the City authorized to sign Notes, although he or she did not hold the required office on its Issue Date.

8.2 *Authentication*. Only if the Note bears a Certificate of Authentication in substantially the following form, manually signed by the Note Registrar, shall it be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Note is the fully registered City of Anacortes, Washington, [*name of issue and series designation, if any*], described in the Note Ordinance." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Note so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 9. Deposit and Use of Draw Proceeds. The principal proceeds of each Draw shall be paid into the Project Fund to be used to pay costs of the Project and costs of issuance of the Note. Until needed for such purposes, the City may invest principal proceeds temporarily in any legal investment, and the investment earning may be retained in the Project Fund and be spent for the purposes of that Fund.

Section 10. Payment of Interest on and Principal of the Note; Prepayment Provisions. Principal of and interest on the Note shall be payable in lawful money of the United States of America. Interest on the Note is payable by electronic transfer on each semiannual installment payment date, occurring on May 1 and November 1 of each year, beginning May 1, 2021 (or such other semiannual payment dates as may be acceptable to the Designated Representative), or by check or draft mailed to the Registered Owner sufficiently in advance so as to be received by the Registered Owner not later than the due date thereof, at the address appearing on the Note Register on the Record Date.

Principal shall be due on the Maturity Date in an amount equal to all then outstanding principal, plus all accrued interest then due and payable. The City may pay any or all of the principal amount then-outstanding under the Note, upon 15 days advance written notice, in the same manner as interest is paid on dates that mark three-month intervals from the Issue Date. Partial prepayments shall be applied to outstanding principal on the Note only. Interest on the principal amount of the Note that is prepaid shall cease to accrue on the date of such prepayment. The Note is not subject to acceleration under any circumstances. The line of credit evidenced by the Note shall be revolving and principal repaid may be reborrowed.

Section 11. Note Debt Service Fund. The general indebtedness fund of the City shall serve as the Note Debt Service Fund for the purpose of paying principal of and interest on the Note. All amounts allocated to the payment of the principal of and interest on the Note shall be deposited in the Note Debt Service Fund as necessary for the timely payment of amounts due with respect to the Note. The principal of and interest on the Note shall be paid out of the Note Debt Service Fund. Until needed for that purpose, the City may invest money in the Note Debt Service Fund temporarily in any legal investment, and the investment earnings shall be retained in the Note Debt Service Fund and used for the purposes of that fund.

Section 12. Pledge of Taxes. The amount of outstanding principal drawn on the Note at any given time constitutes a general indebtedness of the City and is payable from tax revenues of the City and such other money as is lawfully available and pledged by the City for the payment of principal of and interest on the Note. For as long as the Note is outstanding, the City irrevocably pledges to include in its budget and levy taxes annually within the constitutional and statutory tax limitations provided by law without a vote of the electors of the City on all of the taxable property within the City in an amount sufficient, together with other money legally available and to be used therefor, to pay when due the principal of and interest on the Note, and the full faith, credit and resources of the City are pledged irrevocably for the annual levy and collection of those taxes and the prompt payment of that principal interest and such pledge shall be enforceable in mandamus against the City.

Section 13. Failure to Pay Note. If the principal of the Note is not paid when the Note is properly presented at its maturity, the City shall be obligated to pay interest on that Note at the same rate provided in the Note from and after its maturity or date fixed for redemption until that Note, both principal and interest, is paid in full.

Section 14. Sale and Delivery of the Note. The Designated Representative is authorized to negotiate the Note Terms with a qualified public depository in accordance with RCW 39.46.050. In accepting those Note Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City. The City shall be responsible for costs of issuance, including its own legal and administrative costs and the fees of Note Counsel. The Note will be prepared at City expense and will be delivered to the Bank in accordance with the Line of Credit Agreement, together with the approving legal opinion of Note Counsel regarding the Note.

Section 15. Tax Covenants.

15.1 *Preservation of Tax Exemption for Interest on Note*. The City covenants that it will take all actions necessary to prevent interest on the Note from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Note or other funds of the City treated as proceeds of the Note that will cause interest on the Note to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the

Note, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Note.

15.2 *Post-Issuance Compliance*. The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Note from being included in gross income for federal tax purposes.

15.3 *Designation of Note as "Qualified Tax-Exempt Obligation.*" The Note may be designated as a "qualified tax-exempt obligation" for the purposes of Section 265(b)(3) of the Code, if (1) the Note does not constitute a "private activity Note" within the meaning of Section 141 of the Code; and (2) the reasonably anticipated amount of tax-exempt obligations (other than private activity Notes and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Note is issued will not exceed $10,000,000.

Section 16. Governing Law. This ordinance and the Note shall be governed and interpreted according to the laws of the State. Nothing in this paragraph shall be constructed to limit or otherwise affect any rights or remedies of the Bank under federal law.

Section 17. Reports and Information. For so long as the Note is outstanding, the City shall provide to the Registered Owner, (i) within 270 days after the end of each fiscal year, a copy of the unaudited financial statements of the City for that fiscal year, prepared in accordance with accounting principles applicable to governmental units of the State such as the City prescribed by the Washington State Auditor's Office ("SAO"), as such principles may be changed from time to time; (ii) annual audited financial statements within 30 days of receipt, prepared in accordance with accounting principles applicable to local governmental units of the State such as the City prescribed by the SAO, as such principles may be changed from time to time; (iii) promptly after adoption by the City, the budget of the City for each fiscal year the Note it outstanding; and (iv) such other financial information of the City as the Registered Owner may from time to time reasonably request.

Section 18. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Note to the Bank (including approving additional terms, conditions or covenants as set forth in Exhibit A) and for the proper application, use and investment of the proceeds of the Note. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 19. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable. The provisions of this ordinance constitute a contract of the City for the benefit of the Registered Owner.

Section 20. Repealer. Ordinance No. 3082, passed by the Council on January 19, 2021, is hereby repealed in its entirety.

Section 21. Effective Date. This ordinance shall take effect and be in force from and after its passage and five days following its publication as required by law.

PASSED by the City Council of the City of Anacortes, Washington, at a regular open public meeting thereof, this 16th day of February, 2021, and signed in authentication of its passage this 16th day of February, 2021.

____
Laurie Gere, Mayor

AUTHENTICATED:

____
Steven D. Hoglund, City Clerk

APPROVED AS TO FORM:

____
Stradling Yocca Carlson & Rauth, a
Professional Corporation, Note Counsel

EXHIBIT A
DESCRIPTION OF THE LINE OF CREDIT NOTE

(a)	Principal Amount.	The principal amount of the Note evidencing the line of credit shall not exceed the principal amount of $4,500,000 outstanding at any given time. This line of credit is revolving and principal repaid may be redrawn.
(b)	Date or Dates.	The Note shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance.
(c)	Denominations, Name, etc.	The Note shall be issued as a single Note and shall be numbered R-1 or in any other the manner and with any additional designation as deemed necessary or appropriate by the Designated Representative.
(d)	Interest Rate(s).	Each Draw against the Note shall bear interest at the fixed Interest Rate of 1.75% per annum, computed on the basis of a 360-day year of twelve 30-day months, from the date of the Draw or from the most recent date for which interest has been paid or duly provided for, whichever is later.
(e)	Payment Dates.	Interest shall be payable beginning on May 1, 2021 and semi-annually thereafter on each May 1 and November 1 (or such other dates as are acceptable to the Designated Representative) through and including the Maturity Date. Principal shall be payable at maturity and may be prepaid as set forth in item (g). Principal repaid may be redrawn.
(f)	Final Maturity.	All then-outstanding principal drawn on the Note shall mature on January 31, 2024.
(g)	Redemption Rights.	Principal drawn on the Note may be prepaid in whole or in part upon 15 days' notice, without prepayment penalty on dates that mark three-month intervals from the date of issuance of the Note.
(h)	Price.	Each Draw shall be at 100% of par; there shall be no premium or discount.
(i)	Other Terms and Conditions.	The Note may not be issued if it would cause the indebtedness of the City to exceed the City's legal debt capacity on the Issue Date.

EXHIBIT B
FORM OF DRAW REQUEST

CITY OF ANACORTES, WASHINGTON
REVOLVING LINE OF CREDIT NOTE
DRAW REQUEST NO. _____

TO: SaviBank
____
____

On behalf of the City of Anacortes, Washington (the "City"), I hereby certify that:

1. I am the Designated Representative of the City, and that I am authorized to request this Draw under Ordinance No. _____ of the City authorizing issuance of the Revolving Line of Credit Note (the "Ordinance") and to make the representations on behalf of the City set forth herein. Terms not otherwise defined herein shall have the meanings set forth in the Ordinance.

2. The amount of this Draw is $__________, which amount is at least $5,000.00.

3. The Borrowing of this Draw will not cause the City to exceed its LTGO Debt Capacity on file with the Bank. The City hereby submits a Calculation of its LTGO Debt Capacity attached as Schedule 1, hereof.

4. Please disburse the Draw to the City on ________, 20__ by depositing funds as follows:

ABA Number: ____________________
For the Project Fund of the City of Anacortes
Account No.: ____________________
Draw No.: ____________________

Dated this _____ day of ________, 20__.

CITY OF ANACORTES, WASHINGTON

____
Designated Representative

CERTIFICATION

I, the undersigned, City Clerk of the City of Anacortes, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. 3084 (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on February 16, 2021, as that ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper, which publication date was ___________, 2021.

3. A quorum of the members of the City Council was present throughout the meeting and a majority of the members voted in the proper manner for the passage of the Ordinance.

Dated: February 16, 2021.

CITY OF ANACORTES, WASHINGTON

____

City Clerk

City Council Contract Agenda Bill

Meeting Date: 2/16/2021 **Agenda Item**: 4d

Subject: Resolution 3018 – Waiving the State Competitive Bidding Requirements for the Purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment

Staff Contact: Fred Buckenmeyer

Approved for Submittal to Council by: Darcy Swetnam, City Attorney	**Action Type:** Resolution

Summary Statement: City staff seeks City Council approval of Resolution 3018 to waive the bidding requirements for the purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment for use in the City's distribution and transmissions water lines.

Background:

- RCW 39.04.280 provides that the City, by resolution, may waive competitive bidding requirements when a purchase is clearly and legitimately limited to a single source of supply, or when the purchase involves special facilities or market conditions.
- The City currently owns and maintains approximately 200 miles of water distribution and transmission lines.
- An unexpected failure in the water distribution and transmission lines would present a real, immediate threat of material loss or damage to property, bodily injury, or loss of life.
- The Water Department currently uses Gutermann, Inc. products.
- Gutermann, Inc. offers a proprietary design of the Zonescan 820 and the Aquascan 620L (System) that allows the user to gather both leak noise data and advanced spectrum analysis.
- This is the only System that performs automatic nightly correlation and cross correlation, which allows the user to gather much larger noise samples than a system that only performs on demand correlation. By taking averages of these large noise samples Gutermann, Inc. can determine whether a correlation is indeed a leak and eliminate false positive. The system also pinpoints more difficult leaks because of the averaging function.
- Installing a different brand of leak detection equipment would result in issues with compatibility between equipment used by the Water Department.
- Gutermann, Inc. will be able to place our current mapping system into the program which will allow City staff to identify the leaks found on our waterlines with gps accuracy.
- Zonescan 820 & Aquascan 620L are manufactured, sold, and distributed exclusively by Gutermann, Inc.

Previous Council/Committee Action: N/A

Competing Viewpoints Considered: N/A

Recommended Motion: I move that Resolution 3018 be approved authorizing the purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment, and waiving the competitive bidding requirement due to a single source of supply.

Alternative Actions: N/A

Attachments: Resolution 3018, Gutermann, Inc. sole source letter

RESOLUTION 3018

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANACORTES, WASHINGTON, authorizing the purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment for use in the City's distribution and transmissions water lines, and waiving the competitive bidding requirement due to a single source of supply, pursuant to RCW 39.04.280.

WHEREAS, RCW 39.04.280 provides that the City, by resolution, may waive competitive bidding requirements when a purchase is clearly and legitimately limited to a single source of supply, or when the purchase involves special facilities or market conditions.

WHEREAS, the City currently owns and maintains approximately 200 miles of water distribution and transmission lines; and

WHEREAS, an unexpected failure in the water distribution and transmission lines would present a real, immediate threat of material loss or damage to property, bodily injury, or loss of life; and

WHEREAS, the Water Department currently uses Gutermann, Inc. products; and

WHEREAS, Gutermann, Inc. offers a proprietary design of the Zonescan 820 and the Aquascan 620L (System) that allows the user to gather both leak noise data and advanced spectrum analysis; and

WHEREAS, this is the only System that performs automatic nightly correlation and cross correlation, which allows the user to gather much larger noise samples than a system that only performs on demand correlation. By taking averages of these large noise samples Gutermann, Inc. can determine whether a correlation is indeed a leak and eliminate false positive. The system also pinpoints more difficult leaks because of the averaging function; and

WHEREAS, installing a different brand of leak detection equipment would result in issues with compatibility between equipment used by the Water Department; and

WHEREAS, Gutermann, Inc. will be able to place our current mapping system into the program which will allow City staff to identify the leaks found on our waterlines with gps accuracy; and

WHEREAS, Zonescan 820 & Aquascan 620L are manufactured, sold, and distributed exclusively by Gutermann, Inc.; and

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Anacortes, Washington, as follows:

Section 1. The City Council of the City of Anacortes finds that purchasing the of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment for use in the City's distribution and transmissions water lines, clearly limits the City of

Anacortes to a single source of supply from Gutermann, Inc., justifying the waiver of competitive bidding requirements.

Section 2. The City Council of the City of Anacortes hereby waives the bidding requirements for the purchase of Gutermann Zonescan 820 & Aquascan 620L leak detection equipment, and authorizes sole source purchasing from Gutermann, Inc.

Section 3. Any actions of the City or its officers prior to the date hereof and consistent with the terms of this Resolution are ratified and confirmed.

Section 4. This Resolution shall be in full force and effect after its adoption and approval.

The foregoing resolution was ADOPTED by the City Council of the City of Anacortes, Washington, at a regular, open public meeting thereof this 16th day of February 2021.

____
Laurie Gere, Mayor

ATTEST:

____
Steven D. Hoglund, City Clerk/Treasurer

APPROVED AS TO FORM:

____
Darcy Swetnam, City Attorney

GUTERMANN

J.D. McQuiston
Gutermann, Inc.
1-833-987-532555 Main St. Unit #409
Newmarket, NH 03857
North America Office

To Whom It May Concern: Anacortes Water and Sewer

Subject: Gutermann Zonescan Smart/Zonscan.net – Sole Source Documentation

All Gutermann Products and Training including Zonescan.net and Zonescan Smart in Washington (and US Territories) is distributed sole source through Gutermann, Inc at the address following {55 Main St., Unit 409, Newmarket, NH 03857} and other locations in region.

Important performance and design differences: Gutermann offers a proprietary design of the sensor that allows the user to gather both leak noise data and advanced spectrum analysis. The key difference in design and function of this system is that it performs automatic nightly correlation and cross correlation. This function allows the user to find leaks that in the past were nearly impossible to find. The system can accomplish superior results since the nightly correlation allows Gutermann to gather much larger noise samples than a system that only performs on demand correlation. By taking averages of these large noise samples Gutermann can determine whether a correlation is indeed a leak and eliminate false positive. It also pinpoints more difficult leaks because of the averaging function. Gutermann is family owned and prides themselves on the fact that we will always provide our customers with excellent customer service.

Training for this system must be performed by a factory trained technician to ensure a detailed and accurate transference of information. Gutermann has designed several Youtube videos for continuous support and learning opportunities as it has proven to be helpful for other utilities as they onboard new staff. Professional technicians at Gutermann will have direct access to your projects which allows us to work directly with the utility owner where we can then address any concerns or questions regarding your surveys.

Regards,

J.D. McQuiston
Western Sales Manager, North America

City Council Agenda Bill

Meeting Date: February 16, 2021 **Agenda Item:** 5.a.

Agenda Item Title: Anacortes Family Center Agreement

Staff Contact(s): DARCY SWETNAM, STEVE HOGLUND

Approved for Submittal to Council by	**Action Type**
DARCY SWETNAM STEVE HOGLUND	Contract Award

Item Summary: An Agreement on the Sales and Use Tax Revenue between the City of Anacortes and the Anacortes Family Center

Budget Impact:
Neutral

Previous Action: N/A

Recommended Motion: Authorize the Mayor to sign the attached agreement on the Sales and Use Tax Revenue between the City of Anacortes and the Anacortes Family Center.

Alternative Actions: N/A

Attachments (listed in order presented):

1. Agreement on Sales and Use Tax Revenue Between the City of Anacortes and the Anacortes Family Center
2. Staff Slide Presentation

AGREEMENT ON SALES AND USE TAX REVENUE
BETWEEN THE CITY OF ANACORTES AND
THE ANACORTES FAMILY CENTER

This agreement ("Agreement") is entered into this ____ day of ____________, 2021, by and between the City of Anacortes ("City"), a Washington municipal corporation, and the Anacortes Family Center ("AFC"), a Washington non-profit corporation, collectively referred to as "Parties".

WHEREAS, recent state law allows the City to retain a portion of the sales tax currently collected by the state of Washington, which would allow the City to take an additional 0.0146% out of the state's share; and

WHEREAS, On November 4, 2019 the Anacortes City Council adopted Resolution number 2061 authorizing a proposition to the voters of the City of Anacortes, to authorize a 1/10th of 1% sales tax increase, otherwise known as a qualifying local tax ("QLT"), the proceeds of which would be used for affordable and supportive housing purposes as authorized and outlined in RCW 82.14.530, and

WHEREAS, in a special election on February 11, 2020 Anacortes voters approved the qualifying local tax by an approval rate of 55%, and

WHEREAS, the City adopted Ordinance 3071 on June 1, 2020, which authorized the full sales tax credit at the rate of .0146, and

WHEREAS, the City began collecting the full sales tax credit of .0146 on July 1, 2020, with revenue projections of around $654,000, to be split between three projects: one project for the AFC to construct a new building behind Island Hospital with 20 apartments and childcare on the first floor ("Project"), and two projects for the Anacortes Housing Authority to provide additional housing units; and

WHEREAS, City Council has established a trust fund in the City's accounting system general ledger into which the funds collected through the QLT and the full sales tax credit (together, the "Affordable Housing Tax Revenue") will be deposited into, and spent out of, and said fund will be numbered and will operate consistent with the requirements provided by the BARS manual published by the Washington State Auditor's office; and

WHEREAS, AFC is pursuing financing to begin construction of its project and is working with Banner Bank in Anacortes, Washington. The Parties intend this Agreement to provide assurances to Banner Bank of the availability of revenue from the Affordable Housing Tax Revenue until the Project is fully funded; and

WHEREAS, the Parties now wish to enter into the present Agreement to clarify how the revenues in the City's trust fund will be transferred to the AFC;

NOW THEREFORE, the Parties hereby, intending to be legally bound, do hereby agree as follows:

1. Purpose: The purpose of this Agreement is to secure funding from the City's Affordable Housing Tax Revenue described above to fund the AFC's Project, described in Exhibit A, which is attached and hereby incorporated by reference.
2. Revenue:
    a. The City will transfer to AFC half of all proceeds received by the City from the Affordable Housing Tax Revenue, to fund the Project. The City will transfer proceeds to AFC periodically, but no less frequently than quarterly. The City will continue making such payments for so long as the Affordable House Tax Revenue is authorized until the City's allocation towards Project as described in Exhibit A is fully funded.
    b. The City will discontinue payment of proceeds from the Affordable Housing Tax Revenue to AFC once the Project is fully funded at the total project allocation of three million dollars ($3,000,000), based on the description provided in Exhibit A.
    c. The City hereby agrees not to commit to fund projects other than the two Anacortes Housing Authority projects described above and the Project described in Exhibit A using Affordable Housing Tax Revenue funds until such a time as the AFC and Anacortes Housing Authority projects arefully funded.
3. AFC Assignment/Default: The City hereby consents to the assignment of AFC's rights under this Agreement to Banner Bank. The Parties agree that, if at any time, AFC defaults on its debt service payments to Banner Bank on the loan to fund the Project, AFC authorizes and directs the City to pay, and the City agrees to pay, Affordable Housing Tax Revenue directly to Banner Bank until the default is cured. Banner Bank may make any such request in writing to the City Treasurer with a copy to AFC, with no less than two weeks' notice prior to the next regular distribution, and the City shall make such payments to Banner Bank without the consent of AFC.
4. Use of Proceeds:
    a. AFC will only use the revenue described in Paragraph 2 above, to fund the Project described in Exhibit A.
    b. The Parties acknowledge that the proceeds of the Affordable Housing Tax Revenue may only be used to fund projects that meet the requirements of RCW 82.14.540, specifically all proceeds must be used for acquiring, rehabilitating, or constructing affordable housing or funding the operations and maintenance costs of new units of affordable or supportive housing.
    c. AFC acknowledges that all residents of the units provided must be at or below 60 percent of the county median income *and* fit within one of the following groups: persons with mental illness, Veterans, senior citizens,

homeless or at-risk of being homeless, families with children, unaccompanied homeless youth or young adults, persons with disabilities, or domestic violence survivors.

5. Payments Run with Land: If at any time AFC sells or transfers its interest in the real property upon which the Project is being constructed or operated to another party who intends to continue operating the Project as affordable and supportive housing, the City hereby agrees that the right to receive the Affordable Housing Tax Revenue runs with the land provided that any subsequent owner can first establish that they have met all the requirements described in this Agreement, Ordinance 3071, Resolution 2061, and all requirements in the Revised Code of Washington governing use of the Affordable Housing Tax Revenue for affordable and supportive housing.
6. Indemnification:
    a. AFC shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the AFC in construction or operation of the Project or performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.
    b. The City's inspection or acceptance of any of the AFC's work on the Project shall not be grounds to void, nullify, and/or invalidate any of these covenants of indemnification.
    c. Nothing contained in this Agreement shall be construed to create a liability or a right of indemnification in any third party, except for the right of Banner Bank to receive the Affordable Housing Tax Revenue under section 3 above.
7. City Providing Funding Only: The Parties acknowledge that the City's only involvement in the Project is to provide funding and ensure compliance with RCW 82.14.530 et. Seq. and that no joint venture or partnership is created by this Agreement. No agent, employee or representative of AFC shall be deemed to be an agent, employee or representative of the City for any purpose. AFC shall be solely responsible for all acts of its agents, employees, representatives and subcontractors.
8. Effectiveness: This Agreement shall be effective as of the date first set forth above.
9. Notices: Unless stated otherwise herein, all notices and demands shall be in writing and sent or hand delivered to the parties at their addresses as follows:

To the City:	City of Anacortes Attn: Darcy Swetnam, City Attorney PO Box 547 Anacortes, WA 98221

To the AFC: Anacortes Family Center
Attn: Dustin Johnson, CFRE
Executive Director
2702 Commercial Avenue
Anacortes, WA 98221

10. Governing Law; Binding Effect: This Agreement shall be governed by and construed in accordance with the laws of the State of Washington applicable to contracts made and performed in such state without giving effect to the choice of law principles of such state that would require or permit the application of the laws of another jurisdiction.
11. Severability: If any term or condition of this Agreement or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition or application. To this end, the terms and conditions of this Agreement are declared severable.
12. Counterparts: This Agreement may be executed in one or more counterparts, including electronic mail counterparts, each of which shall be deemed to be an original copy of this Agreement, and all of which, when taken together, shall be deemed to constitute one and the same agreement. Delivery of such counterparts by electronic mail (in PDF or.tiff format) shall be deemed effective as manual delivery.

IN WITNESS WHEREOF, the City and AFC have executed this Agreement as of the date first set forth above.

CITY OF ANACORTES	ANACORTES FAMILY CENTER
____________________________	____________________________
Laurie Gere, Mayor	Dustin Johnson, Executive Director

Exhibit A
Project Description

Overview

Anacortes Family will construct 20 units of affordable housing on a 9,250 sf parcel at 1019 26th Street in Anacortes, WA. The project will consist of one four story building with commercial space on the ground floor. The project will be reserved for tenants whose incomes are between 30% and 60% of area median income (AMI). There will be 4 studio, 10 one-bedroom, and 6 two-bedroom units. This structure will mirror a building that AFC recently completed that shares a lot line on 27th Street.

The sponsor, Anacortes Family, owns the site in fee simple. The total project cost is estimated at about $4.6MM.

This project will receive $3,000,000 in sales tax credit funding over the next 10 years to pay for the construction of the project. These funds are included as a subsidy to the property operations of roughly $27,250 per month over the life of the 10 year permanent loan.

Projected Revenues

Starting on June 1st 2021, the City anticipates based on current revenue projections the amounts passed through to the AFC will be as follows:

Project Allocation	$3,000,000
Annual Expected Sales Tax Credit Revenue:	$654,000
Max Expected Quarterly Sales Tax Credit Revenue:	$163,500

Year	Date	Quarter	Expected Qtr. Revenue	Cumulative Total
1	2021	3	$81,750.00	$81,750.00
		4	$81,750.00	$163,500.00
2	2022	1	$81,750.00	$245,250.00
		2	$81,750.00	$327,000.00
		3	$81,750.00	$408,750.00
		4	$81,750.00	$490,500.00
3	2023	1	$81,750.00	$572,250.00
		2	$81,750.00	$654,000.00
		3	$81,750.00	$735,750.00
		4	$81,750.00	$817,500.00
4	2024	1	$81,750.00	$899,250.00
		2	$81,750.00	$981,000.00
		3	$81,750.00	$1,062,750.00
		4	$81,750.00	$1,144,500.00
5	2025	1	$81,750.00	$1,226,250.00
		2	$81,750.00	$1,308,000.00
		3	$81,750.00	$1,389,750.00
		4	$81,750.00	$1,471,500.00
6	2026	1	$81,750.00	$1,553,250.00
		2	$81,750.00	$1,635,000.00
		3	$81,750.00	$1,716,750.00
		4	$81,750.00	$1,798,500.00
7	2027	1	$81,750.00	$1,880,250.00

		2	$81,750.00	$1,962,000.00
		3	$81,750.00	$2,043,750.00
		4	$81,750.00	$2,125,500.00
8	2028	1	$81,750.00	$2,207,250.00
		2	$81,750.00	$2,289,000.00
		3	$81,750.00	$2,370,750.00
		4	$81,750.00	$2,452,500.00
9	2029	1	$81,750.00	$2,534,250.00
		2	$81,750.00	$2,616,000.00
		3	$81,750.00	$2,697,750.00
		4	$81,750.00	$2,779,500.00
10	2030	1	$81,750.00	$2,861,250.00
		2	$81,750.00	$2,943,000.00
		3	$57,000.00	$3,000,000.00
		4	$0.00	$3,000,000.00

ANACORTES FAMILY CENTER AGREEMENT

February 8, 2021

Tonight's Discussion

BACKGROUND

REASON FOR AGREEMENT

AGREEMENT TERMS

Background

- November 4, 2019: Resolution 2061 was adopted authorizing a ballot proposition to levy a 1/10th of 1% sales tax increase to be used for affordable and supportive housing, known as a Qualifying Local Tax (QLT)
- February 11, 2020: Anacortes voters approved ballot proposition
- June 1, 2020: Ordinance 3071 was adopted to elect to collect the full sales tax credit authorized by state law at the rate of 0.0146
- July 1, 2020: City began collecting full sales tax credit
  - Revenue projections predict $654,000 annually
  - Funds to be split evenly between the Anacortes Family Center (AFC) and Anacortes Housing Authority

Reason for this Agreement

- AFC plans to begin construction on a new housing project ("Project")
  - New building behind Island Hospital
  - 20 apartments
  - Child care on the first floor
- AFC will borrow funds from Banner Bank to fund construction
- Proceeds from affordable housing tax revenue will be used each year to repay the loan
- Banner Bank requested a funding agreement between the City and AFC to provide evidence of projected income pursuant to the affordable housing tax revenue

Agreement Terms

The Anacortes Family Center

- Purpose: The Agreement's purpose is to secure funding to allow construction of the Project.
- Tax Proceeds: The City commits to provide half of the proceeds received from the QLT to fund the Project.
  - The City does not guarantee a certain level of income
  - The City provided revenue projections, but the AFC will make up any difference in payments based on revenue projections and amounts actually collected
  - Payments will cease once the City's portion of the Project is fully funded ($3 million)
  - City won't commit QLT funds to other projects than the AFC and AHA projects until City's share of AFC Project and AHA projects are fully funded
- Assignment: City consents to assignment of payments to Banner Bank in case of default
- State Law Requirements: AFC agrees to only use funds for project, which meets the requirements in RCW 82.14.540 for use of funds.
- Exhibit A: Describes the Project and revenue projections.

QUESTIONS?

City Council Agenda Bill

Meeting Date: February 16, 2021 **Agenda Item:** 5.b.

Agenda Item Title: Lodging Tax Advisory Committee Annual Appointments 2021

Staff Contact(s): DON MEASAMER, STEVE HOGLUND

Approved for Submittal to Council by	**Action Type**
Joann Stewart LIBBY GRAGE DON MEASAMER	Motion

Item Summary: Confirmation of the Lodging Tax Advisory Committee 2021. The current members of the Lodging Tax Advisory Committee have confirmed they wish to serve another year. The members are – from businesses required to collect the tax - Mark Lione and Russ Olivier. The remaining members, from businesses authorized to receive funding by the tax, are - Erik Schorr and Andy Stewart. State law, RCW 67.28.1817, requires the City to establish a Lodging Tax Advisory Committee ("LTAC"), which must review and comment on any proposal to impose, increase, or repeal the lodging tax, or change the allocations, at least 45 days before final action on or passage of the proposal. The Committee members must be appointed by the City Council and must include: at least three members who are representatives of businesses required to collect the tax; at least three members who are persons involved in activities authorized to be funded by revenue received from the tax; a City elected official, who must serve as chair of the committee. The number of members in (a) must be equal to the number of members in (b). Persons who are eligible for appointment under (a) are not eligible for appointment under (b). Terms last one year and members are eligible for re-appointment. Karla Locke and Pam Audette left the committee at the end of 2020. They represented a funding eligible business and a business that collects the tax. The City received 2 talent bank applications for those positions and ask for confirmation of the candidates. Kripa Patel, manager, Anacortes Inn, and Jennifer Mann of Tides, retail clothing store owner. We believe these 2 individuals would be excellent additions to the Lodging Tax Advisory Committee. Matt Miller, City Councilmember, is Chair of the committee.

Budget Impact:
None

Previous Action: *See previous action from May 26, 2020, here. RCW 67.28.1817 requires the City to establish a Lodging Tax Advisory Committee ("LTAC") to review and comment on any proposals/requests for tourism funding prior to the passage of the proposal. The advisory committee shall submit comments on the proposal in a timely manner through generally applicable public comment procedures, which comments shall include analysis of the extent to which the proposal will accommodate activities for tourists or increase tourism and the extent to which the proposal will affect the long-term stability of the fund created under RCW* ***67.28.1815****. Failure of the advisory committee to submit comments before final action on or passage of the proposal shall not prevent the municipality from acting on the proposal. A lodging tax advisory committee shall consist of at least five members, appointed by the legislative body of the municipality. The membership must include at least 2 members who are representatives of businesses required to collect the tax; at least 2 members who are persons involved in activities authorized to be funded by revenue received from the tax; a City elected official, who must serve as chair of the committee. The number of members in (a) must be equal to the number of members in (b). Persons who are eligible for appointment under (a) are not eligible for appointment under (b). Terms last one year and members are eligible for re-appointment. The City established Committee membership of at least 3 individuals per appointment (collecting funds or authorized to use the funds) in the Tourism Promotion Strategic Plan.*

Recommended Motion: I move to approve the re-appointment of Matt Miller as Chair, and Mark Lione, Erik Schorr, Russ Olivier, and Andy Stewart as members of the Lodging Tax Advisory Committee and appoint Jennifer Mann and Kripa Patel as new committee members to represent the City in the review and recommendation of projects that encourage tourism in Anacortes.

Alternative Actions: Deny the appointments

Attachments (listed in order presented): None

CITY OF ANACORTES 1891

access
ANACORTES FIBER INTERNET

February 2021

GPON CUSTOMER COUNT & REVENUE

Month	In Service	Static IPv4 Address	Internet Service Revenue	Static IPv4 Revenue	GPON Revenue	Other Revenue	TOTAL REVENUE
Mar-20	9	1	$ 1,171.00	$20	$ 1,191.00	$ -	**$ 1,191.00**
Apr-20	30	3	$ 3,180.00	$49	$ 3,229.00	$ -	**$ 3,229.00**
May-20	138	6	$ 9,102.00	$109	$ 9,211.00	$ -	**$ 9,211.00**
Jun-20	209	10	$ 13,451.00	$145	$ 13,596.00	$ -	**$ 13,596.00**
Jul-20	246	15	$ 15,884.00	$190	$ 16,074.00	$ -	**$ 16,074.00**
Aug-20	284	19	$ 18,456.00	$248	$ 18,704.00	$ -	**$ 18,704.00**
Sep-20	314	24	$ 20,646.00	$326	$ 20,972.00	$ 867.00	**$ 21,839.00**
Oct-20	341	26	$ 22,489.00	$344	$ 22,833.00	$ 867.00	**$ 23,700.00**
Nov-20	363	27	$ 23,827.00	$353	$ 24,180.00	$ 2,023.25	**$ 26,203.25**
Dec-20	463	43	$ 29,897.00	$382	$ 30,279.00	$ 2,023.25	**$ 32,302.25**
Jan-21	524	31	$ 33,616.00	$411	$ 34,027.00	$ 2,023.25	**$ 36,050.25**
Feb-21	575	34	$ 36,445.00	$449	$ 36,894.00	$ 2,023.25	**$ 38,917.25**

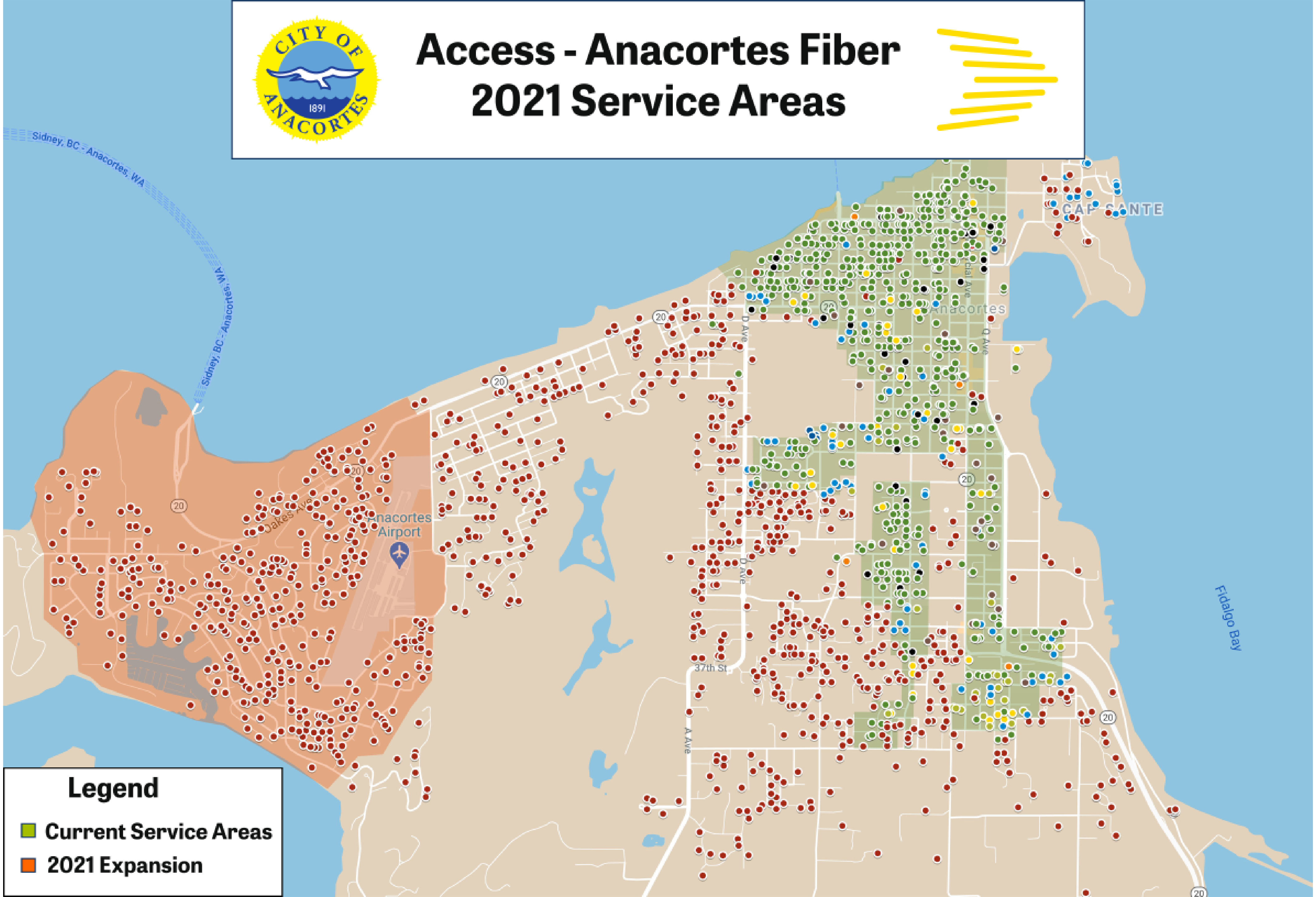
CUSTOMER ORDERS

Residential	Count	Monthly Revenue	Commercial	Count	Monthly Revenue	Other Customers
100Mbps	165	$ 6,435.00	100Mbps	33	$ 2,937.00	$867.00
100Mbps managed	153	$ 7,497.00	100Mbps managed	20	$ 1,980.00	$1,156.25
1Gbps	111	$ 7,659.00	1Gbps	29	$ 4,321.00	
1Gbps managed	57	$ 4,503.00	1Gbps managed	7	$ 1,113.00	
One Static IP	4	$ 36.00	One Static IP	17	$ 153.00	
Five Static IPs	2	$ 40.00	Five Static IPs	11	$ 220.00	
Total:	**86**	**$ 26,170.00**	**Total:**	**89**	**$ 10,724.00**	
Grand Total	**$ 38,917.25**					

	CBD	Old Town	M Ave	2020 Aerial Areas	West End	Remainder of City	Total
Potential Customers	255	562	160	1296	2302	3043	**7618**
Sign-ups	117	253	67	328	379	683	**1827**
Take-Rate	45.9%	45.0%	41.9%	25.3%	16.5%	22.4%	**24.0%**
Partial Installs	1	0	0	0	0	1	**2**
In-Service	105	232	55	167	0	16	**575**
Percentage of Orders in Service	**89.7%**	**91.7%**	**82.1%**	**50.9%**	**0.0%**	**2.3%**	

In our current service areas 765 orders have been received of the potential 2273 customers which equates to 33.7% market share.

Access - Anacortes Fiber 2021 Service Areas



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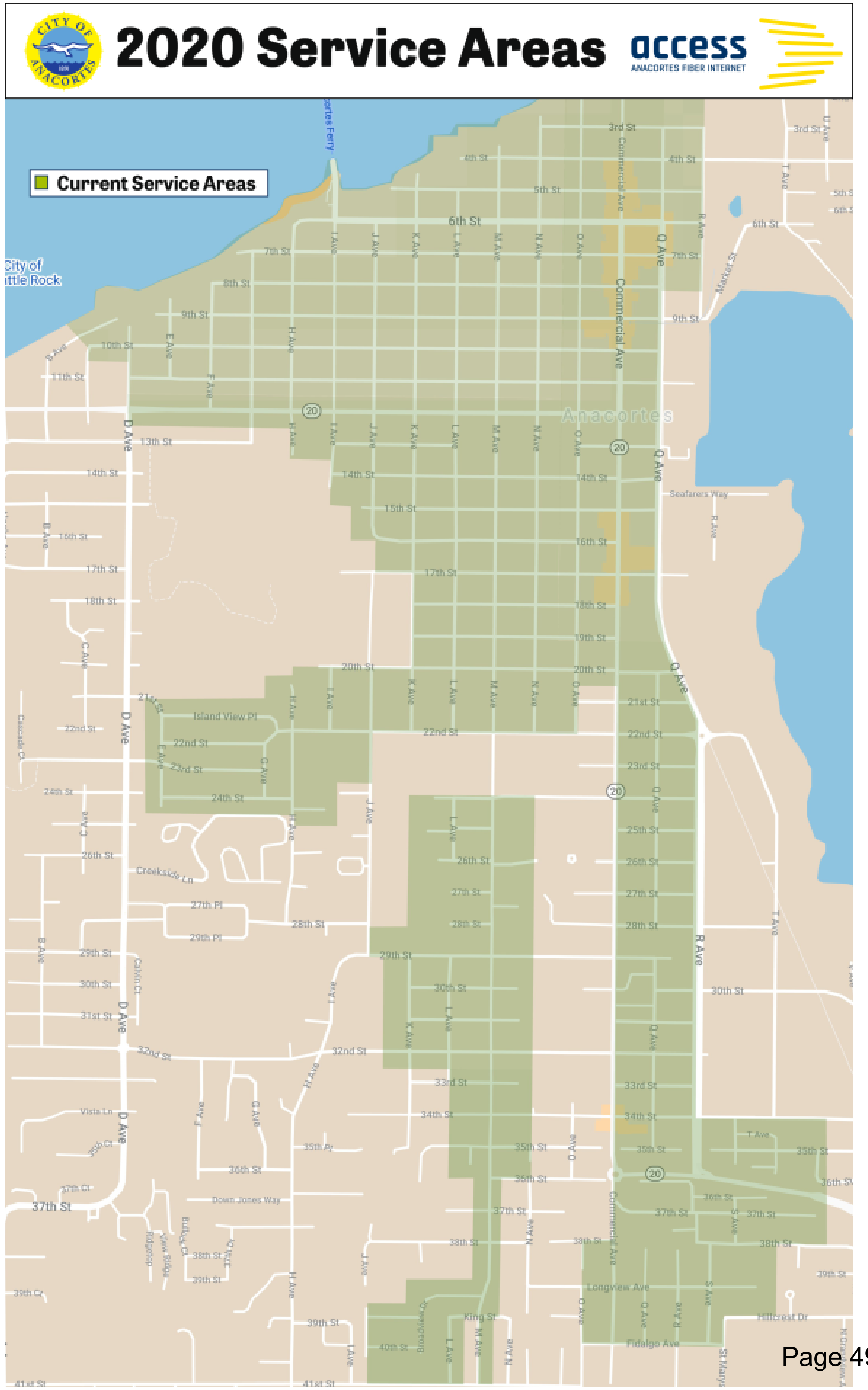
ACCESS ANACORTES FIBER INTERNET SERVICE AREA

Fiber technicians are systematically completing installations and placing customers into service. There are 206 orders in queue for service in our current service areas.

access
ANACORTES FIBER INTERNET



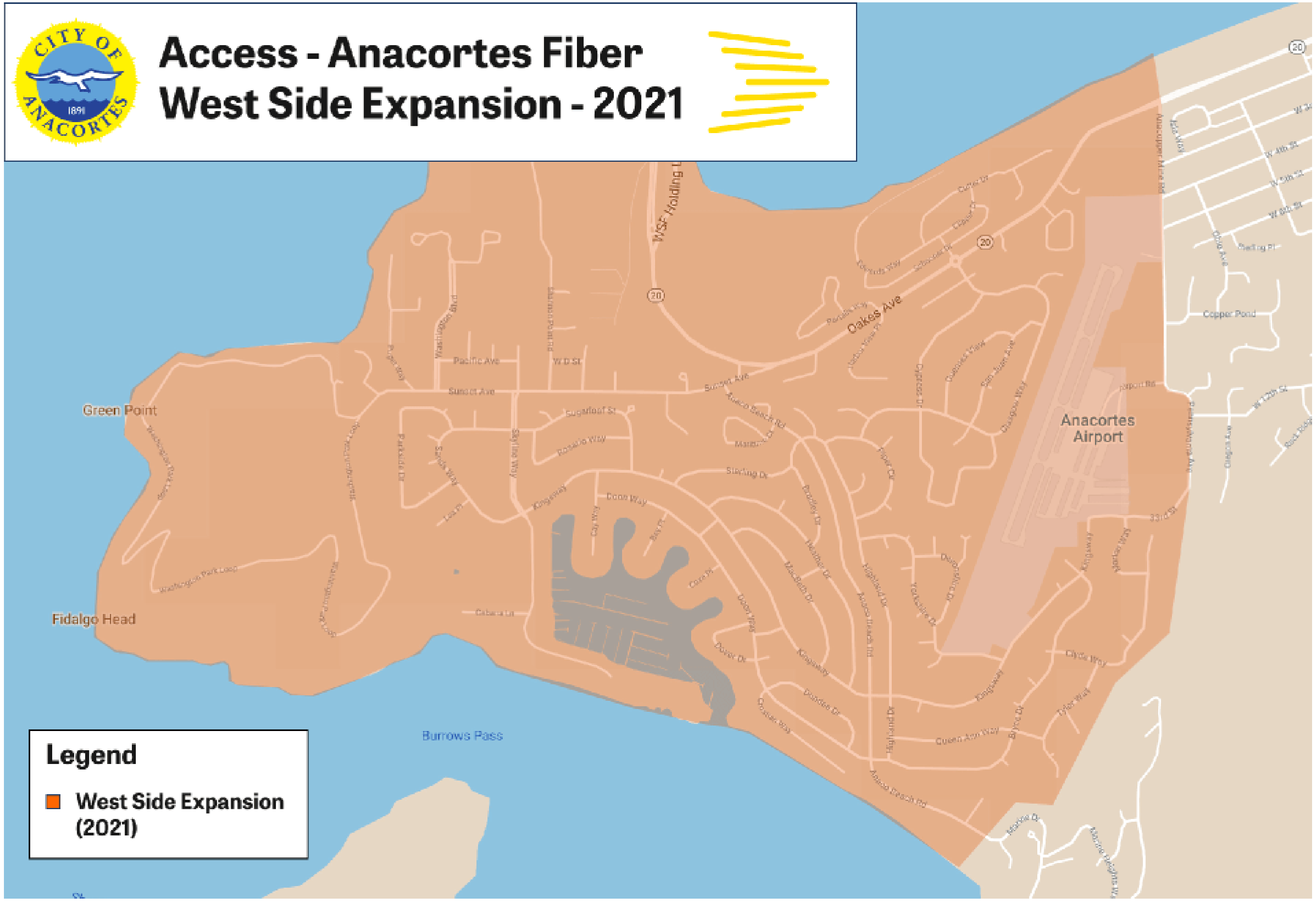
NETWORK EXPANSION

Area	Pass	Projected Expansion Timeframe	Funding
"West End" West of Anacopper Mine Rd.	2375	2021 design, construction, and installations. Installations will continue into early 2022.	Savibank Line of Credit (up to $4.5M)
East of A Ave. Backfilling current service area	1815	Dependent upon whether EDA grant approved or not. • If grant approved, 2021 design and 2022 construction and installations • If grant denied, 2022 design, construction, and installations	• Economic Development Administration (EDA) grant for $2.25M under review. EDA requires demonstration of additional private employment opportunities resulting from grant award. This section of the City is the primary area for business density to meet this requirement. • Balance of project to be funded through Line of Credit.
East of Anacopper Mine Rd. to A Ave.	875	2023	TBD
Urban Growth Area along HWY 20 & March's Point	Tbd	2023-2024	TBD

2021 EXPANSION

2021 NETWORK EXPANSION

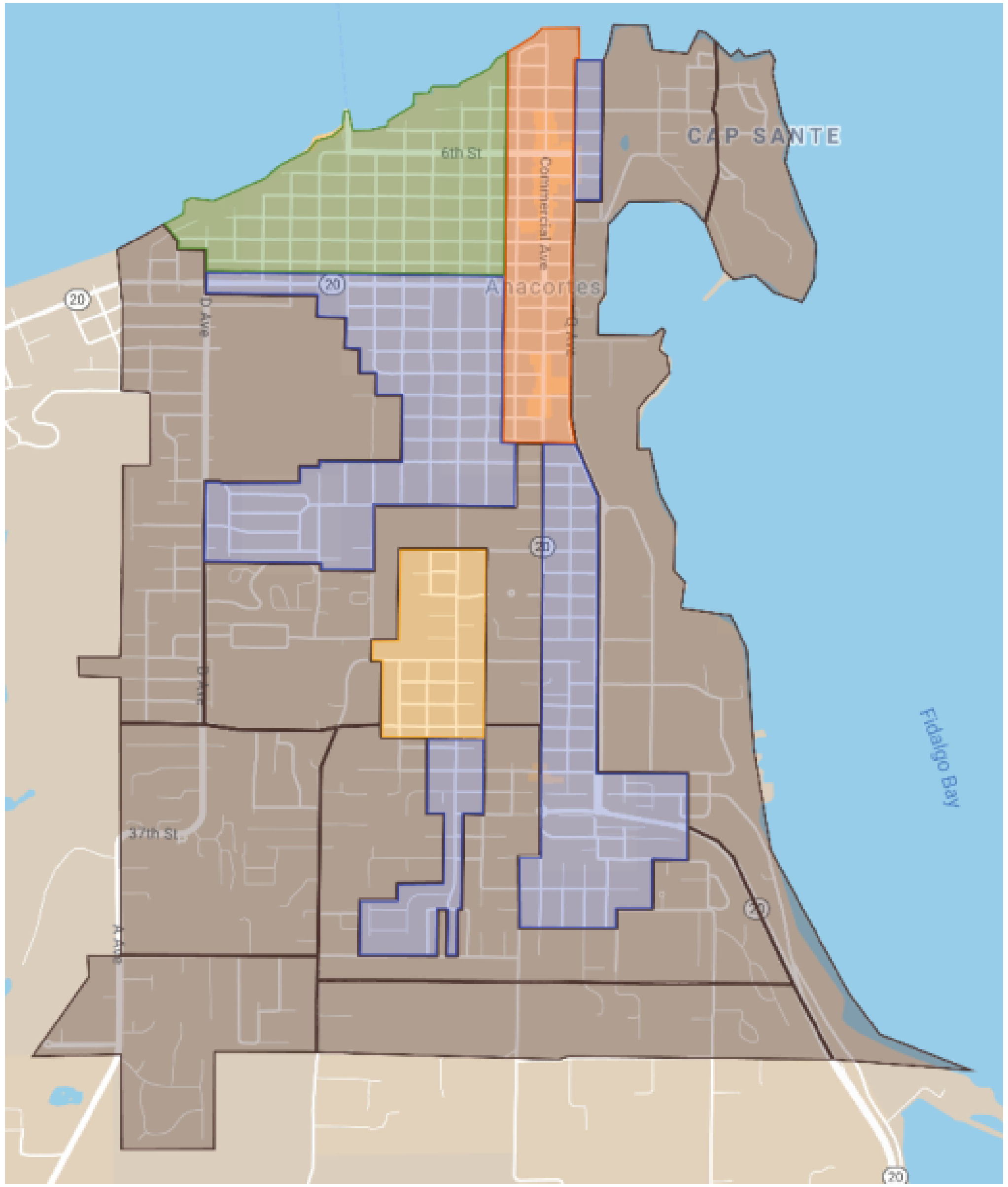
- West of Anacopper Mine Road
- Design underway
- Placing material orders
- Passes 2375 premises
- By end of 2021 will have passed 4753 premises (of 7600)



2022 EXPANSION

NETWORK EXPANSION

- Expansion timeframe dependent upon whether or not City receives $2.25M grant from EDA
- If grant is not awarded this will become the 2022 project which includes design, construction, and installation
- If grant is awarded design and process for construction can begin in late 2021
- A Avenue east to City limits
- 1815 premises



SPECIAL PROJECTS

- **PORT OF ANACORTES**
  1st quarter 2021
  Ad Hoc Construction to Bartholomew Rd property
  Tenants enter into service agreements for business-class internet

- **ANACORTES SENIOR ACTIVITY CENTER**
  1st quarter 2021

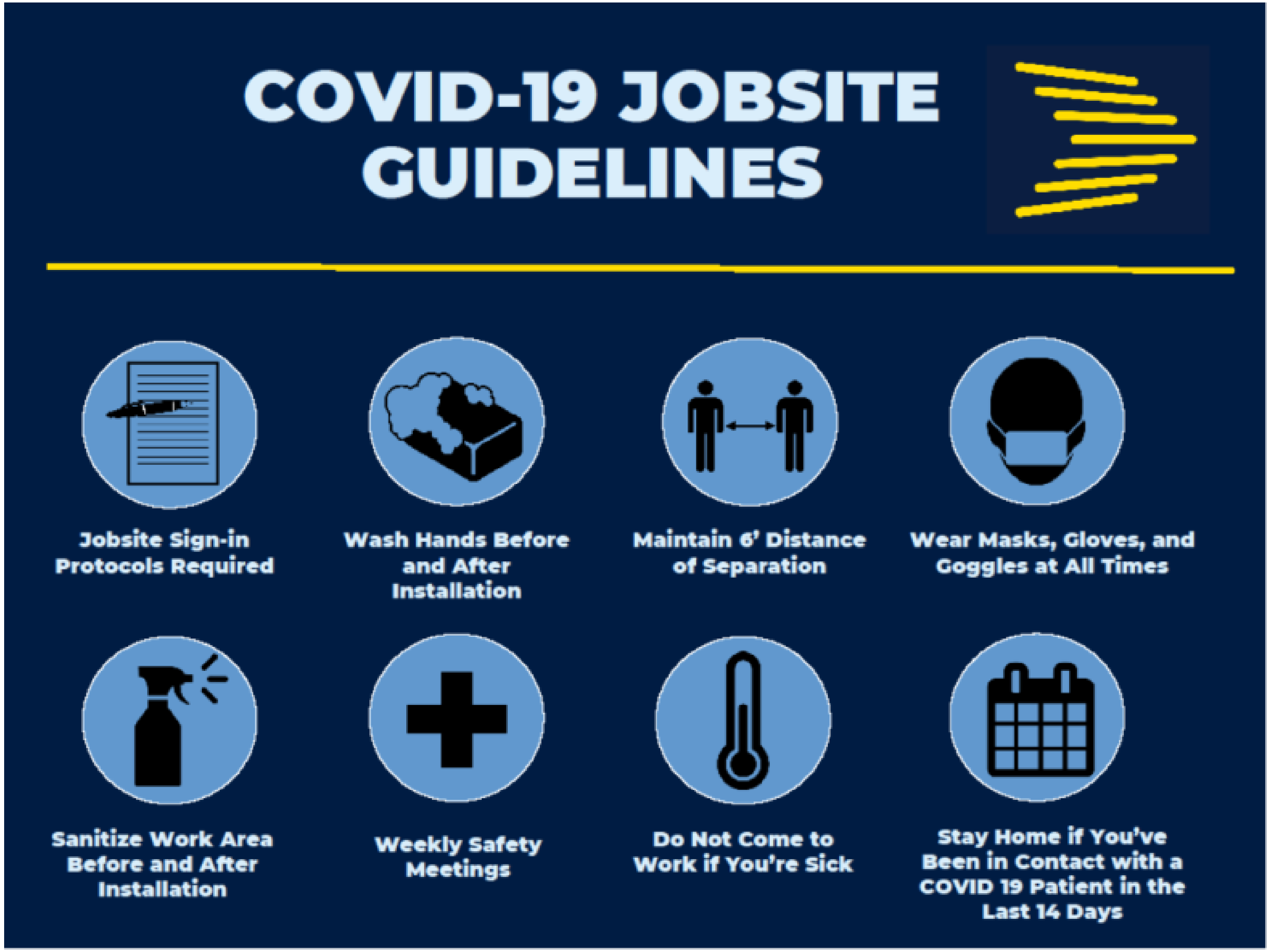
- **ROCK ISLAND COMMUNICATIONS**
  2nd quarter 2021
  Dark fiber lease

COMING ACTIVITY

- ***EDA Decision on grant application***
- ***Installations continue in current service areas with installations scheduled into mid-March***

IN HOME INSTALLATIONS

30 Guidelines
Training & Supervision
Social Distancing
PPE
Sanitation & Cleanliness
Employee Health
Job Site Tracking



> Faster Speeds
> More Reliable
> Lower Prices
> Locally Run

Residential Plans

Month to Month

100 Mbps	$39/month
1 Gbps	$69/month
Managed WiFi	$10/month
Install Fee	$100

Business Plans

12 Month Contract

100 Mbps	$89/month
1 Gbps	$149/month
Managed WiFi	$10/month
Install Fee	$100

access

ANACORTES FIBER INTERNET

CITY OF ANACORTES 1891