

**** 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 3038](#), adopted June 28, 2021, extending the duration of portions of Resolution 2082 through September 30, 2021, City Council meetings may be held partially or entirely virtually.**

- 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 by the [City Clerk](#) 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 virtual participation in 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

**** Attendees in Council Chambers must comply with [Dept. of Health orders](#) in effect on the date of each meeting ****

August 9, 2021
6:00 PM

PRELIMINARY AGENDA

[Packet Materials](#) / [Watch Meeting](#)

- 1. Call to Order**
- 2. Pledge of Allegiance**
- 3. Announcements and Committee Reports**
 - a. COVID-19 Update (Discussion)
 - b. Public Safety Committee (Discussion)
 - c. Housing Affordability and Community Services Committee (Discussion)
 - d. Planning Committee (Discussion)
- 4. Public Comment**
- 5. Consent Agenda**
 - a. Minutes of August 2, 2021 (Action)
 - b. Approval of claims in the amount of \$881,286.94 (Action)
 - c. Contract Award: Water Treatment Plant Filter Anthracite #21-074-WTR-001 (Action)
- 6. Public Hearings**
 - a. * Ordinance 3094: Amending the Capital Facilities Plan 2021 - 2026 (Discussion/Action)
- 7. Other Business**
 - a. * Ordinance 3093: Amending the 2021 Budget (Discussion/Action)
 - b. * Access Anacortes Fiber Internet Update (Discussion)

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.

- c. * CDBG & CDBG-CV Funding Update (Discussion)
 - d. * Resolution 3048: Approving the Fidalgo Island Water System asset transfer and improvement agreement between the City and Public Utility District No. 1 of Skagit County (Discussion/Possible Action)
 - e. Contract Award: Sensus Water Meter Software #21-136-WTR-001 (Discussion/Action)
8. **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.*

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.

Anacortes City Council Minutes - August 2, 2021

Call to Order

Mayor Laurie Gere called to order the Anacortes City Council meeting of August 2, 2021 at 6:00 p.m. Councilmembers Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Matt Miller were present. Councilmembers Jeremy Carter and Anthony Young were absent. Mr. Carter had been excused in advance at the May 24, 2021 regular City Council meeting.

Ms. Moulton moved, seconded by Ms. Cleland-McGrath, to excuse the absence of Mr. Young who was unwell. The motion carried unanimously by voice vote.

Pledge of Allegiance

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Police Chief Confirmation and Swearing In: Mayor Gere asked City Council to confirm her appointment of David Floyd as Police Chief, effective immediately.

MATT MILLER moved, seconded by CHRISTINE CLELAND-MCGRATH, to confirm the appointment of Dave Floyd as Police Chief for the City of Anacortes. The motion carried unanimously by voice vote.

Mayor Gere administered the oath of office to Police Chief Dave Floyd. Chief Floyd expressed his appreciation to Mayor Gere, City Council and his colleagues in the Police Department.

COVID-19 Update: Mayor Gere explained current Centers for Disease Control guidance for masking. Mayor Gere shared current case statistics and vaccination progress for Anacortes, Skagit County, and Washington State and listed a number of vaccination opportunities for the public.

Mr. McDougall asked if City Council meetings should revert to virtual only until the current increasing case trend ends. Councilmembers agreed that the meetings would continue in person but that councilmembers would be encouraged to attend remotely.

Finance Committee: Mr. Walters reported from the Committee meeting held the previous Wednesday. The topics discussed included a request from Waste Management for changes to its contract with the city for recycling and organics collection.

Public Works Committee: Ms. Moulton reported from the Committee meeting held earlier in the evening. The topics discussed included the potential transfer of the South Fidalgo Water System to the City of Anacortes which would be presented to Council at its August 9 meeting. The committee also discussed the current chlorine supply for water treatment.

Public Comment

No one present wished to address the Council on any topic not already on the agenda. Public comments submitted electronically prior to the meeting by Beth Griggs were added to packet materials for the meeting.

Consent Agenda

Ms. Moulton removed Item 5c, Street Fair Application: Outdoor Music Event, from the Consent Agenda.

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

- a. Minutes of July 26, 2021
- b. Approval of claims in the amount of \$563,614.22
The following vouchers/checks were approved for payment:
EFT numbers: 100756 through 100807, total \$367,701.01
Check numbers: 100808 through 100839, total \$180,299.40
Wire transfer numbers: 278858 through 288116, total \$15,690.31
- d. Street Fair Application: Anacortes Half Marathon
- e. Contract Modification: WWTP Annual Incinerator Compliance Emissions Performance Test #21-100-SEW-001
- f. Resolution 3046: Waiving the Competitive Bidding Requirement for WWTP Mercury Modules.
- g. Resolution 3047: Waiving the Competitive Bidding Requirement for WWTP Incinerator Repairs

c. Street Fair Application: Outdoor Music Event

Ms. Moulton announced that she had submitted the subject street fair application so she would abstain from voting on it. Mr. Miller moved, seconded by Ms. Cleland-McGrath, to approve Consent Agenda Item 5c. The motion carried unanimously by voice vote with Ms. Moulton abstaining.

OTHER BUSINESS

Police Department Update

Police Chief Dave Floyd provided an update on changes in Washington State legislation and how they affect the Anacortes Police Department and on the Anacortes Police Department's pilot program with the Anacortes Family Center pursuant to Agreement 21-061-IDS-001. The chief referred to the extensive packet materials for this agenda item. Chief Floyd responded to councilmember questions about the Family Center program metrics and suggestions for additional measurements moving forward. Councilmembers engaged in extended discussion with Chief Floyd about the challenges posed by the new legislation.

RESOLUTION NO. 3045: A resolution authorizing and directing execution of an agreement by and between the City of Anacortes, Washington, USA and the City of Comarnic, Romania

Mayor Gere introduced Resolution 3045 authorizing and directing both parties to sign an agreement between the City of Anacortes and the City of Cormanic uniting them in a formal Sister City relationship. Mayor Gere asked members of the Sister City Association to address the Council.

Brad Adams, representing the Sister City Association, related the history of the city's relationship with Cormanic over the past decade. He spoke in support of the agreement.

John Lovric, President of the Sister City Association, provided background on Sister Cities International. He spoke in support of the agreement.

RYAN WALTERS moved, seconded by CAROLYN MOULTON, to adopt Resolution 3045 as presented. Vote: Ayes - RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, MATT MILLER. Nays - None. Result: Passed

Adjournment

There being no further business, at approximately 7:18 p.m. the Anacortes City Council meeting of August 2, 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 August 9, 2021 City Council meeting:
[Download this file in OpenDocument spreadsheet format.](#)

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
288258	4/22/2021	1211224	SIGNATURE FORMS, INC	#10 ENVELOPES	\$ 373.52	finance
288450	5/3/2021	2411	NORTHWEST CORROSION	WTP RAW WATER ANDSECOND CLEARWELL CORROSION CONTROL: APRIL 2021	\$ 17,770.14	pw1
288190	5/4/2021	PWTF-258475	DEPARTMENT OF COMMERCE	CONTRACT PR09-951-009	\$ 47,170.14	finance
288191	5/4/2021	PWTFNT-246271	DEPARTMENT OF COMMERCE	CONTRACT PC12-951-072	\$ 540,789.47	finance
288504	6/3/2021	770	POHLI, INC	WTP LAB EQUIPMENT PREVENTATIVE MAINTENANCE - JUNE 2021	\$ 1,402.15	dwtpt
288368	6/9/2021	0995805	FERGUSON ENTERPRISES, INC	M520M-F1-3W-3W-E-MI 2P PIT 3W W-ID	\$ 1,310.56	wdist
288335	7/16/2021	812-18558	GCR TIRES & SERVICES	SERVICE- #511	\$ 1,158.46	dshop
288338	7/16/2021	812-18561	GCR TIRES & SERVICES	SERVICE- #514	\$ 49.44	dshop
288340	7/16/2021	812-18560	GCR TIRES & SERVICES	SERVICE- #515	\$ 97.85	dshop
288266	7/16/2021	9322436096	GRAYBAR ELECTRIC COMPANY, INC	FIBER OPTIC SPLICE CASES	\$ 4,788.68	fiber
288477	7/19/2021	00-2019-240 - 19	ALTA PLANNING AND DESIGN, INC	COMMERCIAL AVE PLAN PHASE 1- 11TH TO 13TH DESIGN - THROUGH JUNE 30, 2021	\$ 22,389.77	pw1
288464	7/19/2021	21411.10-2	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT: 4815 EDWARDS WAY	\$ 411.25	plan
288500	7/19/2021	106799	VECA ELECTRIC & TECHNOLOGIES	50 AMP RECEPTACLE FOR THE DEPOT	\$ 2,704.72	pwfac
288339	7/20/2021	812-18676	GCR TIRES & SERVICES	TIRES- #515	\$ 703.82	dshop
288269	7/20/2021	9884547762	VERIZON WIRELESS	SCADA COMMUNICATION - PUMP STATIONS 6/21-7/20/21	\$ 1,186.96	dwwtp
288350	7/22/2021	813486	CASCADE COLUMBIA DISTRIBUTION	SODIUM FLUORIDE - 1 PALLET/40 BAGS	\$ 1,860.00	dwtpt
288260	7/22/2021	228923	NAPA	GASKET MAKER- #610	\$ 29.69	dshop
288467	7/23/2021	000017092 - 6	H W LOCHNER INC	PROFESSIONAL SERVICES FROM JUNE 26, 2021 THROUGH JULY 23, 2021	\$ 18,941.77	pw1
288261	7/23/2021	229066	NAPA	TURN SIGNAL- #131	\$ 29.37	dshop
288274	7/23/2021	229072	NAPA	PIGTAIL #513	\$ 39.20	dshop
288423	7/23/2021	229171	NAPA	PIGTAIL- #515	\$ 39.20	dshop
288499	7/25/2021	106883	VECA ELECTRIC & TECHNOLOGIES	DENT METER INSTALLATION @ CITY HALL AND ASAC	\$ 1,553.12	pwfac
288440	7/26/2021	018901901	GALLS, LLC.	UNIFORM GLOVES; SGT PRUIETT	\$ 32.64	apd
288267	7/26/2021	I5853791	HD FOWLER COMPANY INC	MAINTENANCE SUPPLIES	\$ 433.82	dwwtp
288268	7/26/2021	I5853802	HD FOWLER COMPANY INC	MAINTENANCE SUPPLIES	\$ 1,776.00	dwwtp
288364	7/26/2021	1119358	LIFE ASSIST, INC	BP CUFFS	\$ 88.26	medic
288478	7/26/2021	18361998	MCKESSON MEDICAL-SURGICAL	EMS PACK CASE	\$ 140.08	medic
288264	7/26/2021	229397	NAPA	OIL FILTER- #7918	\$ 10.68	dshop

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
288351	7/26/2021	674955	USA BLUE BOOK	ROSS PH SOLUTION, BUFFER 6.0, FLUORIDE STANDARD	\$ 231.06	dwtp
288353	7/26/2021	9885018888	VERIZON WIRELESS	WTP SCADA MODEM 6/27-7/26/21	\$ 527.56	dwtp
288342	7/27/2021	026P22972	DOBBS PETERBILT - MARYSVILLE	HEATER CONTROLS- #515	\$ 141.14	dshop
288484	7/27/2021	DG-12082	GUSTAFSON & ASSOCIATES	APPRAISAL OF HEART OF ANACORTES CITY PARK	\$ 1,600.00	finance
288159	7/27/2021	RefundMehsling	MEHSLING, KRISTIE	CAMPGROUND REFUND	\$ 60.00	parks1
288262	7/27/2021	229505	NAPA	BATTERY- #7919	\$ 517.78	dshop
288265	7/27/2021	229553	NAPA	BATTERY- #7918	\$ 134.86	dshop
288488	7/27/2021	18432	TRANSPORTATION SOLUTIONS INC	TRANSPORTATION CONCURRENCY MANAGEMENT - 32ND & R AVE TOWNHOMES	\$ 1,853.00	plan
288490	7/27/2021	18433	TRANSPORTATION SOLUTIONS INC	TRANSPORTATION CONCURRENCY MANAGEMENT: ANACORTES FAMILY FUN CENTER	\$ 2,933.00	plan
288444	7/27/2021	331 0586747	UNIFIRST CORPORATION	UNIFORM LAUNDRY - FIBER	\$ 40.76	fiber
288352	7/27/2021	676619	USA BLUE BOOK	LARGE GLOVES, SWIFTEST DISPENSER	\$ 1,285.91	dwtp
288192	7/28/2021	Quarter One	ANACORTES CHAMBER OF COMMERCE	LTAC CHAMBER VIC 2ND QTR	\$ 15,650.00	plan
288360	7/28/2021	6613816	CARDINAL HEALTH 110, INC.	PHARMA: PHENERGAN, NITROGLYCERIN,	\$ 719.29	medic
288193	7/28/2021	2794780	FOSTER GARVEY PC	WATER UTILITY ISSUES MATTER NO. 21	\$ 4,610.50	legal
288194	7/28/2021	2794778	FOSTER GARVEY PC	SAMISH INDIAN NATION MATTER NO. 89	\$ 474.50	legal
288195	7/28/2021	2794774	FOSTER GARVEY PC	SEWER UTILITIY ISSUES MATTER NO. 97	\$ 9,380.00	legal
288334	7/28/2021	812-18950	GCR TIRES & SERVICES	SERVICE- #304	\$ 30.55	dshop
288426	7/28/2021	9322628236	GRAYBAR ELECTRIC COMPANY, INC	TRAYS FOR FIBER OPTIC SPLICE CASES	\$ 710.51	fiber
288357	7/28/2021	12566838	HACH COMPANY	LAB WIPES	\$ 343.90	dwtp
288271	7/28/2021	MTS242570	MOTOR TRUCKS, INC	SERVICE TO #610	\$ 756.99	dshop
288259	7/28/2021	229668	NAPA	MISC FUEL FILTERS #406/STOCK	\$ 85.73	dshop
288346	7/28/2021	220015149234	PUGET SOUND ENERGY INC	8147 S MARCH PT RD ST LIGHTS: 06/29-07/28/21	\$ 28.14	dshop
288347	7/28/2021	331 0586888	UNIFIRST CORPORATION	WTP LAUNDRY SERVICE	\$ 359.39	dwtp
288337	7/28/2021	15167	WASHINGTON CITIES INSURANCE	TRAINING	\$ 50.00	dwwtp
288495	7/28/2021	15168	WASHINGTON CITIES INSURANCE	HARASSEMENT TRAINING MISSED	\$ 50.00	pwfac
288270	7/28/2021	360-293-6427-0218975	ZIPLY FIBER	CITY HALL 911 7/28-8/27/21	\$ 79.66	finance
288272	7/28/2021	360-293-3725-0501135	ZIPLY FIBER	DEPOT PHONE 07/28-08/27/21	\$ 63.77	parks1
288333	7/28/2021	360-299-0813-1017915	ZIPLY FIBER	WWTP 7/28-8/27/21	\$ 313.93	dwwtp
288344	7/28/2021	360-299-3674-0214175	ZIPLY FIBER	OPS: 07/28- 08/27/21	\$ 71.17	dshop
288362	7/28/2021	360-293-9063-0926075	ZIPLY FIBER	STA 3: PHONE, FAX, INTERNET 7/28 - 8/27/21	\$ 90.05	medic

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
288433	7/28/2021	360-588-9248-0619005	ZIPLY FIBER	APD BACKUP LINE 7/28-8/27/21	\$ 206.46	apd
288435	7/28/2021	360-299-6615-0615165	ZIPLY FIBER	APD 911 LINE 7/28-8/27/21	\$ 73.27	apd
288437	7/28/2021	360-588-1422-0822015	ZIPLY FIBER	APD BUSINESS LINE 7/28-8/27/21	\$ 299.58	apd
288448	7/28/2021	360-299-2484-0726025	ZIPLY FIBER	LIBRARY PHONE 7/28-8/27/21	\$ 56.88	publib
288506	7/29/2021	1468	ASPHALT QUALITY SEALERS	ANACORTES STREET REPAIR 2021	\$ 63,574.76	pw1
288372	7/29/2021	1120617	LIFE ASSIST, INC	ASSORTED EXAM GLOVES	\$ 816.00	medic
288273	7/29/2021	229890	NAPA	BATTERY- #008B	\$ 155.53	dshop
288424	7/29/2021	229900	NAPA	MISC FILTERS- SHOP STOCK	\$ 174.61	dshop
288512	7/29/2021	229951	NAPA	RAPTOR KIT- #197 & #198	\$ 750.72	dshop
288427	7/29/2021	10367306	NAVIA BENEFIT SOLUTIONS, INC	JULY PARTICIPANT FEE	\$ 132.80	hr
288482	7/29/2021	776	POHLI, INC	WTP LAB EQUIPMENT PREVENTATIVE MAINTENANCE	\$ 861.75	dwtpt
288447	7/29/2021	211341107	SURETY PEST CONTROL	LIBRARY PEST CONTROL 7/29/21	\$ 75.07	publib
288425	7/29/2021	21867851	TIREHUB, LLC	TIRES- SHOP STOCK	\$ 363.15	dshop
288428	7/29/2021	21868100	TIREHUB, LLC	TIRES- SHOP STOCK	\$ 784.64	dshop
288263	7/29/2021	114003	WALTON BEVERAGE COMPANY, INC	CITY HALL BREAK ROOM SUPPLIES	\$ 186.00	finance
288348	7/29/2021	114008	WALTON BEVERAGE COMPANY, INC	WTP BREAKROOM SUPPLIES	\$ 35.00	dwtpt
288430	7/30/2021	308859	A WORKSAFE SERVICE INC	PRE-EMPLOYMENT DRUG TEST	\$ 110.00	hr
288349	7/30/2021	93169256	CHEMTRADE CHEMICALS US LLC	ALUMINUM SULFATE	\$ 5,241.33	dwtpt
288511	7/30/2021	21-55332	ENVIRO CLEAN EQUIPMENT INC	4" ACTUATOR- #304	\$ 789.00	dshop
288374	7/30/2021	RefundBlair	FRANCIS, BLAIR	CAMPGROUND REFUND	\$ 42.00	parks1
288486	7/30/2021	0173540	GEOENGINEERS, INC.	COMMERCIAL AVE CORRIDOR PHASE 1 - 11-13TH ST GEOTECH ENG: 6/26 - 7/23/21	\$ 1,255.25	pw1
288456	7/30/2021	21-2082	IMS ALLIANCE	PASSPORT NAMETAGS	\$ 148.24	medic
288502	7/30/2021	RefundL'Heureux	L'HEUREUX, JOSEPH	BOAT LOT RESIDENT REFUND	\$ 63.00	parks1
288355	7/30/2021	191102	OASYS INC	INKJET BOND, PAPER	\$ 321.22	pw1
288439	7/30/2021	300000006951	PUGET SOUND ENERGY INC	STREET LIGHTS: 06/29- 07/28/21	\$ 385.56	dshop
288442	7/30/2021	220025931985	PUGET SOUND ENERGY INC	CHERRY LN & ORCHARD AVE STREET LIGHTS: 7/1- 7/30/21	\$ 7.58	dshop
288445	7/30/2021	200000666863	PUGET SOUND ENERGY INC	LIBRARY 10TH STREET LED 7/1-7/30/21	\$ 9.43	publib
288446	7/30/2021	200000667218	PUGET SOUND ENERGY INC	LIBRARY 10TH & M ST 7/1-7/30/21	\$ 20.03	publib
288449	7/30/2021	300000340004	PUGET SOUND ENERGY INC	STREET LIGHTS: 6/29- 7/28/21	\$ 80.12	dshop
288452	7/30/2021	300000325005	PUGET SOUND ENERGY INC	STREET LIGHTS: 6/8- 7/7/21	\$ 75.63	dshop
288453	7/30/2021	200024889996	PUGET SOUND ENERGY INC	WTP INTAKE ELECTRICITY 5/11-6/10/21	\$ 728.68	dwtpt
288458	7/30/2021	300000290043	PUGET SOUND ENERGY INC	STREET LIGHTS: 6/2- 6/30/21	\$ 25,629.85	dshop
288487	7/31/2021	70474	CODE PUBLISHING COMPANY	CODIFICATION SERVICES	\$ 231.25	legal

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
288485	7/31/2021	2020-41	CURTIS EMERGENCY SERVICES LLC	EMERGENCY MANAGEMENT SERVICES - JULY 2021	\$ 495.00	medic
288479	7/31/2021	0721	NELSON, BONNIE	AGING MASTERY PROGRAM ADMINISTRATION - JULY 2021	\$ 537.50	parks1
288503	7/31/2021	022581/022582	REECE, STORMIE	JULY DEPOT CLEANING	\$ 858.00	parks1
288509	7/31/2021	CL30225	REISNER DISTRIBUTOR INC	VEHICLE FUEL - JULY 2021	\$ 24,705.13	finance
288451	8/1/2021	20271	ALL AMERICAN LEADERSHIP	AUGUST 2021 ONLINE LEADERSHIP DEV PROGRAM	\$ 1,000.00	pw1
288474	8/1/2021	56809	G12 COMMUNICATIONS	SIP TRUNKS 8/1-8/31/21	\$ 1,104.82	infosys
288480	8/1/2021	322-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 325.00	court
288491	8/1/2021	319-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 13.00	court
288492	8/1/2021	324-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 84.50	court
288493	8/1/2021	320-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 6.50	court
288494	8/1/2021	318-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 474.50	court
288496	8/1/2021	317-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 117.00	court
288497	8/1/2021	321-JUL21	LAW OFFICE OF CARA LORENZO	PUB DEF CONFL	\$ 247.00	court
288443	8/1/2021	1000149635	OCLC, INC	CATALOGING, ILL, FIRSTSEARCH/WORLDCAT DISCOVERY (8-1 TO 8-31 2021)	\$ 379.03	publib
288457	8/1/2021	5062508773	RICOH USA, INC	S/N C86152062 HR COPIES 7/1-7/31/21	\$ 11.59	finance
288459	8/1/2021	5062508812	RICOH USA, INC	S/N C86078711 LIBRARY FL1 STAFF COPIER 5/1-7/31/21	\$ 639.34	publib
288460	8/1/2021	5062508980	RICOH USA, INC	S/N C86180481 PARKS 5/1-7/31/21	\$ 13.13	finance
288462	8/1/2021	5062508996	RICOH USA, INC	S/N C86111692 ENG	\$ 28.56	finance
288463	8/1/2021	5062509558	RICOH USA, INC	S/N C86078755 LIBRARY FL2 ADMIN COPIER 5/1-7/31/21	\$ 11.58	finance
288465	8/1/2021	5062509007	RICOH USA, INC	S/N C86138599 APD FRONT OFFICE COPIES 7/1-7/31/21	\$ 28.79	apd
288466	8/1/2021	5062509210	RICOH USA, INC	S/N C86146548 APD PATROL OFFICE 5/1-7/31/21	\$ 98.29	apd
288429	8/1/2021	GB00100301	TRANSAMERICA LIFE INS CO	LEOFF LONG-TERM CARE INSURANCE	\$ 634.98	hr
288469	8/1/2021	102958801-0008963	WAVE	DEDICATED INTERNET ACCESS 8/1-8/31/21	\$ 1,469.82	fiber
288470	8/1/2021	102853701-0008963	WAVE	DEDICATED INTERNET ACCESS 8/1-8/31/21	\$ 1,469.82	fiber
288468	8/1/2021	360-293-1900-0122885	ZIPLY FIBER	CITY MAIN PHONE 8/1-8/31/21	\$ 1,261.27	finance
288473	8/1/2021	360-293-0045-0223175	ZIPLY FIBER	STATION 1 BACKUP LINES: 8/1 - 8/31/31	\$ 155.23	medic
288365	8/2/2021	Invoice #3	ANACORTES CHAMBER OF COMMERCE	LTAC CHAMBER EXPERIENCE INV #3	\$ 16,154.10	plan
288505	8/2/2021	1	CABOT DOW ASSOCIATES, INC.	JULY 2021 CONSULTING SERVICES - COMPENSATION STUDY WORK PROJECT - 7/1 - 7/31/21	\$ 4,000.00	admsrv

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
288361	8/2/2021	6624944	CARDINAL HEALTH 110, INC.	PHARMA: MIDAZOLAM, ASPIRIN	\$ 55.09	medic
288431	8/2/2021	08/02/2021	FIDALGO CLEANING	APD CLEANING & SUPPLIES	\$ 800.00	apd
288455	8/2/2021	20411.04-4	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT:SKAGIT CO-HOUSING	\$ 329.00	plan
288461	8/2/2021	21411.08-2	GRAY & OSBORNE INC	ON-CALL STORMWATER ENGINEERING SERVICES CONSULTANT: 4618 ANACO BEACH ROAD	\$ 82.25	plan
288375	8/2/2021	1121145	LIFE ASSIST, INC	SANI-CLOTH WIPES, BP CUFF, NIBP TUBING	\$ 67.54	medic
288376	8/2/2021	1121336	LIFE ASSIST, INC	ASSORTED EXAM GLOVES	\$ 1,088.00	medic
288481	8/2/2021	1121330	LIFE ASSIST, INC	SANI-CLOTH	\$ 104.97	medic
288422	8/2/2021	230269	NAPA	BATTERY- #156	\$ 139.21	dshop
288507	8/2/2021	2453	NORTHWEST CORROSION	SKAGIT RIVER RAW WATER PIPELINE AND CLEARWELL PROJECT - COATING INSPECTIONS	\$ 366.42	pw1
288373	8/2/2021	RefundOlson	OLSON, MASON	CAMPING REFUND	\$ 61.00	parks1
288441	8/2/2021	22000348	WASHINGTON STATE PATROL	BACKGROUND CHECKS JULY 2021	\$ 198.75	apd
288501	8/2/2021	RefundWilliams	WILLIAMS, JENNIFER	CAMPGROUND REFUND	\$ 27.00	parks1
286984	8/3/2021	8832316209	CENTURION TECHNOLOGIES INC	SMARTSHIELD® BUSINESS CARE RENEWAL	\$ 212.00	infosys
288489	8/3/2021	1121622	LIFE ASSIST, INC	EXAM GLOVES	\$ 478.72	medic
288513	8/3/2021	230418	NAPA	SILVER WHEEL- #218	\$ 18.91	dshop
288514	8/3/2021	230407	NAPA	BRAKE PADS & ROTORS- #218	\$ 293.74	dshop
288553	8/3/2021	976	SKAGIT COUNTY PUBLIC HEALTH	2ND QTR CITY SHARE OF LIQUOR TAX	\$ 6,482.56	finance

Total **\$881,286.94**



City Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 5.c.

Agenda Item Title: Contract Award: Water Treatment Plant Filter Anthracite #21-074-WTR-001

Staff Contact(s): FRED BUCKENMEYER

Approved for Submittal to Council by **Action Type**
TIFFANY MATSON Contract Award

Item Summary: Summary Statement: City staff seeks City Council consent to award a contract in the amount of \$79,505.55 to CEI Anthracite to provide the Water Treatment Plant Filter Anthracite. This contract provides for the purchase of approximately 5,400 cuft of filter anthracite for the replacement of the media in the water treatment plant's filters.

Background:

1. **History:** The filter media in the WTP filters needs to be removed to expose the filter under drain blocks in order to make repairs to the grout in between the blocks. There is no way to remove the filter media and reuse it without damage to the media.
2. **Key Terms:**
 - Total contract price of \$79,505.55
 - The contract runs through December 31, 2021.
3. **Competitive Bidding:** In accordance with competitive bid requirements, on April 2, 2021 an [Invitation to Bid](#) was issued on the City's website. Five valid bids were received by the deadline on April 15, 2021 at 2:00pm, and CEI Anthracite was determined to be the lowest responsible bidder. The bid tabulation is attached.

Budget Impact:

Contractor	CEI Anthracite
Contract Amount	\$79,505.55

Earmarked Funds	\$285,000.00
BARS #	401.730.534.10.48
Budget Amendment Required?	No
Start Date	Contract execution
End Date	12/31/21

Previous Action: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign contract 21-074-WTR-001 with CEI Anthracite in the amount of \$79,505.55 to provide the Water Treatment Plant Filter Anthracite.

Alternative Actions: Not approve the contract.

Attachments (listed in order presented):

1. Bid Tabulation
2. 21-074-WTR-001



MATERIALS PURCHASE - Water Treatment Plant Filter Anthracite #21-074-WTR-001

				Anthrafilter Inc.		Carbon Activated Corporation		CEI Anthracite		Kleen Industrial Services		Carbonfilt LLC	
ITEM	DESCRIPTION	QTY	UNIT	UNIT \$	TOTAL \$	UNIT \$	TOTAL \$	UNIT \$	TOTAL \$	UNIT \$	TOTAL \$	UNIT \$	TOTAL \$
1	Filter Anthracite Size: 1.0 – 1.1 mm	5,400	CUFT	\$ 14.87	\$ 80,298.00	\$ 7.93	\$ 42,822.00	\$ 7.38	\$ 39,852.00	\$ 10.80	\$ 58,320.00	\$ 7.35	\$ 39,690.00
	Denotes Correction from Vendor's Bid Proposal Based Upon Correct Sales Tax Calculation.				Subtotal: \$ 80,298.00	Subtotal: \$ 42,822.00	Subtotal: \$ 39,852.00	Subtotal: \$ 58,320.00	Subtotal: \$ 39,690.00			Subtotal: \$ 39,690.00	
				Freight: \$ -		Freight: \$ 53,162.20		Freight: \$ 33,425.00		Freight: \$ 37,101.75		Freight: \$ 52,500.00	
				8.5% sales tax: \$ 6,825.33		8.5% sales tax: \$ 8,158.66		8.5% sales tax: \$ 6,228.55		8.5% sales tax: \$ 8,110.85		8.5% sales tax: \$ 7,836.15	
				TOTAL BID: \$ 87,123.33		TOTAL BID: \$ 104,142.86		TOTAL BID: \$ 79,505.55		TOTAL BID: \$ 103,532.60		TOTAL BID: \$ 100,026.15	



CONTRACT 21-074-WTR-001

Between THE CITY OF ANACORTES AND CEI ANTHRACITE

Water Treatment Plant Filter Anthracite

This Contract is between the City of Anacortes, Washington, a Municipal Corporation (herein after referred to as "City") and CEI Anthracite, a private company at 603 S Church St, Hazleton, PA 18201 (herein after referred to as "Supplier").

1. **Scope of Work.** The Supplier shall furnish and deliver goods in accordance with and as described in the City of Anacortes document entitled "Invitation to Bid Water Treatment Plant Filter Anthracite 21-074-WTR-001" issued April 2, 2021, which is hereby incorporated by reference and made a part hereof.

2. **Price and Payment Terms.** The Total Contract Price is **Seventy-Nine Thousand Five Hundred Five Dollars and Fifty-Five Cents (\$79,505.55)**. The Supplier's bid schedule is incorporated by reference and attached hereto as Exhibit A.

3. **Term:** The term of this Agreement shall be effective commencing on the date of execution of this Agreement and through December 31, 2021.

4. **Delivery.** Advance coordination of the work shall be made with the Project Manager Mario Gonzalez (360) 428-1598. The Supplier shall:

- a. Deliver the items specified on the Contract to the designated FOB Point, as Freight-On-Board (FOB) Destination, Freight Prepaid within the time specified by the City. Timely delivery is of the essence to this Contract.
- b. When shipping item(s) to the City, Supplier shall obtain shipping insurance for the value of the item(s) through the shipping carrier with pre-approval of and at the cost of the City, if applicable.
- c. Ensure all deliveries are made on a business day, during business hours (Monday through Friday, except City Council designated holidays, from 8:00 am, to 5:00 pm).
- d. Provide, at no additional charge, any goods, labor, packaging, crating or padding necessary to load, tie down and unload the item(s) to be delivered, so that they may be transported in a normal, safe manner without damage.
- e. Be liable for all risks for the item(s) until accepted by the City. The Supplier is responsible for any freight charges incurred in delivering the item(s) to the FOB Point. A representative of the City will sign the Supplier's delivery ticket to acknowledge receipt of the item(s) by the City. Unless the Supplier receives such signature, the City shall not be responsible for the receipt of the item(s). The City retains the right to inspect the delivered item(s) prior to acceptance, and shall not accept item(s) that do not conform to the requirements of this Contract.

If Supplier can ship only partial quantities of a given item, Supplier shall make such partial shipment as soon as the items are available for shipment. Supplier's packing list for any shipment shall state (i) item ordered (ii) quantity ordered, (iii) quantity in this shipment, (iv) quantity previously shipped, and (v) quantity back-ordered.

5. **Acceptance.** Supplier acknowledges and agrees that these General Provisions are incorporated in, and are a part of, each purchase order or other Contract relating to the provision of goods and/or related services by Supplier. These General Provisions supersede all conflicting or additional terms pre-printed on any purchase order, quote, invoice, or otherwise set forth on any release, acknowledgement, confirmation, requisition, work order, shipping instruction, specification and similar document or communication.

6. **Warranty.** Supplier shall assure that the Goods and/or Services purchased hereunder are covered by all available and applicable manufacturers' warranties for such Goods and/or Services. Supplier expressly agrees that it will be responsible for performing all warranty obligations set forth in the Specifications for the Goods and/or Services covered in the Contract. Supplier also warrants that the Goods and/or Services will conform to the Specifications, and further warrants that the Goods and/or Services shall be of good materials and workmanship and free from defects for either a minimum of one (1) year from the date of Acceptance or installation by City, whichever is later, or as specified in the Specifications, whichever is later. In no event shall Supplier be allowed to disclaim or otherwise limit the express warranties set forth herein. In addition, the Supplier shall obtain and submit to the City any necessary documentation to secure any extended manufacturer's warranty and warranty terms. This guarantee is supplemental to and does

not limit or affect the requirements that the Supplier's work comply with the requirements of the Contract or any other legal rights or remedies of the City.

7. **Warranty Remedies.** City shall notify Supplier if any of the Goods and/or Services fails to meet the warranties set forth above, and Supplier shall promptly correct, repair or replace such Goods and/or Services at Supplier's sole expense. Notwithstanding the foregoing, if such Goods and/or Services shall be determined by City to be defective or non-conforming within the first thirty (30) days after the date of Acceptance by City, then City at its option shall be entitled to a complete refund of the purchase price and, in the case of Goods, shall promptly return such Goods to Supplier. Supplier shall pay all expenses related to the return of such Goods to Supplier.

8. **Taxes.** The City will pay sales and use taxes imposed on goods or services acquired hereunder as required by law. The Supplier must pay all other taxes including, but not limited to: Business and Occupation Tax, taxes based on the Supplier's gross or net income, or personal property to which the City does not hold title. The City is exempt from Federal Excise Tax. Where applicable the City shall furnish a Federal Excise Tax Exemption certificate.

9. **Invoicing.** All invoices shall include: Company Name, Invoice Date, Due Date (30 days), Invoice Number, Invoice Period, Contract Title, Contract Number and Price, or Amended Price. The Supplier must invoice **at least monthly** for quantities delivered during the invoice period. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@cityofanacortes.org. Suppliers may complete a City furnished ACH/EFT form to receive electronic payments directly to their financial institution.

The City shall notify the Supplier within fifteen (15) calendar days from receipt of invoice if there are any objections or disputes with the invoice. The Supplier shall then resubmit a new invoice less the disputed amount and payment shall be made within 30 calendar days. Any disputed amounts may be submitted under the **Disputes** clause contained herein.

10. **Withholding Payment.** In the event the City determines that the Supplier has failed to perform any obligation under this Contract within the times set forth in this Contract, then the City may withhold from amounts otherwise due and payable to Supplier the amount determined by the City as necessary to cure the default, until the Contracting Officer determines that such failure to perform has been cured. Withholding under this clause shall not be deemed a breach entitling Supplier to terminate or damages, provided that the City promptly gives notice in writing to the Supplier of the nature of the default or failure to perform, and in no case more than 8 days after it determines to withhold amounts otherwise due. A determination of the City Attorney set forth in such notice to the Supplier of the action required and/or the amount required to cure any alleged failure to perform shall be deemed conclusive, except to the extent that the Supplier acts within the times and in strict accord with the provisions of the Disputes clause of this Contract. The City may act in accordance with any determination of the City Attorney which has become conclusive under this clause, without prejudice to any other remedy under the Contract, to take all or any of the following actions: (1) cure any failure or default, (2) to pay any amount so required to be paid and to charge the same to the account of the Supplier, (3) to set off any amount so paid or incurred from amounts due to become due the Supplier. In the event the Supplier obtains relief upon a claim under the Disputes clause, no penalty or damages shall accrue to Supplier by reason of good faith withholding by the City under this clause.

11. **Final Payment: Waiver of Claim.** the Supplier's acceptance of final payment (excluding withheld retainage) shall constitute a waiver of claims, except those previously and properly made and identified by the Supplier as unsettled at the time request for final payment is made.

12. **Defense and Indemnity.** The Supplier 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 in connection with the performance of the Contract, except for injuries and damages caused by the sole negligence of the City.

13. **Insurance Requirements**

A. **Insurance Term:** The Supplier shall procure and maintain for the duration of the Contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with products and materials supplied to the Public Entity.

B. **No Limitation:** The Supplier's maintenance of insurance as required by the Contract shall not be construed to limit the liability of the Supplier to the coverage provided by such insurance, or otherwise limit the Public Entity's recourse to any remedy available at law or in equity.

C. Minimum Scope of Insurance: The Supplier shall obtain insurance of the type and coverage described below:

Commercial General Liability insurance shall be at least as broad as Insurance Services Office (ISO) occurrence form CG 00 01 and shall cover products liability. **The City of Anacortes and its officers, elected officials, employees, agents, and volunteers shall be named as an additional insured** under the Supplier's Commercial General Liability insurance policy using ISO Additional Insured-Vendors Endorsement CG 20 15 04 13 or a substitute endorsement providing at least as broad coverage.

D. Minimum Amounts of Insurance: The Supplier shall maintain the following insurance limits:

Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and a \$2,000,000 products liability aggregate limit.

E. Other Insurance Provision: The Supplier's Commercial General Liability insurance policy or policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the Public Entity. Any insurance, self-insurance, or self-insured pool coverage maintained by the Public Entity shall be excess of the Supplier's insurance and shall not contribute with it.

F. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best rating of not less than A: VII.

G. Verification of Coverage: The Supplier shall furnish the Public Entity with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Supplier before goods, materials or supplies will be accepted by the Public Entity.

H. Notice of Cancellation: The Supplier shall provide the Public Entity with written notice of any policy cancellation, within two business days of their receipt of such notice.

I. Failure to Maintain Insurance: Failure on the part of the Supplier to maintain the insurance as required shall constitute a material breach of contract, upon which the Public Entity may, after giving five business days notice to the Supplier to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the Public Entity on demand, or at the sole discretion of the Public Entity, offset against funds due the Supplier from the Public Entity.

J. Public Entity Full Availability of Supplier Limits: If the Supplier maintains higher insurance limits than the minimums shown above, the Public Entity shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Supplier, irrespective of whether such limits maintained by the Supplier are greater than those required by this contract or whether any certificate of insurance furnished to the Public Entity evidences limits of liability lower than those maintained by the Supplier.

14. Inspection.

A. Of the Work: All materials furnished and work done shall be subject to inspection. The City Project Manager administering the Contract shall at all times have access to the work wherever it is in progress or being performed, and the Supplier shall provide proper facilities for such access and inspection. Such inspection shall not relieve the Supplier of the responsibility of performing the work correctly, utilizing the best labor and materials in strict accordance with the Specifications of the Contract. All material or work approved and later found to be defective shall be replaced without cost to the City.

B. Project Manager's Authority: The Project Manager shall have power to reject materials or workmanship which do not fulfill the requirements of these Specifications, but in case of dispute the Supplier may appeal to the City Attorney whose decision shall be final. The Contract shall be carried out under the general control of the representative of the City administering the Contract, who may exercise such control over the conduct of the work as may be necessary, in his or her opinion, to safeguard the interest of the City. The Supplier shall comply with any and all orders and instructions given by the representative of the particular Department administering the Contract in accordance with the terms of the Contract. Nothing herein contained, however, shall be taken to relieve the Supplier of his/her obligations or responsibilities under the Contract.

15. Discrimination Prohibited. During the performance of the Contract, the Supplier and subSuppliers shall not discriminate in violation of any applicable federal, state and/or local law or regulation on the basis of age, sex, race, creed, religion, color, national origin, marital status, disability, honorably discharged veteran or military status, pregnancy, sexual orientation, gender identity, or any other classification

protected under federal, state, or local law. This provision shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training, and the provision of services under the Contract. Supplier agrees to comply with the applicable provisions of State and Federal Equal Employment Opportunity and Nondiscrimination statutes and regulations.

16. **Assignment/Subcontract.** Supplier shall not assign, sell, transfer, subcontract or sublet rights, or delegate responsibilities under this Contract, in whole or in part, without the prior written approval of City. No such written approval shall relieve the Supplier of any obligations of this Contract, and any transferee or subSupplier shall be considered the agent of the Supplier. Supplier shall remain liable as between the original parties to this Contract as if no such assignment had occurred.

17. **Supplier is an Independent Supplier.** The parties intend that an independent Supplier relationship will be created by this Contract. No agent, employee or representative of the Supplier shall be deemed to be an agent, employee or representative of the City for any purpose. Supplier shall be solely responsible for all acts of its agents, employees, representatives and Sub-Suppliers during the performance of this Contract.

18. **Ownership and Use of Documents.** All finished and unfinished documents and material prepared by the Consultant with funds paid by the City pursuant to the terms of this Agreement shall become the property of the City and shall be forwarded to the City upon its request. Documents and materials shall include but not be limited to plans, specifications, reports, electronic and non-electronic data, and other design documents prepared by the Consultant. Pursuant to RCW 42.56.70, all information and documents produced under this Agreement may be subject to public disclosure.

19. **Assistance Regarding Patent and Copyright Infringement.** In the event of any claim or suit against City on account of any alleged patent or copyright infringement arising out of the performance of this Contract or out of the use of any material furnished or work or services performed hereunder, Supplier shall defend City against any such suit or claim and hold City harmless from any and all expenses, court costs, and attorney's fees in connection with such claim or suit.

20. **The City's Right to Terminate Contract.**

A. **Termination for Default:** If the Supplier defaults by failing to perform any of the obligations of the Contract or becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency or makes an assignment for the benefit of creditors, the City may, by depositing written notice to the Supplier in the U.S. mail, postage prepaid, terminate the Contract, and at the City's option, obtain performance of the work elsewhere. If the Contract is terminated for default, the Supplier shall not be entitled to receive any further payments under the Contract until the Scope of Services under this Contract has been fully performed. Any extra cost or damage to the City resulting from such default(s) shall be deducted from any money due or coming due to the Supplier. The Supplier shall bear any extra expenses incurred by the City in completing the work, including all increased costs for completing the work, and all damage sustained, or which may be sustained by the City by reason of such default. If a notice of termination for default has been issued and it is later determined for any reason that the Supplier was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the Termination for Public Convenience paragraph hereof.

B. **Termination for Public Convenience:** The City may terminate the Contract in whole or in part whenever the City determines, in its sole discretion that such termination is in the best interests of the City. Whenever the Contract is terminated in accordance with this paragraph, the Supplier shall be entitled to payment for actual work performed at unit Contract prices for completed items of work through the date of termination. An equitable adjustment in the Contract price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Contract by the City at any time during the term, whether for default or convenience, shall not constitute a breach of Contract by the City.

21. **Changes/Additional Work.** The City may engage Supplier to perform services in addition to those listed in this Contract, and Supplier will be entitled to additional compensation for authorized additional services or materials. The City shall not be liable for additional compensation until and unless any and all additional work and compensation is approved in advance in writing and signed by both parties to this Contract. If conditions are encountered which are not anticipated in the Scope of Services, the City understands that a revision to the Scope of Services and fees may be required. Provided, however, that nothing in this paragraph shall be interpreted to obligate the Supplier to render or the City to pay for services rendered in excess of the Scope of Services unless or until a modification to this Contract is approved in writing by both parties.

22. **Non-waiver.** Waiver by the City of any provision of this Contract or any time limitation provided for in this Contract shall not constitute a waiver of any other provision.

23. **Covenant Against Contingent Fees.** The Supplier warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the Supplier, to solicit or secure this Contract, and that he has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the Supplier, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of making of this Contract. For breach or violation of this warranty, the City shall have the right to annul this Contract without liability or, in its discretion to deduct from the Contract price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

24. **Disputes**

A. **General:** Differences between the Supplier and the City, arising under and by virtue of this Contract shall be brought to the attention of the City at the earliest possible time in order that such matters may be settled or other appropriate action promptly taken. The provisions of this Clause shall survive the expiration or termination of this Contract.

B. **Notice of Potential Claims:** The Supplier shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (1) any act or failure to act by the City, or (2) the happening of any event or occurrence, unless the Supplier has given the City a written Notice of Potential Claim within 10 days of the commencement of the act, failure, or event giving rise to the claim, and before final payment by the City. The written Notice of Potential Claim shall set forth the reasons for which the Supplier believes additional compensation or extension of time is due, the nature of the cost involved, and insofar as possible, the amount of the potential claim. Supplier shall keep full and complete daily records of the Work performed, labor and all costs and additional time claimed to be additional.

C. **Detailed Claim:** The Supplier shall not be entitled to claim any such additional compensation, or extension of time, unless within 30 days of the accomplishment of the portion of the work from which the claim arose, and before final payment by the City, the Supplier has given the City a detailed written statement of each element of cost or other compensation requested and of all elements of additional time required, and copies of any supporting documents evidencing the amount or the extension of time claimed to be due.

D. **Dispute Resolution:** In the event of a dispute between the City and the Supplier arising out of this Contract, or any obligation hereunder the dispute shall first be referred to the representatives designated by the City and the Supplier to have oversight over the administration of this Contract. Said representatives shall meet within thirty (30) calendar days of receipt of detailed claim, and the parties shall make a good faith effort to achieve a resolution of the dispute. In the event the parties are unable to resolve the dispute under the procedure set forth above, then the parties hereby agree that the matter shall be referred to mediation. The parties shall mutually agree upon a mediator to assist them in resolving their differences. Any expenses incidental to mediation shall be borne equally by the parties. If either party is dissatisfied with the outcome of the mediation, that party may then pursue any available judicial remedies.

25. **Force Majeure.** Neither party shall be liable to the other or deemed in breach or default for any failure or delay in performance under this Agreement during the time and to the extent its performance is prevented by reasons of Force Majeure. For the purposes of this Agreement, Force Majeure means an occurrence that is beyond the reasonable control of and without fault or negligence of the party claiming force majeure and which, by exercise of due diligence of such party, could not have been prevented or overcome. Force Majeure shall include natural disasters, including fire, flood, earthquake, windstorm, avalanche, mudslide, and other similar events; acts of war or civil unrest when an emergency has been declared by appropriate governmental officials; acts of civil or military authority; freight embargoes; epidemics; quarantine restrictions; labor strikes; boycotts; terrorist acts; riots; insurrections; explosions; and nuclear accidents. A party claiming suspension or termination of its obligations due to force majeure shall give the other party prompt written notice, but no more than two (2) working days after the event, of the impediment and its effect on the ability to perform; failure to provide such notice shall preclude recovery under this provision. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by Agreement modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Agreement. Rights Reserved: The City reserves the right to cancel the Agreement and/or purchase materials, equipment or services from the best available source during the time of force majeure, and Contractor shall have no recourse against the City.

26. **Governing Law.** This Contract shall be governed by and construed under the laws of the State of Washington. Any action brought under the Contract or relating to the Project shall be brought in the Superior Court of the State of Washington in Skagit County Washington.

27. **Compliance with Laws.** The Supplier in the performance of this Contract shall comply with all applicable Federal, State or local laws and ordinances, including regulations for licensing, certification and operation of facilities, programs and accreditation, and licensing of individuals, and any other standards or criteria as described in the Contract to assure quality of services.

28. **Severability.** If any term or condition of this Contract 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 Contract are declared severable.

29. **Survival of Contract Termination.** The provisions of the following paragraphs and the liability of the Supplier for default during the term of the Contract shall survive, notwithstanding the termination or invalidity of this Contract for any reason: Taxes; Warranty; The City's Right to Terminate Contract; Governing Law; Disputes; Defense & Indemnity.

30. **Notices.** Receipt of any notice shall be deemed effective three days after deposit of written notice in the U.S. mail, with proper postage and properly addressed. Notices shall be sent to the following addresses:

CITY:

City of Anacortes
Tiffany Matson
904 6th Street
PO Box 547
Anacortes, WA 98221

SUPPLIER:

CEI Anthracite
Liz Corch
603 S Church St
Hazleton, PA 18201

The parties acknowledge that there has been an opportunity to negotiate the terms and conditions of this Agreement and agree to each bind itself, its partners, successors, assigns, and legal representatives to the other party hereto, in respect of all covenants, agreements, and obligations contained in the Contract Documents. Each of the persons signing below on behalf of any party hereby represents and warrants that s/he or it is signing with full and complete authority to bind the party on whose behalf of whom s/he or it is signing, to each and every term of this Agreement.

Owner:

City of Anacortes

Mayor

Date

Supplier:

CEI Anthracite

Title

Date

TO: City of Anacortes

(City or Owner):

FROM: Bidder: CEI Anthracite:

PROJECT: 21-074-WTR-001

1. GENERAL

The undersigned Bidder, having reviewed the Invitation to Bid (ITB) for the Water Treatment Plant Water Treatment Plant Filter Anthracite purchase hereby proposes and agrees, if this bid is accepted, to enter into an agreement with Owner to provide the goods as specified and within the contract time indicated in this bid for an amount computed upon the basis of the goods to be provided at the following prices.

2. LIMITATION OF DAMAGES

The Bidder:

- a) agrees not to bring any Claim against the City or any of its employees, advisers, or representatives for damages in excess of an amount equivalent to the reasonable costs incurred by the Bidder in preparing its Bid for any matter in respect of this ITB, including:
 - I. if the City accepts a non-compliant Bid or otherwise breaches (including breach of material terms) the terms of this ITB; or
 - II. if the Project is modified, suspended, or cancelled for any reason (including modification of the scope of the Project or modification of this ITB or both) or the City exercises any rights under this ITB; and
- b) waives any and all Claims against the City or any of its employees, advisers, or representatives for loss of anticipated profits or loss of opportunity if no agreement is made between the City and the Bidder for any reason, including:
 - I. if the City accepts a non-compliant Bid or otherwise breaches (including breach of material terms) the terms of this ITB; or
 - II. If the Project is modified, suspended, or cancelled for any reason (including modification of the scope of the Project or modification of this ITB or both) or the City exercises any rights under this ITB.

3. BIDDER'S REPRESENTATIVE

The Bidder's Representative identified below is an officer of the company and is fully authorized to represent the Bidder in any and all matters related to its Bid.

4. IRREVOCABLE OFFER PERIOD. The undersigned Bidder understands and acknowledge that the offer submitted as your Bid is firm and irrevocable from the City's close of business on the Bid Submission Date until 180 days after the Bid Opening Date.

5. SCHEDULE

The City requires that the successful vendor will order components immediately upon verbal or written orders by the Project Manager on an as-needed basis, and that the vendor will diligently pursue acquisition of required components as bid. If, after a delivery date has been agreed to by both parties, a component is delayed for reasons beyond the vendors control, a brief description of the delay shall be provided to the City within 2-working days of their notification. The City will have the right to investigate and may purchase the component through a separate vendor, if available, without penalty.

6. BID PROPOSAL

Note: Bid prices for all items, all extensions and total amount of Bid must be shown below.

Line	Qty	Unit	Description	Unit Price	Ext. Price
1	5,400	CUFT	Filter Anthracite Size: 1.0 – 1.1 mm. Media to meet ANSI/AWWA B100 of the latest revision. Delivered in 1600 – 4000lb bulk bags with bottom spout opening meeting ANSI/NSF 61. Furnished as required, palletized on delivery. Bidder shall include guaranteed analysis with bid. Filter anthracite shall be clean of debris and foreign material. Only filter anthracite mined and manufactured in the United States will be accepted. Filter anthracite supplied hereunder shall not contain any compound that will produce toxic effect upon the consumer of properly treated water. Material Quality: 1. Anthracite shall be composed of hard and durable grains substantially free of iron sulfides, clay, shale, or extraneous dirt. 2. Provide anthracite with negligible acid solubility when tested in accordance with AWWA B100 and a maximum 2 percent solubility by weight in one percent hot (190 deg F) sodium hydroxide solution. 3. The anthracite media shall have a minimum hardness of 3.0 on the MOH scale. 4. Anthracite shall have an average apparent specific gravity of not less than 1.55. Gradation Standard: 1. Screen Anthracite through standard sieves conforming to ASTM E11. 2. Effective size (min): 1.0 to 1.1. 3. Uniformity coefficient (max): 1.7 Porosity: 0.45 - 0.55.	\$ 7.38 <i>Sacks are 2250 lb.</i>	\$ 39,852.00
				Subtotal:	\$ 39,852.00
				Freight:	33,425.00
				8.5% Sales Tax:	2674.00
				Total Bid:	\$ 75,951.00

7. ADDENDUMS

Bidder acknowledges review of all Addenda through No.

NOTE: Failure to acknowledge any issued Addenda may render proposal non-responsive and therefore void. It is the sole responsibility of the Bidder to learn of Addendum, if any. Such information may be obtained from the City of Anacortes website: <https://www.anacorteswa.gov/Bids.aspx>.

8. BIDDER INFORMATION

This Bid is submitted on and by:

Company Name: CEI Anthracite
Signature: Liz Corch
Name (Print): Liz Corch
Title: Sales Manager
Email: liz@cei-anthracite.com
Date: 4-8-21
Address of Bidder: 603 S. Church St. Hazleton PA 18201
Telephone No.: 570-459-7005

9. COMPLIANCE WITH SPECIFICATIONS

The proposed goods must fully comply with the Scope of Work to qualify as a responsive bid. **Bidder must attach additional information or pages listing all deviations and substitutions or proposed "as equal" component to the specifications which are included with this Bid.** A completed list of proposed deviations and substitutions will be required to enable the Owner to evaluate whether the proposed items comply with the requirements of the specifications, to be determined by the Owner in the Owner's sole discretion.

All bidders may be required to submit a representative sample of the Filter Anthracite to the City of Anacortes Water Treatment Plant for laboratory analysis prior to award of bids. If tests of the Filter Anthracite received reveal that it does not comply with the specifications, the City has the right to reject the product(s) not conforming to specifications.

NON-COLLUSION DECLARATION

By signing the signature page of this proposal, I declare, under penalty of perjury under the laws of the United States, that the following statement is true and correct:

1. That my firm, association or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the project for which this proposal is submitted.
2. That by signing the signature page of this proposal, I am deemed to have signed and to have agreed to the provisions of this declaration.

END OF SECTION



City Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 6.a.

Agenda Item Title: Ordinance 3094: Amending the Capital Facilities Plan 2021 - 2026

Staff Contact(s): STEVE HOGLUND

Approved for Submittal to Council by **Action Type**

STEVE HOGLUND

Ordinance

DARCY SWETNAM

Item Summary: The CFP is being amended to add \$112,000 in REET 1 to replace the aging and obsolete School Zone flashing beacons.

A 2 week notice and comment period are required before the public hearing; once that has taken place, this ordinance may be adopted to amend the CFP simultaneously with adoption of the ordinance to amend the 2021 budget.

Budget Impact:

\$112,000

Previous Action: Ordinance [3080](#) adopted the 2021-2026 Capital Facilities Plan, first read at [July 26](#) City Council meeting

Recommended Motion: I move to adopt Ordinance 3094 amending the 2021-2026 Capital Facilities Plan.

Alternative Actions: N/A

Attachments (listed in order presented):

1. Ordinance 3094 Amending 2021-2026 CFP
2. CFP amendment worksheet

ORDINANCE NO. 3094

AN ORDINANCE AMENDING ORDINANCE NO. 3080 ENTITLED "AN ORDINANCE ADOPTING THE CAPITAL FACILITIES PLAN (CFP) FOR THE 6-YEAR PERIOD 2021-2026

WHEREAS, RCW 36.70A.070(3) requires jurisdictions operating under the Growth Management Act to include a capital facilities element in their comprehensive plan, which the City of Anacortes is, and does, so therefore needs to amend the Capital Facilities Plan (CFP) in conjunction with the City Budget, and

WHEREAS, in advocating the City's business a project emerged that was unanticipated at the time of budget development that meet the requirements of inclusion in the City's CFP, and

WHEREAS, there is one unanticipated project which is in the Road department, and consists of the replacing speed zone flashing beacons that exist in schools zones within the City of Anacortes, which are aging to the point of becoming obsolete and can no longer be repaired, the cost of replacing 20 of them has an estimated cost of \$112,000, and these beacons are available off the State contract maintained by the Washington State Department of Enterprise Services, and being such are not required to go out to bid so the project can be started as soon as the CFP amendment is complete.

NOW, Therefore be it ordained by the City Council of the City of Anacortes, Washington:

Ordinance No. 3080 dated December 21, 2020 adopting the Capital Facilities Plan for the six year period 2021 – 2026 is hereby amended to reflect the following revisions to expenditures and revenues in the departments:

Transportation	\$112,000
----------------	-----------

The total estimated expenditures/revenues for each major category and the aggregate total for all such categories combined are summarized and set forth as follows:

Department:	Summary of Projects:
Parks	\$16,125,000
General Government	\$6,756,639
Fiber	\$12,155,000
Fire	\$7,306,921
Transportation	\$37,589,850
Water	\$23,326,000
Wastewater	\$41,807,000
Stormwater	\$2,081,000
Solid Waste	\$265,000
Total	<u>\$147,412,410</u>

This Ordinance shall take effect from and after five (5) days after its passage and publication, as required by law.

PASSED AND APPROVED this 9th day of August, 2021
CITY OF ANACORTES, WASHINGTON

BY:

Laurie Gere, Mayor

ATTEST:

Steven D. Hoglund, City Clerk

APPROVED AS TO FORM:

Darcy J. Swetnam, WSBA # 40530
City Attorney

ADOPTED TRANSPORTATION CFP

TRANSPORTATION

Project Costs:	2021	2022	2023	2024	2025	2026	Total
ADA Ramps	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$200,000	\$950,000
Sidewalk and Trip Hazard Repairs	200,000	225,000	250,000	250,000	250,000	250,000	1,425,000
R Avenue Safety and Mobility Improvements	500,000	3,557,250	0	0	0	0	4,057,250
12th Street and K Avenue Intersection	0	0	100,000	900,000	0	0	1,000,000
SR 20 Spur (Oakes Ave) Sidewalk Improvements	0	0	0	5,690,000	0	0	5,690,000
Non-Motorized Improvements	15,000	15,000	20,000	20,000	25,000	25,000	120,000
17th Street Q Ave to R Ave	0	0	0	535,600	0	0	535,600
32nd Street and M Avenue Improvements	300,000	800,000	0	0	0	0	1,100,000
South Commercial Avenue Corridor Plan -- Phase I Commercial Avenue from 11th to 13th	500,000	3,000,000	0	0	0	0	3,500,000
Safe Routes To School (SRTS) AHS Vicinity Intersection and Sidewalk Improvements			550,000	0	0	0	550,000
37th Street Paving and Stormwater Upgrades	0	50,000	1,950,000	0	0	0	2,000,000
Annual Pavement Maintenance	1,850,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	10,850,000
Guemes Channel Trail Phases II, III, & VI	0	0	0	5,700,000	0	0	5,700,000
Totals	\$3,465,000	\$9,572,250	\$4,820,000	\$15,070,600	\$2,275,000	\$2,275,000	\$37,477,850

Project Funding Sources:	2021	2022	2023	2024	2025	2026	Total
Taxes	\$550,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,550,000
REET	1,315,000	1,915,000	3,020,000	945,000	975,000	975,000	9,145,000
Utility Tax	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Impact Fees	300,000	600,000	100,000	7,325,600	0	0	8,325,600
Grants	1,000,000	5,757,250	400,000	5,500,000	0	0	12,657,250
Rates/User Fees	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0
Fund Balance	0	0	0	0	0	0	0
Totals	\$3,465,000	\$9,572,250	\$4,820,000	\$15,070,600	\$2,275,000	\$2,275,000	\$37,477,850

AMENDED TRANSPORTATION CFP

TRANSPORTATION

Color coding represents new project

Project Costs:	2021	2022	2023	2024	2025	2026	Total
ADA Ramps	\$100,000	\$125,000	\$150,000	\$175,000	\$200,000	\$200,000	\$950,000
Sidewalk and Trip Hazard Repairs	200,000	225,000	250,000	250,000	250,000	250,000	\$1,425,000
R Avenue Safety and Mobility Improvements	500,000	3,557,250	0	0	0	0	\$4,057,250
12th Street and K Avenue Intersection	0	0	100,000	900,000	0	0	\$1,000,000
SR 20 Spur (Oakes Ave) Sidewalk Improvements	0	0	0	5,690,000	0	0	\$5,690,000
Non-Motorized Improvements	15,000	15,000	20,000	20,000	25,000	25,000	\$120,000
17th Street Q Ave to R Ave	0	0	0	535,600	0	0	\$535,600
32nd Street and M Avenue Improvements	300,000	800,000	0	0	0	0	\$1,100,000
South Commercial Avenue Corridor Plan -- Phase I Commercial Avenue from 11th to 13th	500,000	3,000,000	0	0	0	0	\$3,500,000
Safe Routes To School (SRTS) AHS Vicinity Intersection and Sidewalk Improvements			550,000	0	0	0	\$550,000
37th Street Paving and Stormwater Upgrades	0	50,000	1,950,000	0	0	0	\$2,000,000
Annual Pavement Maintenance	1,850,000	1,800,000	1,800,000	1,800,000	1,800,000	1,800,000	\$10,850,000
Guemes Channel Trail Phases II, III, & VI	0	0	0	5,700,000	0	0	\$5,700,000
School Zone Beacon Replacement	112,000						112,000
Totals	\$3,577,000	\$9,572,250	\$4,820,000	\$15,070,600	\$2,275,000	\$2,275,000	\$37,589,850

Project Funding Sources:	2021	2022	2023	2024	2025	2026	Total
Taxes	\$550,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$5,550,000
REET	1,427,000	1,915,000	3,020,000	945,000	975,000	975,000	9,257,000
Utility Tax	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Impact Fees	300,000	600,000	100,000	7,325,600	0	0	8,325,600
Grants	1,000,000	5,757,250	400,000	5,500,000	0	0	12,657,250
Rates/User Fees	0	0	0	0	0	0	0
Contributions	0	0	0	0	0	0	0
Fund Balance	0	0	0	0	0	0	0
Totals	\$3,577,000	\$9,572,250	\$4,820,000	\$15,070,600	\$2,275,000	\$2,275,000	\$37,589,850

Summary Sheet - All Departments (non-linked)

Summary of Project Expenditures - Department Type	2021	2022	2023	2024	2025	2026	Total
Parks	\$700,000	\$400,000	\$750,000	\$1,650,000	\$10,950,000	\$1,675,000	\$16,125,000
General Government	500,000	825,835	716,420	3,227,166	738,073	749,145	6,756,639
Fiber	3,155,000	4,000,000	4,000,000	1,000,000	0	0	12,155,000
Fire	100,000	1,518,994	3,068,498	1,517,667	645,000	456,762	7,306,921
Transportation	3,577,000	9,572,250	4,820,000	15,070,600	2,275,000	2,275,000	37,589,850
Water	5,767,000	4,463,000	5,811,000	7,085,000	100,000	100,000	23,326,000
Wastewater	1,470,000	23,210,000	9,302,000	2,875,000	2,420,000	2,530,000	41,807,000
Stormwater	440,000	309,000	318,000	328,000	338,000	348,000	2,081,000
Solid Waste	100,000	33,000	33,000	33,000	33,000	33,000	265,000
	\$15,809,000	\$44,332,079	\$28,818,918	\$32,786,433	\$17,499,073	\$8,166,907	\$147,412,410

Summary of Projects:	Revenues by Department	Variance
Parks	\$16,125,000	\$0
General Government	\$6,756,639	0
Fiber	\$12,155,000	0
Fire	\$7,306,921	0
Transportation	\$37,589,850	0
Water	\$23,326,000	0
Wastewater	\$41,807,000	0
Stormwater	\$2,081,000	0
Solid Waste	\$265,000	0
Total	\$147,412,410	\$0

Summary of Revenue by Type	2021	2022	2023	2024	2025	2026	Total
Taxes	\$550,000	\$1,097,134	\$1,003,692	\$1,197,251	\$1,000,000	\$1,000,000	\$5,848,077
Real Estate Excise Tax	2,077,000	2,794,195	3,740,742	2,845,526	1,713,073	1,874,145	15,044,681
Utility Tax	300,000	300,000	300,000	300,000	300,000	300,000	1,800,000
Impact Fees	575,000	1,342,500	1,760,484	7,799,128	895,000	515,881	12,887,993
Grants	3,350,000	7,817,250	2,800,000	6,750,000	10,650,000	725,000	32,092,250
Rates/User Fees	7,777,000	28,315,000	16,064,000	11,221,000	2,891,000	3,011,000	69,279,000
Developer Contributions	1,180,000	1,800,000	1,450,000	2,500,000	0	0	6,930,000
Fund Balance/Reserves	0	866,000	1,700,000	173,528	50,000	740,881	3,530,409
Total Revenues	\$15,809,000	\$44,332,079	\$28,818,918	\$32,786,433	\$17,499,073	\$8,166,907	\$147,412,410

Cost of Projects Beyond 2026	Total
Parks	\$0
General Government	0
Fire	0
Transportation	6,000,000
Water	24,724,000
Wastewater	11,026,000
Stormwater	9,097,000
Solid Waste	0
	\$50,847,000

Summary of Revenue by Fund Type	2021	2022	2023	2024	2025	2026	Total
Parks	\$700,000	\$400,000	\$750,000	\$1,650,000	\$10,950,000	\$1,675,000	\$16,125,000
General Government	500,000	825,835	716,420	3,227,166	738,073	749,145	6,756,639
Fiber	3,155,000	4,000,000	4,000,000	1,000,000	0	0	12,155,000
Fire	100,000	1,518,994	3,068,498	1,517,667	645,000	456,762	7,306,921
Transportation	3,577,000	9,572,250	4,820,000	15,070,600	2,275,000	2,275,000	37,589,850
Water	5,767,000	4,463,000	5,811,000	7,085,000	100,000	100,000	23,326,000
Wastewater	1,470,000	23,210,000	9,302,000	2,875,000	2,420,000	2,530,000	41,807,000
Stormwater	440,000	309,000	318,000	328,000	338,000	348,000	2,081,000
Solid Waste	100,000	33,000	33,000	33,000	33,000	33,000	265,000
Total Revenues	\$15,809,000	\$44,332,079	\$28,818,918	\$32,786,433	\$17,499,073	\$8,166,907	\$147,412,410



City Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 7.a.

Agenda Item Title: Ordinance 3093: Amending the 2021 Budget

Staff Contact(s): STEVE HOGLUND

Approved for Submittal to Council by **Action Type**

STEVE HOGLUND

Ordinance

DARCY SWETNAM

Item Summary: Adoption of this budget amendment ordinance would provide budget for the following items:

New legislative requirement for Police Officer body cameras

Additional Laserfiche licenses the hiring of additional staff has brought about

Replacement of failing school speed zone beacons

This ordinance would also authorize the elimination of fund 106 and would instead direct TBD sales tax to be deposited directly into the Road Maintenance Fund.

Budget Impact:

NA

Previous Action: Ordinance [3078](#), Ordinance [2926](#), Ordinance [2967](#), first read at July 26, 2021 City Council meeting

Recommended Motion: I move to adopt Ordinance 3093 amending the 2021 budget.

Alternative Actions: N/A

Attachments (listed in order presented):

1. Ordinance 2926 establishing TBD
2. Ordinance 2967 assuming the TBD
3. Ordinance 3078 adopting 2021 budget
4. Ordinance 3093
5. Staff Slide Presentation

CITY OF ANACORTES ORDINANCE NO. 2926

AN ORDINANCE OF THE CITY OF ANACORTES ESTABLISHING THE ANACORTES TRANSPORTATION BENEFIT DISTRICT AND SPECIFYING THAT THE BOUNDARIES OF THE DISTRICT WILL COINCIDE WITH CITY BOUNDARIES

WHEREAS, RCW 35.21.225 authorizes the legislative authority of a city to establish a transportation benefit district (“TBD”), for the purpose of acquiring, constructing, improving, providing, and funding transportation improvements within the TBD, subject to the provisions of Chapter 36.73 RCW; and

WHEREAS, transportation improvements are defined in RCW 36.73.015 to include projects contained in the transportation plan of a city, and which also includes investment in new or existing highways of statewide significance, principal arterials of regional significance, high capacity transportation, public transportation, and other transportation projects and programs of regional or statewide significance including transportation demand management (“TBD Projects”); and

WHEREAS, TBD Projects may also include the operation, preservation, and maintenance of the previously mentioned facilities or programs; and

WHEREAS, the City of Anacortes’ (“City”) Capital Facilities Plan (“CFP”), as now existing and as it may exist in the future, constitutes and will constitute a “transportation plan” as contemplated by RCW 36.73.015; and

WHEREAS, the City’s CFP currently includes evidence indicating a need for a coordinated cost efficient approach to street resurfacing improvements and other improvements that may be funded by a TBD (“CFP Projects”); and

WHEREAS, the Capitol Assets & Pavement Services’ report dated October, 2013, describes the need for street resurfacing in the City and sets forth strategies for street resurfacing programs, including funding alternatives; and

WHEREAS, the City Council finds that the CFP Projects are transportation improvements within the meaning of RCW 36.73.015 and therefore also are TBD Projects; and

WHEREAS, on April 21, 2014, and July 7, 2014, the City Council conducted public hearings in accordance with RCW 36.73.050, after giving proper notice describing the TBD Projects and activities to be funded by the TBD; and

WHEREAS, as part of its review of the of the merit of establishing a TBD, the City Council considered various funding options for a number of CFP/TBD Projects and based on that review adopted Resolution No. 1895 establishing a long-term funding plan for certain CFP/TBD Projects, a part of which is the establishment of a TBD; and

WHEREAS, the Council finds that the City can most effectively undertake CFP Projects if it works in conjunction with a TBD; and

WHEREAS, the City Council finds that establishment of a TBD would enable the City, in conjunction with the process for the adoption of its annual updates to the CFP, to consider and adopt mechanisms to fund required City street resurfacing in a coordinated, efficient manner; and

WHEREAS, the City Council finds it to be in the best interests of the City to establish a citywide TBD to fund and implement TBD Projects consistent with Chapter 36.73 RCW and the City's CFP to enable the TBD to contract with the City for management and staffing of the TBD's operations, and for the mutual undertaking and/or funding of CFP/TBD Projects; and

WHEREAS, the City Council wishes establish a governing body for the TBD comprised of the City Council acting in an *ex officio* and independent capacity and to provide for the continuing operations of the TBD;

NOW THEREFORE, THE CITY OF ANACORTES DOES ORDAIN:

Section 1: Findings

The City Council finds it is in the public interest to help provide an adequate level of funding for transportation improvements through establishment of a TBD.

Section 2: Formation of a Transportation Benefit District

The City, pursuant to RCW 35.21.225 and Chapter 36.73 RCW, hereby establishes and creates a TBD to be known and referred to as Anacortes Transportation Benefit District No. 1 ("ATBD No. 1"), subject to the following:

1. Establishment the Anacortes Transportation Benefit District – General Authority. There is hereby created ATBD No. 1 with geographical boundaries comprised of the corporate limits of the City, as those boundaries may be adjusted in the future. ATBD No. 1 shall be a quasi—municipal corporation and an independent taxing "authority" within the meaning of Article VII, section 1 of the Washington State Constitution, and a "taxing district" within the meaning of Article VII, section 2 of the Washington State Constitution. ATBD No. 1 shall constitute a body corporate and possess all the usual powers of a corporation for public purposes as well as all other powers that may now or hereafter be specifically conferred by statute, including, but not limited to, the authority to hire employees, staff, and services, to enter into contracts, to acquire, hold, and dispose of real and personal property, and to sue and be sued. Public works contract limits applicable to the City of Anacortes shall apply to the district.

2. Powers and Operations of ATBD No. 1.

- a. ATBD No.1 shall possess all of the powers of a transportation benefit district authorized pursuant to Chapter 36.73 RCW, including without limitation, the power to request voter approval of, and thereafter impose and collect, a sales and use tax in accordance with RCW 82.14.0455, a vehicle fee in excess of \$20.00 up to \$100.00 as allowed by RCW 82.80.140. The TBD may impose an *ad valorem* tax pursuant to RCW 36.73.060, issue general obligation and/or revenue bonds in the manner and subject to the restrictions set forth in RCW 36.73.070 and form a local improvement district and impose assessments therefor, take those actions allowed, and subject to the limitations of, RCW 36.73.0810, contract for street and highway improvements, and for its operations, exercise the power of eminent domain in the same manner as authorized for the City and accept and use gifts and grants.
- b. Consistent with RCW 36.73.020(4), the secretary/treasurer of ATBD No. 1 shall be the City Finance Director. As such, the Finance Director shall establish those funds and accounts on behalf of ATBD No. 1 as required and shall disburse funds and pay claims as approved by the ATBD Board and prepare and maintain such accounts are appropriate and/or required by state or federal law.
- c. The City Attorney will serve as legal advisor to the ATBD Board, except where separate counsel is engaged by ATBD No. 1.
- d. Other City employees shall carry out the operations of ATBD No. 1 as agreed by ATBD No. 1 and the City. Such employees and the contracts of ATBD No. 1 shall be overseen and administered by the Mayor and/or her/his designee.
- e. ATBD No. 1 may contract with the City for operations services and materials, office space and equipment, and to undertake and/or fund CFP/TBD Projects undertaken jointly or by one entity or the other.

3. Governing Board.

- a. Consistent with RCW 36.73020(3), the governing board of ATBD No. 1 (the "ATBD Board") shall be the members of Anacortes City Council acting in an independent capacity. The ATBD Board shall have the authority to exercise the statutory powers set forth in Chapter 36.73 RCW and other applicable provisions of Washington State law. The ATBD Board shall also include a Chairperson, who shall be the City's Mayor and whom shall have those duties, rights and obligations of a Mayor as set forth in RCW 35A.12.100.

b. To carry out the purposes of this chapter, and subject to the provisions of RCW 36.73.065, the ATBD Board is authorized to impose the following taxes, fees, charges, and tolls:

(i) A sales and use tax in accordance with RCW 82.14.0455;

(ii) A vehicle fee in accordance with RCW 82.80.140;

(iii) A fee or charge in accordance with RCW 36.73.120. However, if the City is levying a fee or charge for a transportation improvement, the fee or charge shall be credited against the amount of the fee or charge imposed by the district. Developments consisting of less than twenty (20) residences would be exempt from the fee or charge under RCW 36.73.120; and

(v) An *ad valorem* property tax as provided in RCW 36.73.060.

c. The ATBD Board may authorize and issue general obligation and/or revenue bonds in the manner and subject to the restrictions set forth in RCW 36.73.070.

d. The ATBD Board may form a local improvement district and impose assessments therefor and take those actions allowed, and subject to the limitations of RCW 36.73.0810.

e. As required by RCW 36.73.160(1), as the same may be amended from time to time, the ATBD Board shall develop a material change policy to address major plan changes that affect ATBD Project delivery or the ability to finance the plan for funding and implementing the ATBD Projects.

f. Meetings of the ATBD Board shall be governed by the procedural rules applicable to meetings of the City Council, as those rules may be amended by the City Council from time to time. ATBD Board actions shall be taken by motion or resolution in the same manner and following the same procedure as for the adoption of City Council resolutions. Meetings of the ATBD Board shall, whenever possible, take place on the same dates scheduled for City Council meetings; *provided*, that the ATBD No. 1 meeting shall take place pursuant to its own agenda during a recess or otherwise outside of any regular business meeting or special meeting of the City Council. The ATBD Board meetings shall comply with the state Open Public Meetings and Public Records Acts and the officials of ATBD No. 1 shall be subject to Chapter 42.23 RCW, Code of Ethics for Municipal Officers – Contract Interests; *provided*, that the fact that ATBD Board members and officials and Council members and City officials are simultaneously employed by both entities shall not be deemed a conflict of interest where ATBD No. 1 and City are parties to contracts and/or agreements.

4. Transportation Improvements Funded. The funds generated by ATBD No. 1 shall be used for the ATBD Projects described in this ordinance and/or allowed by state law. The ATBD Projects may be amended in accordance with the material change policy described in Section 2(c) of this ordinance and in accordance with the notice, hearing and other procedures described in chapter 36.73 RCW, including RCW 36.73.050(2)(b), as the same may be amended from time to time.

5. Annual Report to Public. As required by RCW 36.73.160(2), as the same may be amended from time to time, ATBD No. 1 shall issue an annual report, indicating the status of transportation improvement costs, transportation improvement expenditures, revenues, and construction schedules, to the public and to newspapers of record in ATBD No. 1.

6. Dissolution of ATBD No. 1. ATBD No. 1 shall be dissolved pursuant to the procedures set forth in chapter 36.73 RCW, when all indebtedness, if any, of ATBD No. 1 has been retired and when all of ATBD No. 1's anticipated responsibilities have been satisfied.

Section 3. Severability; Construction. If a section, subsection, paragraph, sentence, clause, or phrase of this ordinance is declared unconstitutional or invalid for any reason by any court of competent jurisdiction; such decision shall not affect the validity of the remaining portions of this ordinance. If the provisions of this ordinance are found to be inconsistent with the provisions of the Anacortes Municipal Code, this ordinance is deemed to control. This ordinance shall be liberally construed to permit the accomplishment of ATBD No. 1's purposes and objectives.

Section 4. This ordinance will be codified as AMC Chapter 3.70.

APPROVED by me this 21st day of July, 2014

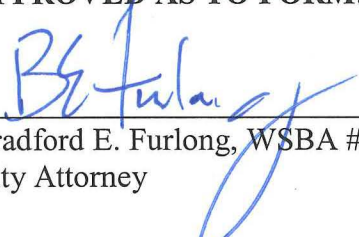


Laurie Gere, Mayor

ATTEST: 

Hoglund, Finance Director

APPROVED AS TO FORM:



Bradford E. Furlong, WSBA #12924
City Attorney

ORDINANCE NO. 2926
ANACORTES TRANSPORTATION BENEFIT DISTRICT

Page 5 of 5

ORDINANCE NO. 2967

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF
ANACORTES, WASHINGTON, ASSUMING THE RIGHTS, POWERS,
FUNCTIONS, AND OBLIGATIONS OF THE ANACORTES
TRANSPORTATION BENEFIT DISTRICT NUMBER 1; AND
PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

WHEREAS, the City Council of the City of Anacortes passed Ordinance 2926 on July 21, 2014, which established the Anacortes Transportation Benefit District Number 1 and specified that the District's boundaries coincide with City boundaries; and

WHEREAS, the 2015 Washington Legislature adopted Second Engrossed Substitute Senate Bill ("2ESSB") 5987, the majority of which became effective July 15, 2015; and

WHEREAS, Section 301 of 2ESSB 5987 authorizes any city in which a transportation benefit district ("TBD") has been established pursuant to Chapter 36.73 RCW with boundaries that coincide with the boundaries of the city to assume the rights, powers, functions, and obligations of the TBD by adoption of an ordinance or resolution of the city legislative authority; and

WHEREAS, Section 302 of 2ESSB 5987 requires any city wishing to assume the rights, powers, functions, and obligations of the TBD to set a public hearing by ordinance or resolution at which all interested parties may appear and be heard and at which the city considers the proposed assumption of rights, powers, functions, and obligations of the TBD; and

WHEREAS, on December 7, 2015, the Anacortes City Council adopted Resolution number 1937, which declared the City Council's intention to consider the assumption of the rights, powers, functions, and obligations of the Anacortes TBD, and set a public hearing for January 4, 2016; and

WHEREAS, pursuant to section 3.70.070 AMC, all indebtedness of the Anacortes Transportation Benefit District Number 1 has been retired and all of responsibilities of the Anacortes Transportation Benefit District Number 1 have been satisfied; and

WHEREAS, on January 4, 2016, the City Council held a public hearing at which all interested parties were invited to appear and be heard; and

WHEREAS, following the conclusion of the public hearing, the City Council determined that the public interest and welfare would be satisfied by the City's assumption of the rights, powers, functions, and Obligations of the TBD, because such assumption would provide for more efficient administration of transportation maintenance and improvement funds previously authorized to be collected and expended by the TBD;

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

Section 1. Assumption of the Anacortes Transportation Benefit District Number 1.

Pursuant to Section 303, subsection (1) of 2ESSB 5987, the City of Anacortes does hereby assume all the rights, powers, immunities, functions, and obligations of the Anacortes Transportation Benefit District Number 1, and the City of Anacortes is hereby vested with each and every right, power, immunity, function and obligation currently granted to or possessed by the Anacortes Transportation Benefit District Number 1 as of the effective date of this Ordinance. The rights, powers, functions, and obligations previously exercised and/or performed by the governing body of the Anacortes Transportation Benefit District Number 1 are hereby assumed by and transferred to the City of Anacortes City Council.

Section 2. New Section 3.70.025 AMC Adopted.

Section 3.70.025. Assumption of ATBD No. 1.

From and after the effective date of this Ordinance, the City of Anacortes assumes all the rights, powers, immunities, functions, and obligations of the Anacortes Transportation Benefit District Number 1 previously established in this Chapter, and the City of Anacortes is hereby vested with each and every right, power, immunity, function, and obligation granted to or possessed by the Anacortes Transportation Benefit District Number 1 under Chapter 36.73 RCW, this Chapter, and/or any other applicable law as of the effective date of this Ordinance. The rights, powers, functions and obligations previously exercised and/or performed by the governing body of the Anacortes Transportation Benefit District pursuant to Section 3.70.030 of this Chapter are hereby assumed by and transferred to the City of Anacortes City Council.

Section 3. Section 3.70.030 AMC Amended.

Section 3.70.030 of the Anacortes Municipal Code is hereby abolished, and Section 3.70.030 of the Anacortes Municipal Code is hereby adopted to read as follows:

3.70.030 Powers and operations.

- A. The city council shall possess all of the powers of a transportation benefit district authorized pursuant to Chapter 36.73 RCW, including without limitation, the power to request voter approval of, and thereafter impose and collect, a sales and use tax in

accordance with RCW 82.14.0455, and a vehicle fee in excess of twenty dollars up to one hundred dollars as allowed by RCW 82.80.140. The city may impose an ad valorem tax pursuant to RCW 36.73.060, issue general obligation and/or revenue bonds in the manner and subject to the restrictions set forth in RCW 36.73.070 and form a local improvement district and impose assessments therefor, take those actions allowed, and subject to the limitations of, RCW 36.73.0810, contract for street and highway improvements, and for its operations, exercise the power of eminent domain in the same manner as authorized for the city and accept and use gifts and grants.

- B. Consistent with RCW 36.73.020(4), the secretary/treasurer shall be the city finance director. As such, the finance director shall establish those funds and accounts on behalf of the city council as required and shall disburse funds and pay claims as approved by the city council and prepare and maintain such accounts as are appropriate and/or required by state or federal law.
- C. The city attorney will serve as legal advisor to city council, except where separate counsel is engaged.
- D. Other city employees shall carry out the operations of city council in exercising the rights, powers, functions, and obligations authorized in this Chapter as agreed by city council and the city. Such employees and the contracts of city council hereunder shall be overseen and administered by the mayor and/or her/his designee.

Section 4. Section 3.70.040 AMC Amended.

Pursuant to Section 303, subsection (2) of 2ESSB 5987, the governing body of the Anacortes Transportation Benefit District Number 1 established in Section 3.70.040 of the Anacortes Municipal Code is hereby abolished, and Section 3.70.040 of the Anacortes Municipal Code is hereby adopted to read as follows:

3.70.040 Governing Board.

- A. The Anacortes city council shall have the authority to exercise the statutory powers set forth in Chapter 36.73 RCW and this Chapter.
- B. To carry out the purposes of this Chapter, and subject to the provisions of RCW 36.73.065, the city is authorized to impose the following taxes, fees, charges, and tolls:
 - 1. A sales and use tax in accordance with RCW 82.14.0455;
 - 2. A vehicle fee in accordance with RCW 82.80.140;
 - 3. A fee or charge in accordance with RCW 36.73.120. Developments consisting of less than twenty residences would be exempt from the fee or charge under RCW 36.73.120; and
 - 4. An ad valorem property tax as provided in RCW 36.73.060.

ORDINANCE NO. 3078

AN ORDINANCE ADOPTING THE BUDGET FOR ALL MUNICIPAL PURPOSES
AND USES FOR THE YEAR 2021

Section 1. The 2021 Budget for the City of Anacortes, Washington as established by the City Council and made available for distribution to the general public through the office of the City Clerk-Treasurer, is hereby adopted by reference.

Section 2. The total estimated revenues and appropriations for each budgeted fund and the aggregate total for all such funds combined is itemized below. Estimated revenues and expenditures include overhead accruals to the General fund from the utility funds as authorized by state law. As the City of Anacortes utilizes the Mayor in a fulltime capacity overseeing all funds including the utility funds, such accruals provide for inclusion of the Mayor's office to recover associated costs. All revenues and expenditures for all budgeted funds are summarized and set forth as follows:

Fund		2021 Revenues / Expenditures
001	General Fund	19,571,726
101	Parks and Recreation	2,027,757
102	Cemetery	229,537
103	Library	1,493,393
104	Road Maintenance	2,963,901
105	Road Construction	1,732,444
106	Anacortes TBD #1	1,130,103
107	Washington Park	273,439
108	Parks Construction	700,000
109	Affordable Housing	565,052
110	Ambulance Service	3,926,301
112	Impact Fees	575,000
113	ACFL Management	54,899
135	Lodging Tax	413,988
335	Real Estate Excise Tax	2,132,500
401	Water	20,975,693
440	Sewer	7,566,472
445	Storm	1,659,421
450	Solid Waste	4,744,561
501	Equipment Rental	2,636,980
611	Firemen's Pension	44,931
	Total	75,418,398

Section 3. The City Clerk-Treasurer of the City of Anacortes is hereby authorized to transmit a complete copy of the final budget, as herein above adopted by reference, to the

Division of Municipal Corporations in the Office of the State Auditor, to the Association of Washington Cities, and to the Municipal Research & Services Center of Washington.

Section 4. A hiring freeze remains in effect until December 31, 2021, prohibiting any new hire (including new positions or filling vacant positions) that is funded in any part from any City governmental fund without approval by City Council resolution. The Police and Fire Departments, and the position of HR Director, are not subject to this hiring freeze.

Section 5. No general revenue (e.g., funds derived from sales tax, property tax, utility tax) may be expended as match for the Department of Commerce Electrification of Transportation Systems Program grant.

Section 6. The City Council Finance Committee is directed to investigate and evaluate options for an interactive data platform with the objective of improving transparency, accountability, and governance by providing the City Council and the public with useful self service access to the City budget, the City's financial performance, City employee salaries, and a running list of all transactions. The Council Finance Committee must report its findings and recommendation to the City Council by April 30, 2021.

Section 7. The City Council Housing Affordability & Community Services Committee is directed to work with existing community services providers, city departments, and the public to identify the social services needs of city residents in financial, emotional, or mental health crisis and develop a plan to strengthen and ensure those services or resources are provided by city or third-party providers. The plan must be data-driven and must identify appropriate and sustainable funding sources. The HACS Committee must report its findings and recommendation to the City Council and community by June 30, 2021.

Effective date. This Ordinance shall take effect from and after five (5) days after its passage and publication, as required by law.

PASSED AND APPROVED this 21st day of December, 2020

CITY OF ANACORTES, WASHINGTON

By: Laurie Gere
Laurie Gere, Mayor

ATTEST

Steven D. Hoglund
Steven D. Hoglund, City Clerk

APPROVED AS TO FORM

Darcy Swetnam

Darcy J. Swetnam, WSBA # 40530
City Attorney

ORDINANCE 3093

AN ORDINANCE AMENDING ORDINANCE NO. 3078 ADOPTED ON DECEMBER 21, 2020, ENTITLED "AN ORDINANCE ADOPTING THE BUDGET FOR ALL MUNICIPAL PURPOSES AND USES FOR THE YEAR 2021"

WHEREAS, Ordinance 3078 was adopted on December 21, 2020 that established the annual budget for fiscal year 2021, and

WHEREAS, The state legislature enacted HB 1223 which requires electronic recording of Police Officers interaction with certain citizens effective January 1, 2022 thereby necessitating the purchase of 28 body cameras, and

WHEREAS, Various school zone speed limit beacons in the City of Anacortes have become antiquated and are failing and therefore require replacement and the grant the City applied for was not awarded and now school is starting in less than two months and the Public Works department is desirous of replacing these failing beacons before then, and

WHEREAS, When the City's Transportation Benefit District was established by Ordinance 2926 state law directed that the ensuing TBD was a separate legal entity known as a blended component unit which is why a separate accounting fund (Fund 106) was established, so that TBD revenue stream was clearly identifiable to the public and the State Auditors, but that requirement changed in 2015 when the State Legislature adopted 2ESSB 5987 which allowed the City to assume the rights, powers, functions, and obligations of the Anacortes TBD which City Council did when they adopted Ordinance 2967 and now Fund 106 creates accounting and budgeting confusion with the double budget effect of transferring the TBD sales tax out of Fund 106 and into Fund 104 (Street Maintenance) so it now is logical and reasonable to close fund 106 and deposit the TBD revenue stream directly into Fund 104.

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

Section 1. Ordinance No. 3078 dated December 21, 2020 adopting the Budget for all Municipal purposes and Uses for the fiscal year 2021 is hereby amended to reflect the aforementioned revisions to expenditures and revenues in the following areas:

BARS #	Description	Expense (DR)	Revenue (CR)
001.310.521.70.31	Police Body Cam Hardware	26,630	
001.000.308.90.00	Cash Reserves		26,630
106.711.597.00.00	Interfund Transfer Out		1,130,103
106.000.313.21.00	TBD 2/10th sales tax	1,130,103	
104.720.313.10.00	TBD sales tax		1,130,103
104.720.3.97.00.00	Interfund transfer in	1,130,103	
105.720.595.30.63	School Zone Beacons	112,000	
105.720.397.00.00	REET transfer in		112,000
335.711.597.00.00	REET 1 Transfer Out	112,000	
335.240.308.10.00	REET 1 Cash Reserves		112,000

Section 2. Fund 106 is hereby decommissioned and the TBD tax revenue deposited directly to Fund 104 the Street Maintenance fund.

Section 3. Effective date. This Ordinance shall take effect from and after five (5) days after its passage and publication, as required by law.

PASSED AND APPROVED THIS 9th day of August, 2021.

CITY OF ANACORTES, WASHINGTON

BY: _____
Laurie Gere, Mayor

ATTEST:

(Corporate Seal)

Steven D. Hoglund, City Clerk

APPROVED AS TO FORM

Darcy Swetnam, WSBA #40530
City Attorney

Budget Amendment

Ordinance 3093

Police Department

- HB 1223 from the 2021 Legislative Session enacted requirements for Electronic Recordings of Custodial Interrogations for law enforcement agencies.
 - Effective Date is January 1, 2022
- The most effective and efficient way to meet the new legislative requirement has been determined to be with body cameras.
- PD obtained a quote for 28 cameras on a 5 year contract
 - Total contact cost \$100,262 (includes delivery and training)
 - First year, 2021, payment: \$26,630
 - Years 2-5: \$18,408

Budget Amendment

Ordinance 3093

Fund 106 / Fund 104

- The Transportation Benefit District (TBD) was established with Ord 2926
- Fund 106 was setup in the Accounting System for the TBD to receipt and transfer revenues to Road Maintenance Fund 104.
- A change in legislature allowed the City to assume all rights and obligations of the TBD, which it did with Ord 2967
- The Accounting System was never updated, and Fund 106 still receipts and transfers money to 104.
- This results in an unnecessary double budget effect of over \$1M annually in both revenues and expenditures.
- We can change the receipting system to book TBD revenues directly to fund 104, and eliminate fund 106 altogether.

Budget Amendment Ordinance 3093

Street Department

- Many School Zone speed limit flashing beacons within the City are have entered the end of useful life and are experiencing failures.
- The existing beacons are obsolete, so repair is not effective.
- The grant that was pursued was not awarded
- Funding source will have to be REET
 - REET use requires inclusion on CFP
 - See Ordinance 3094
- Public Works obtained a quote to replace 20 units.
- Total quoted cost is \$111,675.80
- These Beacons are available on State Contract so don't need to be formally bid

CFP Amendment

Ordinance 3094

Transportation CFP

- The CFP may be amended but it needs to be in conjunction with the City budget amendment.
- AMC 19.16.030(C) requires:
 - Public Hearing to amend the CFP
 - 2 week notice of Public Hearing
 - Consistency with City budget
- The notice of Public Hearing currently being advertised
- Comment period is already open
 - Comments can be made to myself, or the Planning Manager
 - steveh@cityofanacortes.org, libbyB@cityofanacortes.org
- CFP amendment material may be viewed at:
 - <https://www.anacorteswa.gov/175/Capital-Facilities-Plan-CFP>



August 2021

GPON CUSTOMER COUNT & REVENUE

Month	In Service	Static IPv4 Address	Internet Service Revenue	Static IPv4 Revenue	GPON Revenue	Other Revenue	MONTHLY REVENUE
Jan-21	524	31	\$ 33,616.00	\$ 411.00	\$ 34,027.00	\$ 2,023.25	\$ 36,050.25
Feb-21	575	34	\$ 36,445.00	\$ 449.00	\$ 36,894.00	\$ 2,023.25	\$ 38,917.25
Mar-21	624	31	\$ 38,906.00	\$ 400.00	\$ 39,306.00	\$ 2,023.25	\$ 41,329.25
Apr-21	698	34	\$ 43,962.00	\$ 438.00	\$ 44,400.00	\$ 2,023.25	\$ 46,423.25
May-21	720	35	\$ 45,200.00	\$ 447.00	\$ 45,647.00	\$ 2,023.25	\$ 47,670.25
Jun-21	772	39	\$ 48,868.00	\$ 494.00	\$ 49,362.00	\$ 2,023.25	\$ 51,385.25
Jul-21	808	39	\$ 50,902.00	\$ 494.00	\$ 51,396.00	\$ 2,023.25	\$ 53,419.25
Aug-21	830	39	\$ 52,320.00	\$ 494.00	\$ 52,814.00	\$ 2,023.25	\$ 54,837.25

CUSTOMER ORDERS

Residential	Count	Monthly Revenue	Commercial	Count	Monthly Revenue	Other Customers			
100Mbps	238	\$ 9,282.00	100Mbps	37	\$ 3,293.00	\$867.00			
100Mbps managed	233	\$ 11,417.00	100Mbps managed	32	\$ 3,168.00	\$1,156.25			
1Gbps	146	\$ 10,074.00	1Gbps	37	\$ 5,513.00				
1Gbps managed	93	\$ 7,347.00	1Gbps managed	14	\$ 2,226.00				
One Static IP	4	\$ 36.00	One Static IP	22	\$ 198.00				
Five Static IPs	2	\$ 40.00	Five Static IPs	11	\$ 220.00				
Total:	710	\$ 38,196.00	Total:	120	\$ 14,618.00				
Grand Total \$ 54,837.25									
	CBD	Old Town	M Ave	2020 Aerial Areas	West End	Guemes View	East Side Expansion	South Fidalgo Bay	Total
Potential Customers	255	562	160	1296	2302	872	1815	367	7629
Sign-ups	125	245	75	446	619	181	565	25	2256
Take-Rate	49.0%	43.6%	46.9%	34.4%	26.9%	20.8%	31.1%	6.8%	29.6%
Partial Installs	1	0	0	0	0	0	0	0	1
In-Service	115	237	71	378	0	0	20	9	830
Percentage of Orders in Service	92.0%	96.7%	94.7%	84.8%	0.0%	0.0%	3.5%	36.0%	

In our current service areas 891 orders have been received of the potential 2273 customers which equates to 39.2% market share.

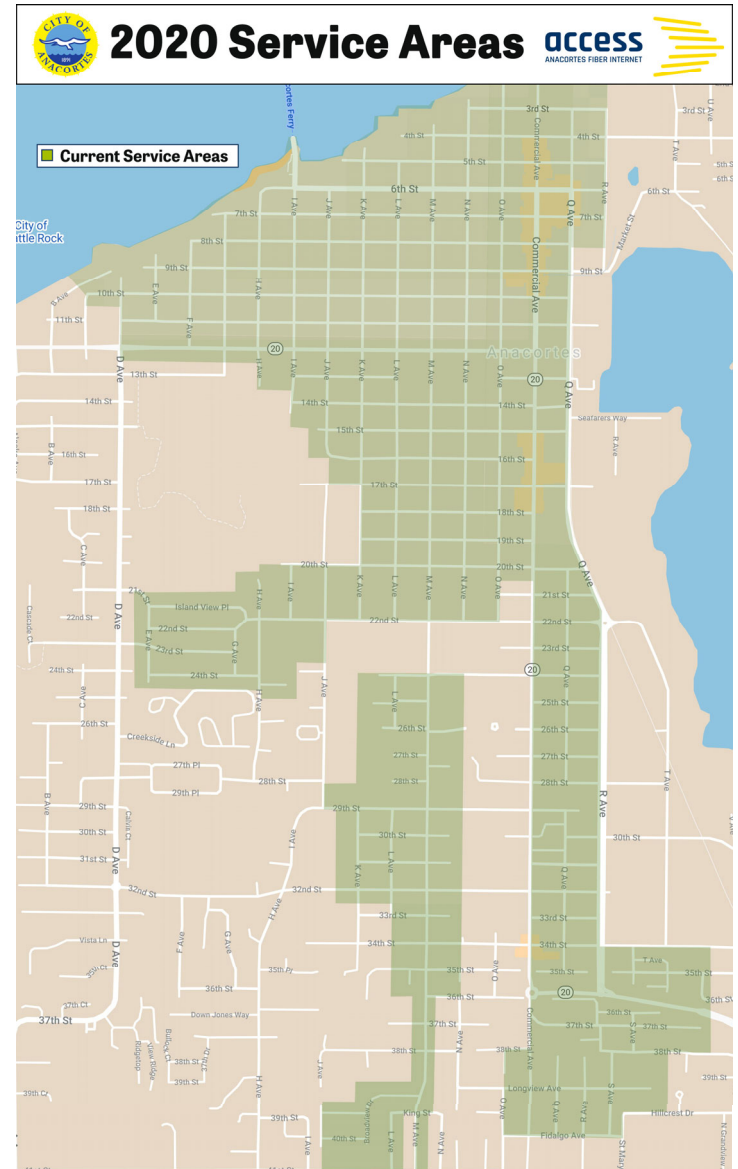
FIBER DIVISION CASHFLOWS

January 1 – June 30, 2021

	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUNE</u>	<u>YTD</u>
REVENUES							
Internet	32,792	36,681	39,612	42,933	45,429	48,564	247,011
Dark Fiber	1,156	1,156	1,156	1,156	1,156	1,156	6,936
Ethernet	867	867	867	867	867	867	5,202
Installation	<u>5,790</u>	<u>4,044</u>	<u>20,474</u>	<u>4,504</u>	<u>3,309</u>	<u>4,136</u>	<u>42,257</u>
total revenues	41,606	42,748	62,110	49,460	50,761	54,723	301,406
OPERATING EXPENSES	(<u>70,310</u>)	(<u>95,050</u>)	(<u>74,877</u>)	(<u>70,011</u>)	(<u>68,869</u>)	(<u>62,538</u>)	(<u>441,646</u>)
OPERATING CASHFLOW	(<u>28,704</u>)	(<u>52,302</u>)	(<u>12,759</u>)	(<u>20,551</u>)	(<u>18,108</u>)	(<u>7,815</u>)	(<u>140,240</u>)
CONSTRUCTION EXPENSES							
Backbone &							
Customer installations	(<u>127,861</u>)	(<u>90,498</u>)	(<u>223,514</u>)	(<u>100,223</u>)	(<u>308,185</u>)	(<u>360,449</u>)	(<u>1,210,730</u>)
Core equipment	(<u>12,443</u>)	(<u>422</u>)	(<u>4,421</u>)	(<u>2,091</u>)	(<u>2,399</u>)	(<u>11,470</u>)	(<u>33,246</u>)
LINE OF CREDIT	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>306,905</u>	<u>306,905</u>
TOTAL CASHFLOW	(<u>169,008</u>)	(<u>143,222</u>)	(<u>240,694</u>)	(<u>122,865</u>)	(<u>328,692</u>)	(<u>72,829</u>)	(<u>1,077,311</u>)

ACCESS ANACORTES FIBER INTERNET SERVICE AREA

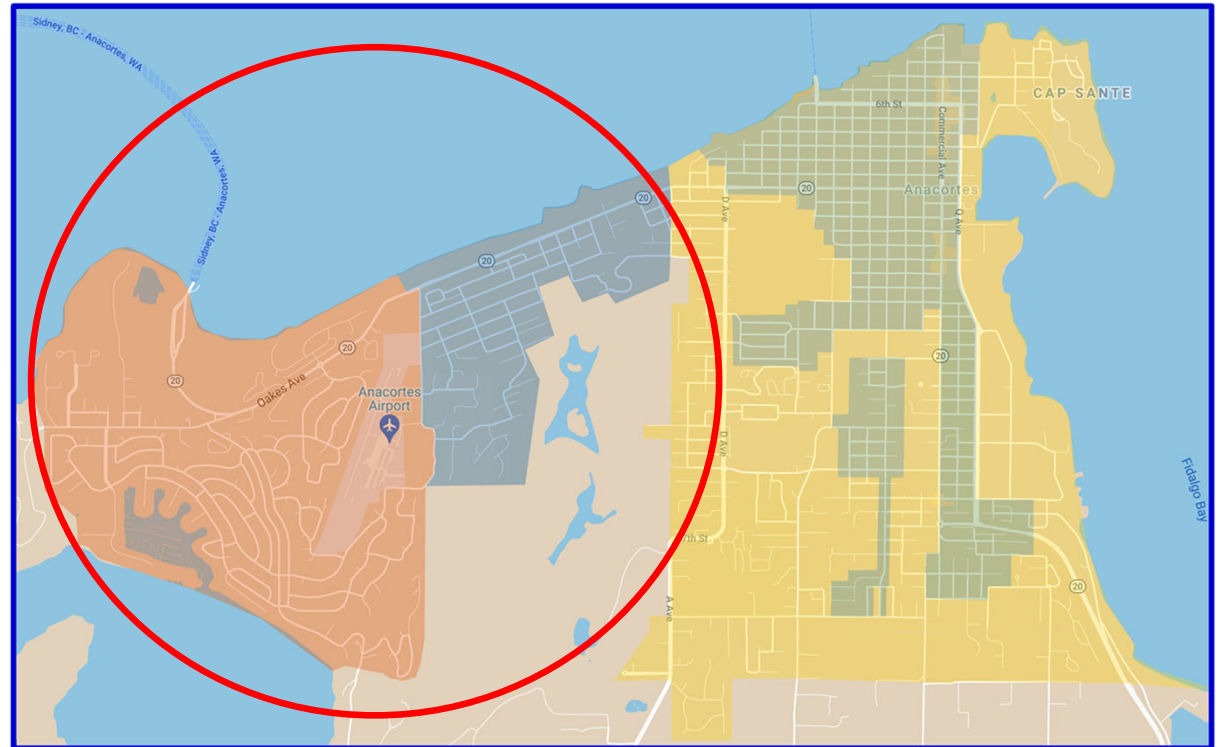
Fiber technicians are systematically completing installations and placing customers into service. There are 90 orders in queue for service in our current service areas.



FUNDING OPPORTUNITIES

American Recovery Plan Act

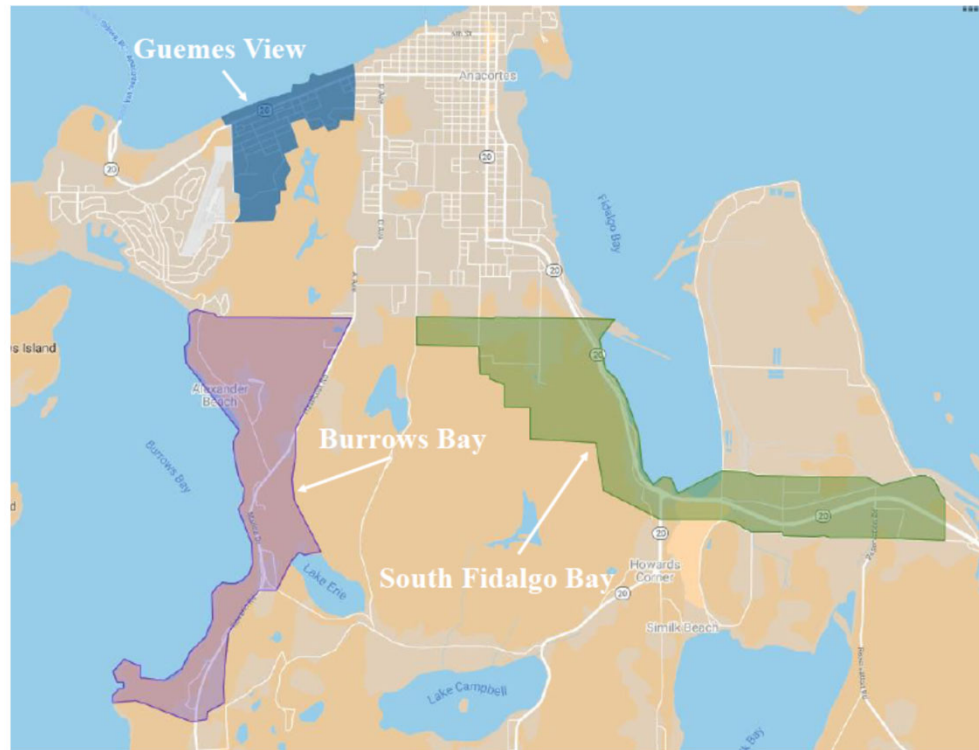
- Access applied for funding through WA State Broadband Office
- \$9.75M requested for West End & Guemes View



FUNDING OPPORTUNITIES

National Telecommunications and Information Administration Broadband Infrastructure Program

- City responded to RFI in July
- \$8.9M requested
- Not funded due to NTIA's priority to fund counties with population of less than 50k



NETWORK EXPANSION

Area	Pass	Projected Expansion Timeframe	Funding
“West End” West of Anacopper Mine Rd.	2375	2021 construction underway and installations begin fall 2021. Installations will continue into early 2022.	Savibank Line of Credit (up to \$4.5M) Submitted this phase of the project for ARPA Funding which is being administered through the WA State Broadband Office
East of A Ave. Backfilling current service area	1815	2021 design followed by 2022 construction and installations	Economic Development Administration (EDA) grant for \$2.25M. Balance of project to be funded through Line of Credit.
Guemes View (East of Anacopper Mine Rd. to A Ave.)	875	2022 if grant funding secured, otherwise 2023	Submitted this phase of the project for ARPA Funding which is being administered through the WA State Broadband Office
South Fidalgo Bay (Urban Growth Area along HWY 20 & March’s Point)	367	2022 if grant funding secured, otherwise 2023-2024	
Burrows Bay	466	2022 if grant funding secured, otherwise will not proceed	

NETWORK EXPANSION

West End

Passes: 2,375
Backbone Cost: \$6,000,000
Funding: Line of Credit
WA B'band Ofc

EDA Area

Passes: 1,815
Backbone Cost: \$2,817,000
Funding:
EDA.....\$2,254,000
Line of Credit.....\$563,000

Guemes View

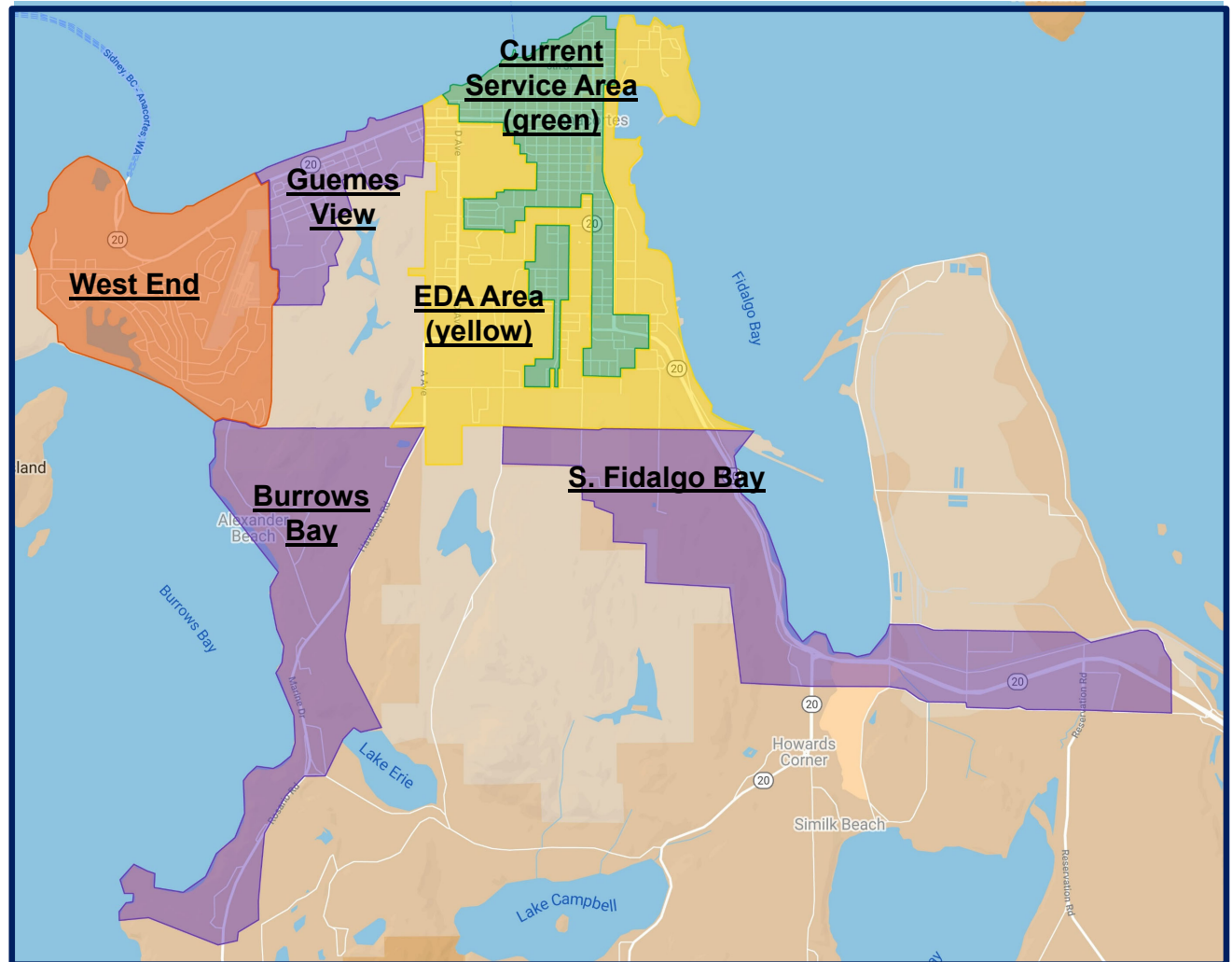
Passes: 872
Backbone Cost: \$3,400,000
Funding:
WA B'band Ofc or
Other grant opp..\$2,400,000
Line of Credit.....\$1,000,000

South Fidalgo Bay

Passes: 367
Backbone Cost: \$2,725,00
Funding: grant opportunity

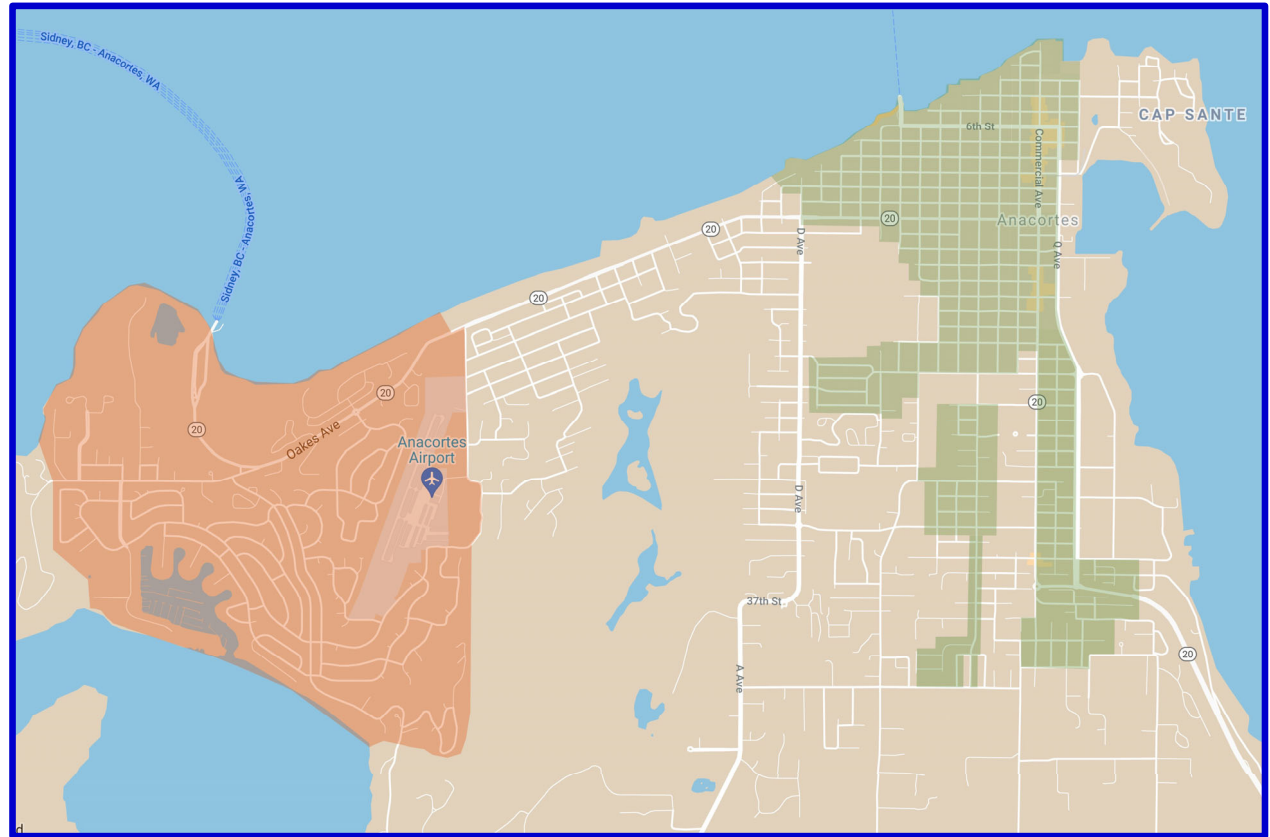
Burrows Bay

Passes: 466
Backbone Cost: \$2,900,00
Funding: grant opportunity



CURRENT EXPANSION

- Construction underway (17% of trenching and vault placement complete)
- Installations begin Fall 2021
- Securing easements on private streets
- 619 orders received (26.9% take rate)
- Accepting pre-orders for service



SPECIAL PROJECTS

- ☐ **ANACORTES SENIOR ACTIVITY CENTER
COMPLETE**
- ☐ **ROCK ISLAND COMMUNICATIONS
3rd quarter 2021**
Dark fiber lease, Anacortes to Mount Vernon
Dark fiber lease, within Anacortes
- ☐ **SWINOMISH INDIAN TRIBAL COMMUNITY
3RD quarter 2021**
Business class internet service
- ☐ **WESTERN WASHINGTON UNIVERSITY –
SHANNON POINT MARINE CENTER
Late 2021**
Dedicated internet access
- ☐ **ISLAND HOSPITAL- ADDITIONAL SITE
Early 2022**
Dark fiber lease



COMING ACTIVITY

- *EDA grant application continues to be processed*
- *Finalizing easements with west end HOAs & property owners*
- *Seeking ARPA grant funding through WA State Broadband Office*
- *Following federal infrastructure legislation (projected \$65B nationally toward broadband)*

ANACORTES FIBER INTERNET

We are your City owned and operated municipal fiber network providing high speed fiber internet service to meet your business and residential needs.

Here When You Need Us



Fast.
Reliable.
Yours.

access
ANACORTES FIBER INTERNET



- > **Faster Speeds**
- > **Lower Prices**

- > **More Reliable**
- > **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 Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 7.c.

Agenda Item Title: CDBG & CDBG-CV Funding Update

Staff Contact(s): DON MEASAMER, Joann Stewart

Approved for Submittal to Council by **Action Type**

Joann Stewart

Presentation

DON MEASAMER

Item Summary: Current status of CDBG & CDBG-CV projects and funding

Budget Impact:

None

Previous Action: None

Recommended Motion: No Motion at this time

Alternative Actions:

Attachments (listed in order presented):

1. Memo re Current Covid Funding



MEMO

To: Mayor Laurie Gere, Anacortes City Council
From: Don Measamer, Planning, Economic & Community Development Dept.
Date: August 9, 2021
Re: Current Status of CDBG Funding

Program Year 2020, the City received \$115,906 in the annual allocation. The City also received \$178,507 from the CDBG CARES Act Funding (CDBG-CV). Below is a list of funding received and utilized during the 2019 and 2020 program years:

2020 Annual Allocation:	\$115,906
CV Funding Received (1 st Round):	\$68,183
CV Funding Received (2 nd Round):	\$110,324
Program Income 2020:	\$29,914 (used for Emergency Income Payment – Rental Relief)
Previous Year funding (2019)	\$27,975.78 (Emergency Income Payments – Rental Relief)
TOTAL FUNDING RECEIVED:	\$352,302.78

Allocations (funding Used):

Public Services Annual Allocation:	\$17,378
Vaccine Response AFD:	\$42,232 (Anacortes Fire Department vaccine response)
Small Business Stabilization Grant (SBSG) (round 1) Allocated:	\$160,000 allocated; \$48,234 spent
SBSG (Round 2) Allocated:	\$97,050 allocated; \$107,782.41 spent
Food Bank	\$8,183
Emergency Income Payments:	\$57,890 allocated; \$55,380.50 spent
Cold Weather Shelter:	\$20,000
TOTAL SPENT:	\$299,189.91
FUNDING LEFT:	\$53,112.87

Public Services Annual Allocation - \$17,378 - the Anacortes Family Center (AFC) to provide emergency shelter

for women, children, and families with children for 60-90 days. The services include weekly case management to identify goals and barriers and creates a plan of action with clients that include appropriate referrals to services and resources. Other services include one-on-one counseling, assist clients with finding permanent and stable housing, employment, and appropriate services to aide in the client's long-term success, viability and self-sufficiency. Case managers work to build on the client's existing strengths through weekly life skills education which include budgeting, parenting, self-defense, healthy and economical meal preparation.

The Center reported they had served 197 individuals during the program year beginning July 2020 through mid-April 2021. They also have 20 families on their waitlist. AFC was also the only shelter in Skagit County to remain at 100% occupancy during the pandemic. Most shelters had to reduce capacity to 25-50% but the AFC includes 9 single family apartments that provided the distancing required by the restrictions.

The remaining \$98,528 was allocated to combat Covid related issues. The City also received a total of \$178,507 in CDBG CV funding and combined the remaining annual allocation to provide more services to those affected by the pandemic.

\$257,050 was allocated to the small business stabilization grants. This funding provided monetary assistance to qualified businesses with 30 or less employees who were struggling due to the Covid-19 pandemic shutdowns. The focus was to prevent job loss. Ultimately, \$156,016.41 was provided to 15 businesses (one business received 2 rounds of funding) and provided 74 employees with needed jobs. Some of the funding was spent in the 2019 program year and was reported to HUD previously. The total included in this report combines both 2019 and 2020 funding for small business stabilization grants.

\$20,000 in CDBG CARES funding was used to support a temporary cold weather shelter for homeless individuals in Anacortes. This provided safe, separate overnight stays in a local motel for 4 homeless individuals living in the wooded areas within Anacortes. This prevented the spread of the Covid virus by keeping the individuals separated during the cold winter nights. This project took place from January 1, 2021 through April 30, 2021, at a total cost of \$20,000.

\$57,890 was allocated to the Emergency Income Payment project in response to the COVID-19 pandemic. This provided rental assistance to low to moderately low-income families and individuals who lost income due to the government mandated restrictions. Three months total assistance was provided to property owners whose tenants qualified. The Anacortes Family Center (AFC) was appointed to perform outreach to the community. The AFC developed an application process and appointed a qualified team to assess the applications for eligibility. The funds were provided to the property owners for the delinquencies. This funding assisted 23 households and helped keep them from losing their homes. \$55,380.50 was spent on this project.

Anacortes Fire Department has requested \$67,200 for the costs of delivering Covid vaccines to individuals unable to access conventional vaccine sites. Homebound seniors and those with disabilities that have not been able to get to health care provider facilities to obtain their vaccinations can now receive the vaccines in their homes. It is estimated this will provide 1300 vaccines.

The City allocated \$42,232 from CDBG-CV funding. The remaining amount (\$24,968) was awarded to the City through the Washington State Department of Commerce CDBG program.

The Anacortes Housing Authority has requested rent relief for some of their tenants. The City plans to utilize the remaining funding for Covid to help in this relief effort. The AHA has approximately \$24,271 in unpaid rent from families whose incomes were affected by the Covid pandemic

HUD was continuously changing its target to accommodate the Covid response, and so we were constantly checking our processes to make changes to accommodate new HUD regulations. Every one of these processes to include the new funding required an amendment to either the Consolidated Plan (the 5 year overall plan) and subsequently to the 2019 and 2020 Action Plans (yearly plans that support the 5 year plan). Each amendment, which included a rewriting of the plan, either required a public comment period or a public hearing. It was great to see how things that are written in stone can change in times of need and the city took full advantage of the funding to assist the community during a time of need.

Thank you.



City Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 7.d.

Agenda Item Title: Resolution 3048: Approving the Fidalgo Island Water System asset transfer and improvement agreement between the City and Public Utility District No. 1 of Skagit County

Staff Contact(s): FRED BUCKENMEYER, BRIAN MCDANIEL

Approved for Submittal to Council by **Action Type**

JOAN PRINGLE

Resolution

FRED BUCKENMEYER

STEVE HOGLUND

DARCY SWETNAM

Item Summary: The Fidalgo Island system provides water to the residents of Similk and Dewey Beach, Gibraltar, Fidalgo Heights and Summit Park serving 732 residential and commercial connections. Currently, water is purchased through an interconnection with the city of Anacortes, with the source being the Skagit River in Mount Vernon. Water is filtered and chlorinated at the Anacortes water treatment plant on Riverbend Road.

Transferring the Fidalgo Island system from the Skagit PUD to the City of Anacortes will improve maintenance and emergency response times and result in economic and water service-related efficiencies in the continued operation, maintenance and improvement. This benefits Skagit PUD, the City of Anacortes and the Fidalgo Island water system ratepayers.

Budget Impact:

\$470,000 additional annual water revenue which generates an additional \$32,900 in utility tax.

Previous Action: December 31, 2019: MOU between the Skagit PUD and City executed to start drafting a transfer agreement. COA #19-204-WTR-001

Tuesday July 27: The Skagit PUD Commissioners authorized the General Manager to sign the Transfer agreement with the City with one slight change.

Skagit PUD will read the meters once the transfer is complete. However, they will invoice the City for this service. The City's plan will be to install radio reading

equipment in advance of the transfer being finalized to reduce the amount of PUD assistance.

Monday August 2: An overview of the details of the transfer agreement will be presented to the Public Works Committee.

Recommended Motion: I move to approve Resolution 3048, approving the Fidalgo Island Water System asset transfer and improvement agreement between the City and Public Utility District No. 1 of Skagit County and its execution by the mayor of the city; and providing for related matters.

Alternative Actions: Do not adopt Resolution 3048 and provide staff with further guidance.

Attachments (listed in order presented):

1. Resolution 3048- Fidalgo Island Water System Acquisition
2. Exhibit A- Transfer Agreement- Fidalgo Island Water System Acquisition
3. Staff Slide Presentation

RESOLUTION NO. 3048

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANACORTES, WASHINGTON, APPROVING THE FIDALGO ISLAND WATER SYSTEM ASSET TRANSFER AND IMPROVEMENT AGREEMENT BETWEEN THE CITY AND PUBLIC UTILITY DISTRICT NO. 1 OF SKAGIT COUNTY AND ITS EXECUTION BY THE MAYOR OF THE CITY; AND PROVIDING FOR RELATED MATTERS.

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

Section 1. Findings and Determinations. The City Council (“City Council”) of the City of Anacortes, Washington (“City”) takes note of the following facts and makes the following findings and determinations:

(a) On July 27, 2021, the Board of Commissioners of Public Utility District No. 1 of Skagit County, Washington (“PUD”) approved the form of a Fidalgo Island Water System Asset Transfer and Improvement Agreement between the City and the PUD, attached as Exhibit A (“Agreement”). The Recitals in Section 2 of the Agreement are true and correct.

(b) Based on the foregoing, the best interests of the City, the ratepayers in the Fidalgo Island Water System service area and of the public health, safety and welfare are served by the City entering into the Agreement.

Section 2. Approval of Agreement; Execution. The City Council approves the Agreement in the form attached as Exhibit A and authorizes its execution by the Mayor of the City.

Section 3. General Authorization and Ratification. The Mayor and all appropriate officers, agents and representatives of the City are authorized to take any further action necessary or advisable to implement this resolution and give effect to the Agreement. All actions taken consistent with the terms of this resolution and in furtherance of the Agreement are ratified and confirmed in all respects.

Section 4. Effective Date. This resolution takes effect from and after its passage and approval.

INTRODUCED, PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF ANACORTES on this 9th day of August, 2021.

LAURIE M. GERE, MAYOR

Approved as to form and legality:

Darcy Swetnam, WSBA #40530

City Attorney

ATTEST:

Steve D. Hoglund, City Clerk

Exhibit A
Form of Fidalgo Island Water System Asset Transfer and Improvement Agreement

THE FIDALGO ISLAND WATER SYSTEM ASSET TRANSFER AND IMPROVEMENT AGREEMENT

1. AGREEMENT

This Fidalgo Island Water System Asset Transfer and Improvement Agreement (“Agreement”) is entered into as of the date of the last signature below (“Effective Date”) by and between the City of Anacortes, Washington (“City”), and Public Utility District No. 1 of Skagit County, Washington (“District”) (each a “Party” and collectively the “Parties” to this Agreement). The Parties agree as follows.

2. RECITALS

2.1 City Water System. The City owns and operates a municipal water supply and distribution system (“Water System”), which has been combined with the City’s sanitary sewage system, storm and surface water drainage system and garbage and refuse collection and disposal system (collectively, “Utility System”). The City operates the Water System for the purpose of delivering an adequate supply of water to customers and to provide for future use and expansion of the Water System.

2.2 Fidalgo Island Water System of the District. The District owns a water distribution system that serves approximately 720 customers located in an unincorporated area of Skagit County on Fidalgo Island, the facilities of which are more particularly described in Section 3.1 (“Fidalgo Island Water System” or “FIWS”). Pursuant to the Water Supply Agreement 2017-2036 between the City and the District, last dated January 6, 2017 (“Supply Agreement”), the Water System provides water supply to the FIWS to serve District customers connected to the FIWS. The Supply Agreement authorizes transfers of service areas among customers of the City, including the District, and expansion of the City’s service area.

2.3 Transfer of Fidalgo Island Water System to the City. Due to the proximity of the FIWS to other retail service areas of the Water System and the City’s continued provision of water supply to the FIWS under the Supply Agreement, the Parties have determined that transferring the FIWS to the City will improve maintenance and emergency response times and result in economic and water service-related efficiencies in the continued operation, maintenance and improvement of the FIWS. Corresponding service area adjustments necessary for the FIWS transfer are identified in applicable water system comprehensive plans approved by the Washington State Department of Health and accordingly are incorporated by reference in the Skagit County coordinated water system plan. It is therefore in the best interests of the City, the District and the FIWS ratepayers for the District to transfer ownership of the FIWS to the City.

2.4 Improvements to the Fidalgo Island Water System. The Parties have also determined that the costs of certain priority capital projects within the FIWS described in Section 4.1 (“FIWS Improvements”) are properly allocated to the capital facilities component of rates and charges already paid by FIWS ratepayers to the District. The Parties therefore agree that the District will undertake the FIWS Improvements before the Closing Date (defined below).

2.5 Purpose. This Agreement governs the terms and conditions of: (i) the transfer of the FIWS and associated real and personal property, contracts and intangibles from the District to the City; and (ii) the District's construction of the FIWS Improvements.

3. TRANSFER OF THE FIDALGO ISLAND WATER SYSTEM

3.1 Acquisition of the Fidalgo Island Water System. The District, for the rights and benefits under this Agreement and other good and valuable consideration the receipt of which it acknowledges, grants, conveys, assigns and delivers to the City, and the City accepts, the Fidalgo Island Water System, as more specifically described as follows:

3.1.1 Similk Property. The District conveys to the City the real property and improvements associated with the former Similk Reservoir (to be abandoned—i.e., removed and decommissioned—by the District prior to Closing as provided in Section 4) pursuant to a Quitclaim Deed, substantially in the form attached as Schedule 1 (the first of five schedules titled “Quitclaim Deed”), which consists of one parcel of approximately 0.25 acres, together with and subject to all improvements, appurtenances, easements, rights-of-way and right-of-access licenses thereto. (The real property interests and improvements in this Section 3.1.1 are collectively referred to as the “Similk Property”).

3.1.2 Summit Park Reservoir. The District conveys to the City the real property and improvements associated with the Summit Park Reservoir pursuant to a Quitclaim Deed, substantially in the form attached as Schedule 2 (the second of five schedules titled “Quitclaim Deed”), which consists of one parcel of approximately 0.24 acres and an approximately 100,000 gallon concrete reservoir, together with and subject to all improvements, appurtenances, easements, rights-of-way and right-of-access licenses thereto. (The real property interests and improvements in this Section 3.1.2 are collectively referred to as the “Summit Park Reservoir”).

3.1.3 Fidalgo Heights Reservoir. The District conveys to the City the real property and improvements associated with the Fidalgo Heights Reservoir pursuant to a Quitclaim Deed, substantially in the form attached as Schedule 3 (the third of five schedules titled “Quitclaim Deed”), which consists of one parcel of approximately 0.50 acres and an approximately 550,000 gallon welded steel reservoir, together with and subject to all improvements, appurtenances, easements, rights-of-way and right-of-access licenses thereto. (The real property interests and improvements in this Section 3.1.3 are collectively referred to as the “Fidalgo Heights Reservoir”).

3.1.4 Bridgeway Reservoirs. The District conveys to the City the real property and improvements associated with the Bridgeway Reservoir 1 and the Bridgeway Reservoir 2 pursuant to a Quitclaim Deed, substantially in the form attached as Schedule 4 (the fourth of five schedules titled “Quitclaim Deed”), which consists of two parcels of approximately 0.07 and 0.02 acres and two approximately 50,000 gallon each concrete reservoirs, together with and subject to all improvements, appurtenances, easements, rights-of-way and right-of-access licenses thereto. (The real property interests and improvements in this Section 3.1.4 are collectively referred to as the “Bridgeway Reservoirs”).

3.1.5 Gibraltar Pump Station. The District conveys to the City the real property and improvements associated with the Gibraltar Pump Station pursuant to a Quitclaim Deed, substantially in the form attached as Schedule 5 (the fifth of five schedules titled “Quitclaim Deed”), which consists of one parcel of approximately 0.08 acres and a domestic water pump station, together with and subject to all improvements, appurtenances, easements, rights-of-way and right-of-access licenses thereto. (The real property interests and improvements in this Section 3.1.5 are collectively referred to as the “Gibraltar Pump Station”).

3.1.6 FIWS Pipeline Facilities. The District conveys to the City that certain portion of the District’s water distribution system of pipeline and related facilities that are not located on District-owned real property pursuant to a Bill of Sale, substantially in the form attached as Schedule 5 (“Bill of Sale”) and graphically depicted for illustrative purposes on the diagrams attached as Exhibit A of Schedule 5, which includes approximately 94,774 feet of pipelines, certain sample stations, pressure reducing valves and hydrants, other water distribution system pipelines and related facilities and all improvements, upgrades, and appurtenances, now existing or in the process of construction that comprise of or are used by the FIWS Pipeline Facilities. (The facilities in this Section 3.1.1 are collectively referred to as the “FIWS Pipeline Pipelines.”).

3.1.7 FIWS Easements. The District grants, conveys, assigns and delivers to the City all of the District’s rights and interests in land on which the FIWS is located outside of Skagit County rights-of-way and not transferred to the City under this Agreement, pursuant to an Omnibus Assignment and Assumption of Easements, substantially in the form attached as Schedule 6 (the “Omnibus Assignment and Assumption Easements”), which consists of all easements acquired by the District over, under, along, across, upon and through private property necessary for purposes of installing, maintaining and operating certain portions of the FIWS. (The easement interests in this Section 3.1.7 are collectively referred to as the “FIWS Easements.”).

3.1.8 Assignment of Contracts and Intangibles. To the extent transferable by the District, the District assigns to the City the following contracts and intangibles related to the FIWS pursuant to an Assignment of Contracts and Intangibles substantially in the form attached as Schedule 7 (the “Assignment of Contracts and Intangibles”): (i) all engineering contracts, drawings, plans and specifications (including as-built), consulting agreements, engineer’s reports, soils reports, environmental reports, utility management reports, plans and recommendations, design contracts, construction contracts, construction subcontracts and supply agreements with subcontractors, suppliers and materialmen, together with copies of all change orders or modifications thereto; (ii) all warranties and guarantees; (iii) all ownership permits, operations permits, licenses and approvals; and, (iv) all rights and duties under any other existing contracts. (The contract and intangible rights and obligations in this Section 3.1.8 are collectively referred to as the “Contracts and Intangibles”).

3.1.9 Unknown FIWS Facilities. If the District or the City discover a portion of the FIWS within three (3) years after Closing, and the District’s and the City’s right to own, maintain and use that portion of the FIWS is not evidenced by a legally sufficient

instrument, the District shall acquire the legal right to own, maintain and use that portion by negotiation, quiet title, declaratory action or condemnation, with the Parties sharing equally in the cost and expense. After the discovery and the acquisition, to the extent necessary, the District shall transfer the legal right to that portion of the FIWS to the City free and clear of all liens, liabilities and encumbrances, in a form of document approved by the City, which approval shall not be unreasonably withheld or delayed.

3.2 Purchase Price. The exclusive consideration for the FIWS transfer are the mutual rights, obligations and covenants described in this Agreement, and except as provided in this Agreement, neither the District nor the City will be obligated to pay any other monetary consideration to each other. The Parties find and determine that this exchange of consideration represents the true and full value of the FIWS and the mutual rights, obligations and covenants described in this Agreement.

3.3 Conditions of Assets and Title.

3.3.1 Assets. The City acknowledges it has examined the FIWS and that it accepts the same in its condition as of the Closing Date, “as is and where is,” except as specifically set forth in this Agreement.

3.3.2 Title. If requested by the City, the District shall deliver to the City a preliminary commitment for title insurance, at a cost to be paid for by the City at Closing, together with copies of all exceptions and encumbrances for all or any portion of the FIWS that is transferred to the City.

3.3.3 Encumbrances. The District shall convey the FIWS to the City free and clear of all District-caused liens, liabilities and encumbrances. The City may waive in writing any liens, liabilities or encumbrances.

3.4 Closing and Possession; Acceptance of Documents. The transfer of the FIWS will occur on a date mutually acceptable to the Parties after completion by the District and acceptance by the City of the FIWS Improvements, as provided in Section 4 (“Closing” or “Closing Date”), on and after which the City is entitled to possession of the same. The FIWS Improvements are anticipated to be undertaken in 2022 and 2023. Upon establishment of the Closing Date, the General Manager of the District is authorized and directed to execute and cause the recording of, as necessary, the Quitclaim Deeds, the Bill of Sale, the Omnibus Assignment and Assumption Easements and the Assignment of Contracts and Intangibles (collectively, “Schedules”) on or before the Closing Date. The Parties will cooperate in the execution and recording of all documents necessary to complete the FIWS transfer.

3.5 Contingencies. All obligations of the City under this Agreement are subject to the fulfillment on or before Closing of each of the contingencies set forth below. If any of the contingencies are not met in full or fail to occur before Closing, for any reason whatsoever, the City may, in its sole discretion, either waive such contingencies and proceed with Closing or terminate this Agreement without liability or further obligation.

3.5.1 Representations. The representations and warranties of the District contained in this Agreement must be true and correct in all respects material to the validity and enforceability of this Agreement and the District's ability to transfer the FIWS on and as of Closing as though they were made on the Closing Date or, in the case of representations and warranties made as of a specified date earlier than the Closing Date, on and as of such earlier date.

3.5.2 Inspections. The City will have completed, to the City's satisfaction, all inspections and reviews of the FIWS as the City desires. The District will make all of its records and documents relating to the FIWS available at reasonable times for the City to review and inspect.

3.5.3 Performance. The District will have performed and complied with, in all material respects, all agreements and conditions required by this Agreement to be performed or complied with by the District before Closing.

3.5.4 No Adverse Change. On the Closing Date, there will be no substantial adverse change in the financial or physical condition of the FIWS from the Effective Date, except for ordinary wear and tear.

3.5.5 Consents for Transfer. The District will have obtained any and all deeds, consents, assignments and approvals required to transfer or convey the FIWS.

3.6 Representations and Warranties of the District. The District represents and warrants to the City as follows:

3.6.1 Organization and Authority. The District is a Washington public utility district duly organized, validly existing and in good standing under Title 54 RCW. The District has the right, power and authority to enter into this Agreement, to execute all documents and instruments contemplated by this Agreement, to consummate this transaction and to perform all other obligations to be performed by the District under this Agreement. The execution, delivery and performance of this Agreement and all agreements, documents and instruments contemplated by this Agreement have been duly authorized by all necessary action on the part of the District.

3.6.2 Title to Assets. Except as otherwise disclosed to the City in writing, as of the Effective Date, the District has good and marketable title to the FIWS, and none of the same are subject to any mortgage, pledge, lien, conditional sale, title redemption agreement, lease, encumbrance or other claim or charge that will not be discharged at Closing.

3.6.3 No Litigation. There are no suits, claims, proceedings, judgments or pending actions against the District relating to its interest in or operation of the FIWS.

3.6.4 No Violation. Neither the execution and delivery of this Agreement, the consummation of the transactions contemplated hereby, nor the performance by the District of, and compliance by the District with, this Agreement will violate federal, state or local laws, regulations, approvals or permits.

3.6.5 Hazardous Materials. To the District' knowledge: there are no Hazardous Materials on, under or about the FIWS; no Hazardous Materials have at any time been generated, manufactured, released or disposed of on, under or about the FIWS; there are no past, current or threatened Hazardous Materials Claims. For the purposes of this paragraph, "Hazardous Materials" includes, but is not limited to, any substance or material defined or designated as hazardous or toxic waste, hazardous or toxic material, a hazardous, toxic or radioactive substance, or other similar term, by any federal, state or local environmental statute, regulation or ordinance presently in effect (collectively, "Hazardous Material Laws"). For the purposes of this paragraph, Hazardous Materials Claims means any enforcement, cleanup, removal, remedial or other governmental or regulatory notices, actions, agreements or orders threatened, instituted or completed pursuant to any Hazardous Materials Laws, together with any and all claims made or threatened by any third party against the District or the property relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, release or discharge of any Hazardous Materials.

3.6.6 Representations and Warranties True at Closing. The representations and warranties made by the District in this Agreement will be correct as of the Closing Date with the same force and effect as though such representations and warranties had been made as of the Closing Date.

3.7 Representations and Warranties of the City.

3.7.1 Organization and Authority. The City is a Washington code city duly organized, validly existing and in good standing under Title 35A RCW. The City has the right, power and authority to enter into this Agreement, to execute all documents and instruments contemplated by this Agreement, to consummate this transaction and to perform all other obligations to be performed by the City under this Agreement. The execution, delivery and performance of this Agreement and all agreements, documents and instruments contemplated hereby have been duly authorized by all necessary action on the part of the City.

3.7.2 No Violation. Neither the execution and delivery of this Agreement, the consummation of the transaction contemplated hereby, nor the performance by the City of, and compliance by the City with, this Agreement will violate federal, state or local laws, regulations, approvals or permits.

3.7.3 No Litigation. There are no suits, claims, proceedings, judgments or pending actions against the City relating to its interest in or operation of the FIWS.

3.7.4 Representations and Warranties True at Closing. The representations and warranties made by the City in this Agreement will be correct as of the Closing Date with the same force and effect as though such representations and warranties had been made as of the Closing Date.

3.8 12-Month Warranty. The District will repair, replace or otherwise finance necessary improvements to the FIWS due to a catastrophic failure that occurs within the

12-month period following Closing. A catastrophic failure does not include operation or maintenance expenses incurred in the normal course of business for water utilities of similar size and scope as the FIWS.

3.9 Meter Reading, Billing and Revenue Collection. The District will provide meter reading, billing and revenue collection services up to the Closing Date. After the Closing Date, the City will be responsible for reading the meters, billing and collecting revenue. The District agrees to assist the City in this transition and provide meter reading data to the City with respect to existing District transponders on FIWS meters for up to 12 months after the Closing Date or the earlier replacement of District transponders by the City. The City will reimburse costs reasonably incurred by the District for providing meter reading data and related services to the City after the Closing Date, as such costs are mutually agreed to by the Parties.

3.10 Conduct of Business Prior to Closing. Prior to Closing, the District covenants as follows and the Parties agree as follows:

3.10.1 Agreement Changes. Prior to Closing, the District may not make or agree to any changes in the District's agreements or leases relating to the FIWS without delivering prior written notice to the City.

3.10.2 New Contracts. Prior to Closing, the District may not enter into any agreement or commitment relating to the FIWS that is not terminable at will without delivering prior written notice to the City.

3.10.3 Operation and Maintenance. Prior to Closing, the District will: (i) operate, maintain and repair the FIWS so that the FIWS remains in the same condition as its condition on the Effective Date, except for ordinary wear and tear; (ii) hold itself out as the water purveyor for the FIWS service area; (iii) operate or cause to be operated the properties of the FIWS and the business in connection therewith in an efficient manner and at a reasonable cost; and (iv) operate and maintain the FIWS in compliance with water quality standards of the Washington State Department of Health and the U.S. Environmental Protection Agency. Between the Effective Date and the Closing Date, the City may inspect any improvement or construction performed on the FIWS, as the case may be.

3.10.4 Damage to the FIWS. Prior to Closing, if any of the FIWS is damaged through the grossly negligent or willful actions or omissions of the District between the Effective Date and the Closing Date (other than normal wear and tear), the District will repair or replace the same.

3.10.5 City Installation of Meter Reading Equipment. Prior to Closing, the District authorizes the City to install meter reading equipment reasonably necessary for the City to undertake its meter reading responsibilities under Section 3.9. The installation and operation of such meter reading equipment may not interfere with the District's meter reading responsibilities under Section 3.9.

3.11 Conduct of Business after Closing. On and after the Closing Date, and for so long as the City owns the FIWS, the City will:

3.11.1 Hold itself out as the water purveyor for the FIWS service area.

3.11.2 Operate or cause to be operated the properties of the FIWS and the business in connection therewith in an efficient manner and at a reasonable cost.

3.11.3 Maintain, preserve and keep the properties of the FIWS in good repair, working order and condition.

3.11.4 Make all necessary and proper additions, betterments, renewals and repairs to and improvements, replacements and extensions of the FIWS, except for the FIWS Improvements required to be constructed by the District under this Agreement.

3.11.5 Operate and maintain the FIWS in compliance with water quality standards of the Washington State Department of Health and the U.S. Environmental Protection Agency.

4. FIDALGO ISLAND WATER SYSTEM IMPROVEMENTS

4.1 Construction and Ownership. The District agrees to construct the FIWS Improvements to standards consistent with the customary practices for domestic water facilities in the State of Washington of similar size and scope with an anticipated completion date no later than December 31, 2023. Upon construction by the District, acceptance by the City and as of the Closing Date, the City will own the FIWS Improvements in fee simple. The FIWS Improvements consist of the following improvement projects and estimated costs in 2020 dollars:

4.1.1 Similk Reservoir Abandonment and PRV Relocation: \$309,000.

4.1.2 Bridgeway Reservoirs Abandonment, Connection to Anacortes Transmission Main (350 LF) and PRV Placement: \$396,000.

4.1.3 Saterlee, Gibraltar Road to Mashie Street Pipe Replacement (1,450 LF): \$446,000.

4.2 Costs. The District is responsible for all costs to construct the FIWS Improvements, including without limitation:

4.2.1 Design, development, construction and installation costs.

4.2.2 Architect, surveyor, engineer and project manager costs.

4.2.3 Labor, materials, supplies and equipment costs.

4.2.4 Permit costs.

4.2.5 State and local sales taxes, business and occupation taxes and other taxes, fees or assessments.

4.2.6 Insurance costs.

4.2.7 Any additional costs reasonably incurred in connection with the construction of the FIWS Improvements, as determined by the project engineer.

4.3 Extraordinary Costs. The Parties understand that the total costs of the FIWS Improvements are expected to be approximately \$1,151,000. If costs reasonably related to the construction of the FIWS Improvements but not listed in this Section 4.2 are incurred, either Party may request a fair and appropriate allocation of those costs under the mutual cooperation process in Section 5.1.

4.4 12-Month Warranty. The District will provide, or will cause its applicable contractors to provide, a 12-month warranty for each FIWS Improvement beginning on the date of completion and acceptance by the City of each respective FIWS Improvement constructed after Closing.

5. GENERAL

5.1 Mutual Cooperation Process. Upon mutual agreement between the Parties, or upon the request of either Party under Section 4.3, the Parties will resolve issues related to this Agreement under the following process:

5.1.1 The Parties will first attempt to resolve the issue through routine meetings and communications in the ordinary course of business.

5.1.2 If either the Public Works Director of the City or the General Manager of the District determines that routine meetings and communications will not resolve the issue, the Parties will then attempt to resolve the issue through formal meetings or negotiations between representatives of the Parties appointed by their respective governing bodies.

5.1.3 If either representative of the respective governing bodies of the Parties determines that formal meetings or negotiations will not resolve the issue, then either Party may demand mediation through a process mutually agreed to in good faith between the Parties within 30 days of the demand, which may include binding or nonbinding decisions or recommendations. The mediator(s) must be individuals skilled in the legal and business aspects of this Agreement. The Parties will share equally the costs of mediation and assume their own costs.

5.1.4 If mediation does not resolve the issue, the Parties may pursue any and all available remedies under applicable law.

5.2 Indemnification.

5.2.1 To the extent permitted by law, the District agrees to defend, indemnify and hold harmless the City and its elected officials, officers, employees and agents from all claims, demands, suits, penalties, losses, damages, judgments, liabilities, expenses, costs and reasonable attorneys' fees arising out of or in any way resulting from a breach of the District's duties, obligations, representations or warranties under this Agreement and its Schedules. Should a court of competent jurisdiction determine this Agreement or its Schedules are subject to RCW 4.24.115, then in the event of liability for damages caused by the negligence or concurrent negligence of the City, the District's obligation to indemnify the City will extend only to the extent of the District's negligence. The Parties specifically and expressly understand that this indemnification constitutes the District's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification and only with respect to the City. The Parties acknowledge that this waiver has been mutually negotiated.

5.2.2 To the extent permitted by law, the City agrees to defend, indemnify and hold harmless the District and its elected officials, officers, employees and agents from all claims, demands, suits, penalties, losses, damages, judgments, liabilities, expenses, costs and reasonable attorneys' fees arising out of or in any way resulting from a breach of the City's duties, obligations, representations or warranties under this Agreement and its Schedules. Should a court of competent jurisdiction determine this Agreement and its Schedules are subject to RCW 4.24.115, then in the event of liability for damages caused by the negligence or concurrent negligence of the District, the City's obligation to indemnify the District will extend only to the extent of the District's negligence. The Parties specifically and expressly understand that this indemnification constitutes the City's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification and only with respect to the District. The Parties acknowledge that this waiver has been mutually negotiated.

5.2.3 The provisions of this Section survive any expiration or termination of this Agreement and its Schedules with respect to any event occurring prior to such expiration or termination.

5.3 Agreement Costs. The Parties will share equally all costs and expenses related to the preparation, drafting and documentation of this Agreement and its Schedules, including without limitation, legal, consultant and applicable filing and recording costs.

5.4 Notices.

5.4.1 *The District.* All official notices or communications to the District under this Agreement must be submitted to the following representative or to such other representative as the District provides:

George Sidhu
General Manager
Skagit Public Utility District
1415 Freeway Drive
P.O. Box 1436
Mount Vernon, WA 98273
Phone: (360) 848-4436
Email: sidhu@skagitpud.org

5.4.2 *The City.* All official notices or communications to the City under this Agreement must be submitted to the following representative or to such other representative as the City provides:

Fred Buckenmeyer
Public Works Director
City of Anacortes
904 6th Street
P.O. Box 547
Anacortes, WA 98221
Phone: (360) 293 1919
Email: fredb@cityofanacortes.org

5.5 Entire Agreement. This Agreement and Schedules contains the entire understanding between the Parties and supersedes any prior understandings regarding the FIWS. No amendment of or supplement to this Agreement is valid or effective unless made in writing and executed by the Parties.

5.6 Governing Law. This Agreement and its Schedules are governed by and construed according to the laws of the State of Washington. As against the other Party, each Party may file suit to enforce this Agreement and its Schedules only in the Superior Court of Skagit County, Washington.

5.7 Successors and Assigns. All of the provisions, terms, conditions and requirements contained in this Agreement are binding upon the successors of the Parties. A Party may not assign its rights and duties under this Agreement without the consent of the other Party, which may not be unreasonably withheld.

5.8 No Third Party Rights. This Agreement is solely for the benefit of the Parties and does not grant any right to any other party or person.

5.9 Severability. The provisions of this Agreement are separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having

run, holds any provision of this Agreement invalid or unenforceable as to any person or circumstance, the offending provision, if feasible, is modified to be within the limits of enforceability or validity. If the offending provision cannot be modified, it is null and void with respect to the particular person or circumstance. All other provisions of this Agreement in all other respects, and the offending provision with respect to all other persons and all other circumstances, remain valid and enforceable.

5.10 Captions. Captions given to the various provisions of this Agreement are for convenience only and are not intended to modify or affect the meaning of any provision.

5.11 Counterparts. This Agreement may be executed and delivered in counterparts, each of which is considered an original and all of which together constitute one and the same agreement.

5.12 Authority. The individuals signing below represent and warrant that they have the requisite authority to bind the Parties on whose behalf they are signing.

This Agreement is executed by each Party as set forth below:

City of Anacortes

Public Utility District No. 1 of Skagit County

By: _____

By: _____

Its: _____

Its: _____

Date: _____

Date: _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of Public Utility District No. 1 of Skagit County, Washington, a Washington public utility district, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

DATED this _____ day of _____, 20__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing
at _____
My appointment expires _____

STATE OF WASHINGTON)
) ss.
COUNTY OF SKAGIT)

I certify that I know or have satisfactory evidence that _____ is the person who appeared before me, and said person acknowledged that said person signed this instrument, on oath stated that said person was authorized to execute the instrument and acknowledged it as the _____ of the City of Anacortes, Washington, a Washington code city, to be the free and voluntary act of such municipal corporation for the uses and purposes mentioned in the instrument.

DATED this _____ day of _____, 20__.

(Signature of Notary)

(Legibly Print or Stamp Name of Notary)

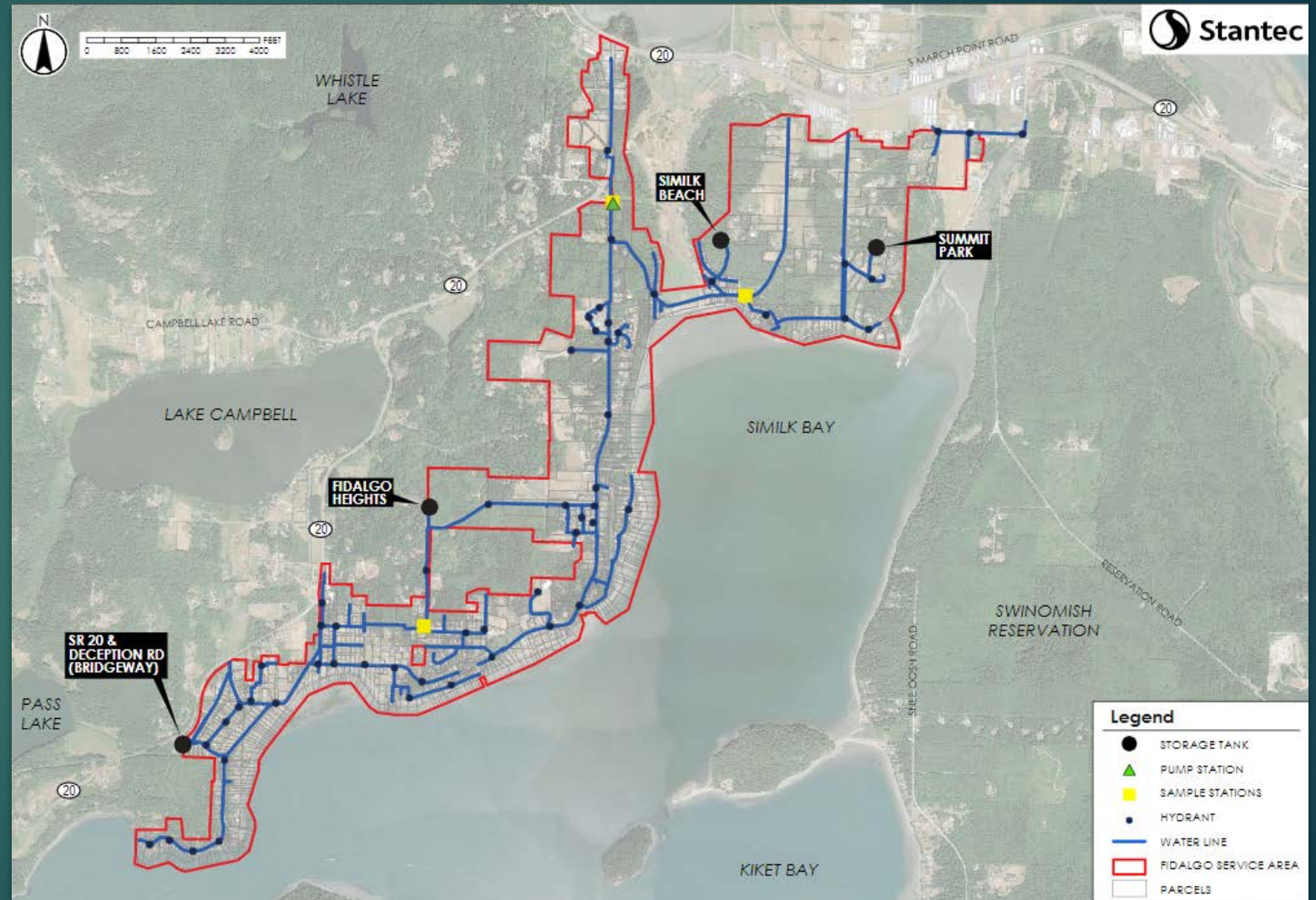
Notary public in and for the state of Washington, residing
at _____

My appointment expires _____

Fidalgo Island Water System (FIWS)

Transfer Agreement

CITY OF ANACORTES
PUBLIC WORKS

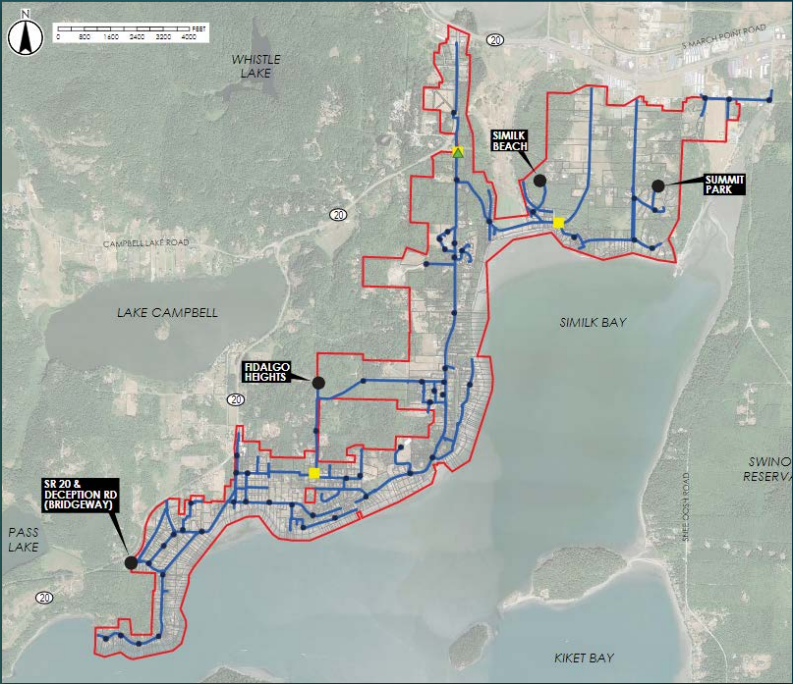


Brian McDaniel water system Manager
Page 83 of 119

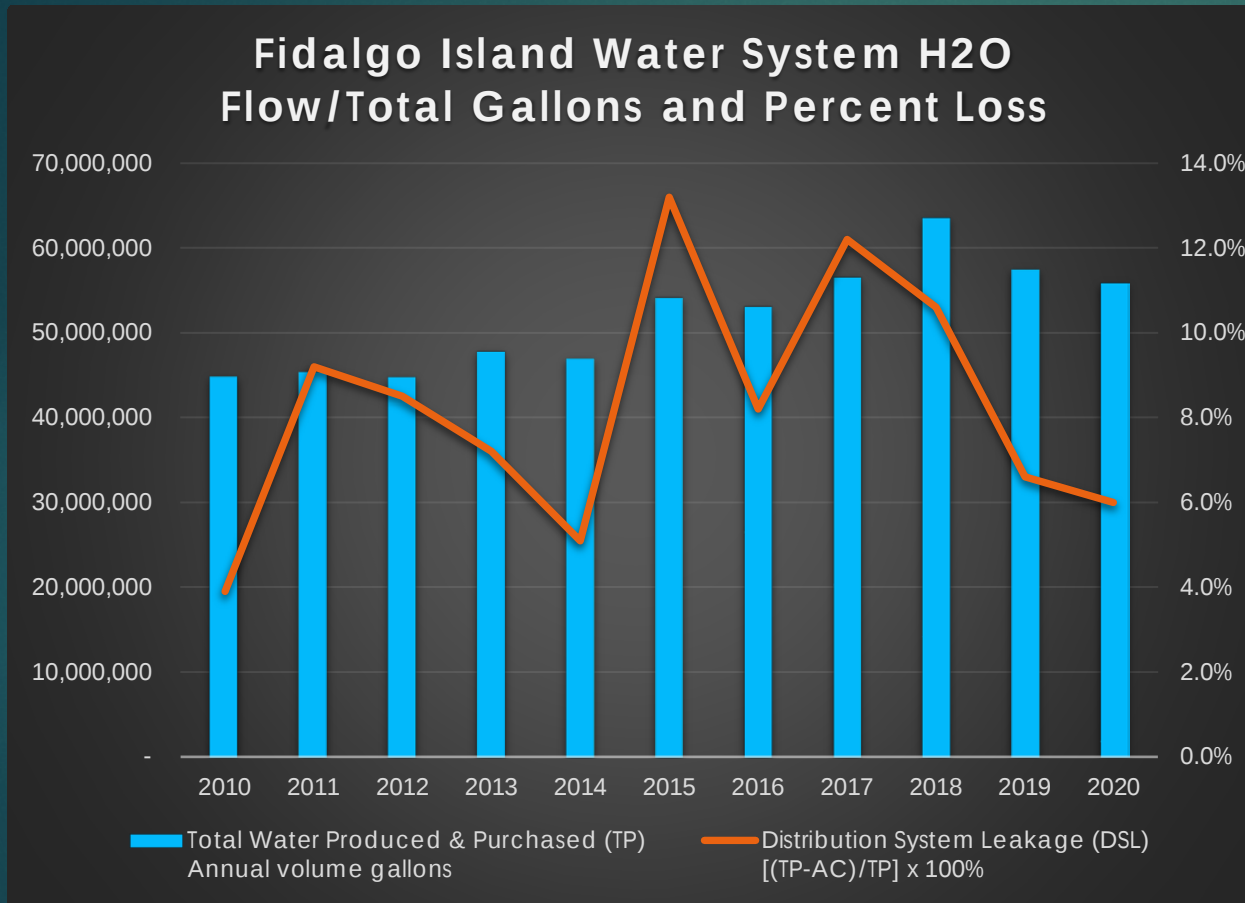
FIWS Inventory

Storage Tanks	Storage Volume (Gallons)	Material
Similk Reservoir	100,000	Wood Stave
Summit Park Reservoir	100,000	Concrete
Fidalgo Heights Reservoir	550,000	Welded Steel
Bridgeway Reservoir 1 (abandoned?)	50,000	Concrete
Bridgeway Reservoir 2 (abandoned?)	50,000	Concrete
Pump Stations	Flow (gpm)	Discharge Pressure (psi)
Gibraltar	500	120
Pipelines	Total Length (ft)	Total Non-DI Length (ft)
< 4-inch	11,151	10,775
4-inch	16,816	16,408
6-inch	17,487	15,813
8-inch	36,609	2,560
12-inch	12,710	0
TOTAL	94,774	45,555

1. Source: Skagit PUD No. 1.

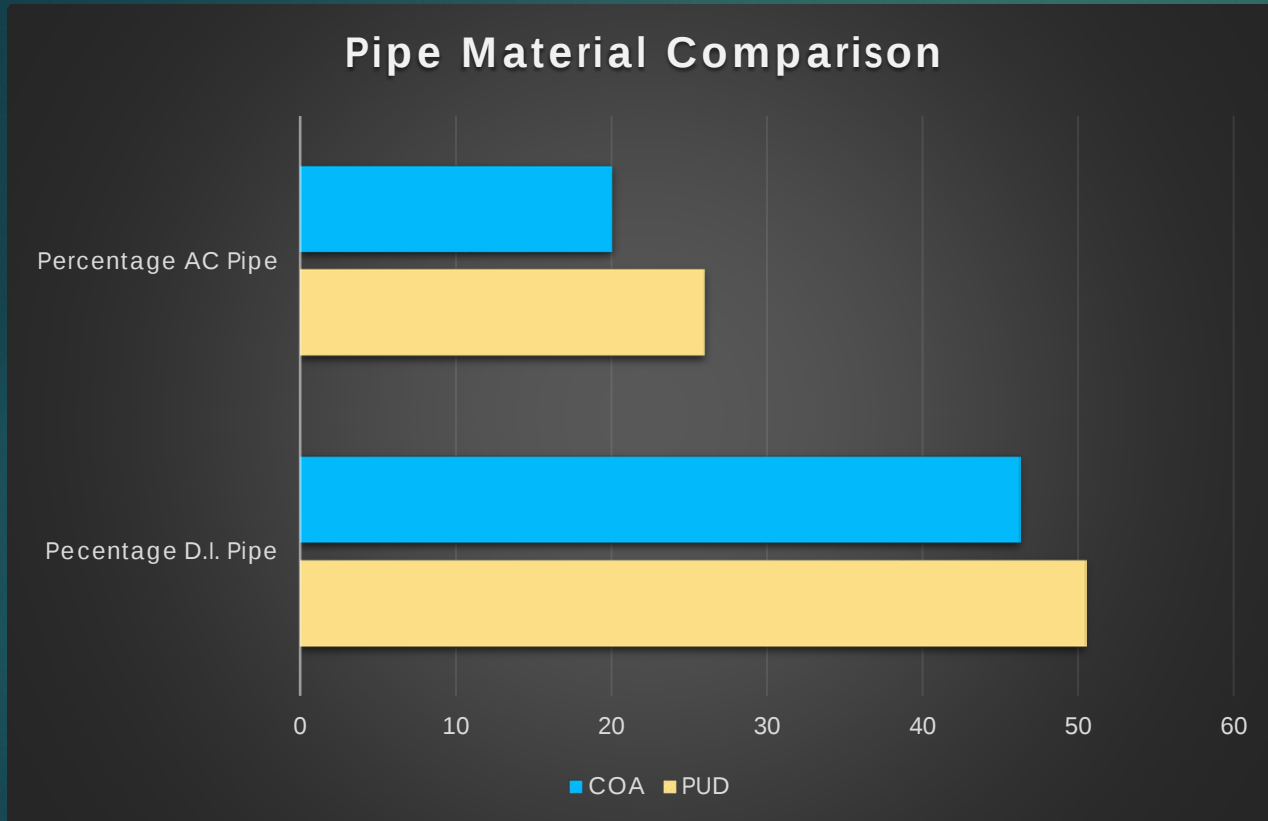


System Evaluation



- ▶ Stantec memo – Executive summary- A condition assessment
- ▶ Unaccounted for water loss evaluation
- ▶ Collateral benefit to City

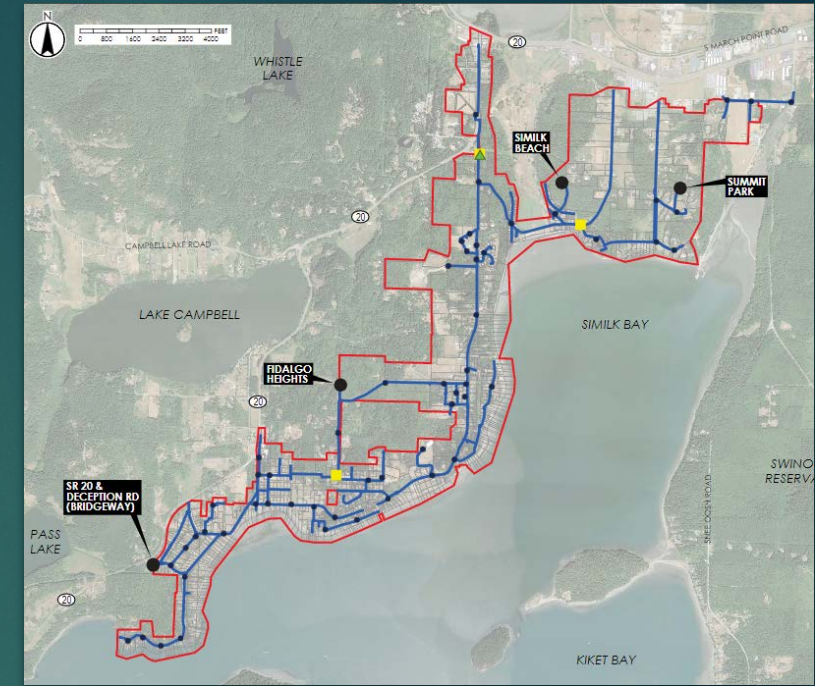
System Evaluation



- ▶ Pipe material comparison
- ▶ Financial evaluation \$350 K CIP Annually with 85k annual reserve funding

Details of Agreement

- ▶ Due to the proximity of the FIWS to other retail service areas of the Water System and the City's continued provision of water supply to the FIWS under the Supply Agreement, the Parties have determined that transferring the FIWS to the City will improve maintenance and emergency response times and result in economic and water service-related efficiencies in the continued operation, maintenance and improvement of the FIWS.
- ▶ Corresponding service area adjustments necessary for the FIWS transfer are identified in applicable water system comprehensive plans approved by the Washington State Department of Health and accordingly are incorporated by reference in the Skagit County coordinated water system plan.
- ▶ It is therefore in the best interests of the City, the District and the FIWS ratepayers for the District to transfer ownership of the FIWS to the City.



Key Elements of Agreement

- ▶ PUD will complete 3 key projects Prior to Transfer. Projects estimated at 1.15 M
- 1. Similk Reservoir Abandonment and Pressure Reducing Valve (PRV) Relocation.
- 2. Bridgeway Reservoirs Abandonment, Connection to Anacortes Transmission Main and PRV Placement.
- 3. Satterlee Road/Gibraltar Road to Mashie Street Pipe Replacement.

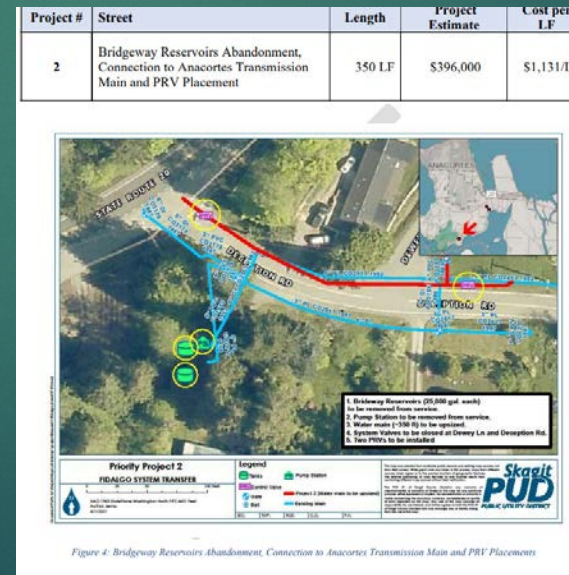
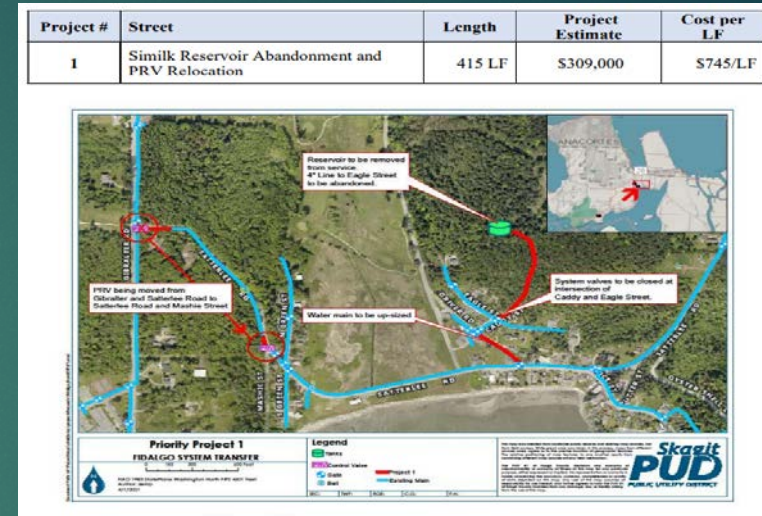


Figure 4: Bridgeway Reservoirs Abandonment, Connection to Anacortes Transmission Main and PRV Placement

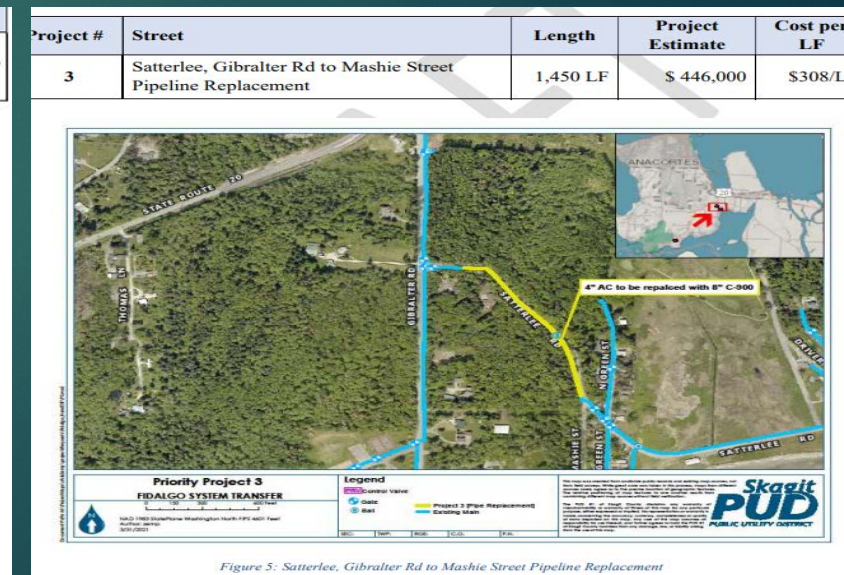


Figure 5: Satterlee, Gibraltar Rd to Mashie Street Pipeline Replacement

Projects

- ▶ Skagit PUD projects 2-years to complete
- ▶ Transfer finalized upon completion and acceptance of projects
- ▶ Meter reading by Skagit PUD during transition, for a fee
- ▶ City will install meter reading infrastructure prior to transfer
- ▶ Water system plan will update capital projects in CFP

Identified Priority Project's *2018 Estimates*

- ▶ Top three projects completed by PUD
- ▶ Capital projects funded estimate of \$350,000
- ▶ 20-year capital replacement program will include remaining 5 priority projects

Fidalgo Island Water System Priority Transfer Project Cost Estimate				
Project #	Street	Length	Project Estimate	Cost per LF
1	Similk Reservoir Abandonement and PRV Relocation		\$ 114,000	
2	Bridgeway Reservoirs Abandonement, Connection to Anacortes Transmission Main and PRV Placement	350 LF	\$ 276,000	\$789/LF
3	Saterlee, Gibraltar Rd to Mashie Street	1,450 LF	\$ 356,000	\$246/LF
	Totals	1,800 LF	\$ 746,000	\$414/LF

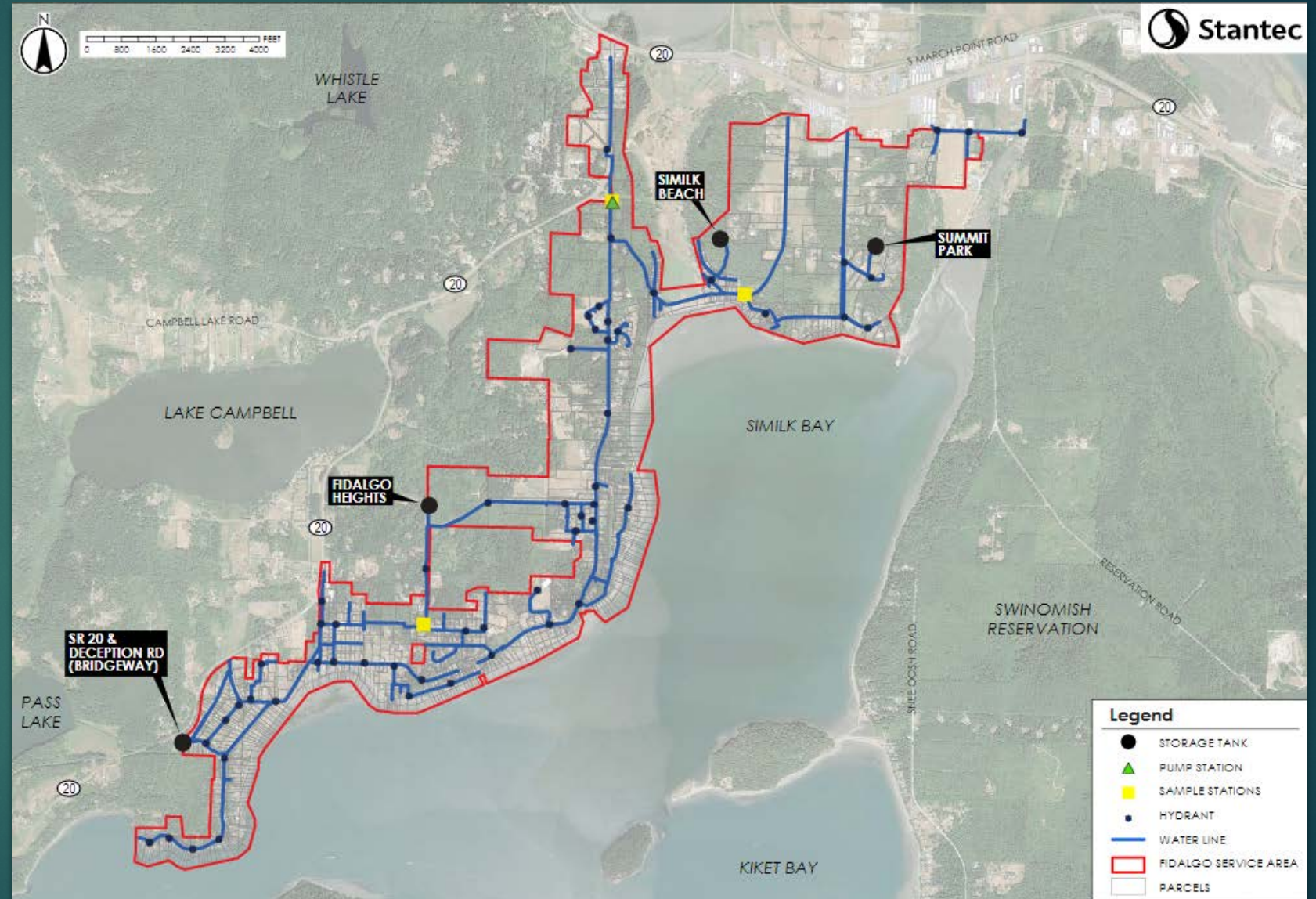
Fidalgo Island Water System Pipeline Replacement Project Cost Estimate				
Project #	Street	Length	Project Estimate	Cost per LF
4	Gibraltar Road, Jura Way and Dungeness Lane	3,906 LF	\$ 1,030,000	\$264/LF
5	North Dewey Beach Road and Dewey Crest Lane	1,588 LF	\$ 469,000	\$295/LF
6	Slice Street	2,620 LF	\$ 705,000	\$269/LF
7	Yokeko Drive	3,616 LF	\$ 1,006,000	\$278/LF
8	Eagle Street, Caddy Street and Driver Road	1,215 LF	\$ 388,000	\$319/LF
	Totals	12,945 LF	\$ 3,598,000	\$278/LF

A Timeline

- **December 31, 2019** - MOU between Skagit PUD and City executed to start drafting transfer agreement. COA #19-204-WTR-001.
- **March 5, 2020** - Skagit PUD and City held joint open house session held with current and future customers.
- **Tuesday, July 27, 2021** - The Skagit PUD Commissioners authorized the General Manager to sign the Transfer agreement
- **Tuesday, August 3, 2021** - A Civic Alert was posted on our website notifying the public of the proposed City Resolution to authorize the Mayor to sign the Transfer Agreement.
- **Monday, August 2, 2021** - An overview of the details of the transfer agreement will be presented to the Public Works Committee. **Monday, August 9, 2021** -The Resolution 3048 presented to City Council for comment and approval to execute the agreement.
- **2024** completion of 3 priority projects final acceptance transfer completes.

Questions?

CITY OF ANACORTES
PUBLIC WORKS



Brian McDaniel water system Manager
Page 92 of 119



City Council Agenda Bill

Meeting Date: August 9, 2021

Agenda Item: 7.e.

Agenda Item Title: Contract Award: Sensus Water Meter Software #21-136-WTR-001

Staff Contact(s): FRED BUCKENMEYER

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
TIFFANY MATSON	Contract Award

Item Summary: Summary Statement: City staff seeks City Council consent to award a contract in the amount of \$195,712.16 to Ferguson Waterworks for the Sensus Water Meter Software. This agreement provides for the setup, installation, configuration, integration, training, and support of the Sensus water meter software in the City's water system.

Background:

- **History:** The City currently uses the Sensus brand of water meters and meter reading software throughout the existing water system. This agreement is for a new version of software. It moves us to a Software as a Service platform (SaaS) cloud based and permits us to communicate with the two types of existing water meter radios in use by the City. This software allows us to switch the water meter radios to go from drive by reading to reading with the stationary antennas.
- **Competitive Bidding:** The City Council waived the competitive bidding requirements through Resolution 3036.

Budget Impact:

- Total contract price is \$195,712.16. The per-year costs are:
 - 2021: \$48,711.12
 - 2022: \$31,965.44
 - 2023: \$35,690.48
 - 2024: \$37,473.44

- 2025: \$41,871.68

Contractor	Ferguson Waterworks
Contract Amount	\$195,712.16
Earmarked Funds	\$
BARS #	401.740.534.63.41
Budget Amendment Required?	No
Start Date	Execution
End Date	five (5) years from the date the software is fully installed and operational

Previous Action: At the [5/24/21](#) meeting, Council approved [Resolution 3036](#).

Recommended Motion: I move that City Council authorize the Mayor to sign contract 21-136-WTR-001 with Ferguson Waterworks in the amount of \$195,712.16 for the Sensus Water Meter Software.

Alternative Actions: Not approve the contract.

Attachments (listed in order presented):

1. 21-136-WTR-001
2. Staff Slide Presentation



AGREEMENT 21-136-WTR-001

Between THE CITY OF ANACORTES AND FERGUSON WATERWORKS

SENSUS WATER METER SOFTWARE

This Agreement, hereinafter referred to as "Agreement", made and entered into between the City of Anacortes, hereinafter referred to as the "City", and Ferguson Waterworks, hereinafter referred to as the "Consultant"; alleged

WHEREAS, the City requires the professional services of the Consultant;

NOW, THEREFORE, in consideration of mutual benefits accruing, it is agreed by and between the parties hereto as follows:

1. **Scope of Work.** Under this Agreement, the Consultant shall provide setup, installation, configuration, integration, training, and support of the Sensus water meter software in the City's water system, as directed by the Project Manager, Brian McDaniel. The Sensus' hosted Software solution and technical support shall be governed by Exhibit B, the negotiated Sensus **Software as a Service Agreement (SaaS)**, which is hereby incorporated by reference and made a part hereof.

2. **COVID-19 Safety Requirements Compliance.** The Consultant, and its sub-Consultants of any tier, agree to comply with all current and future COVID-19 proclamations, regulations, requirements and/or related guidance issued by the Office of the Governor of Washington State as it may relate to City of Anacortes projects.

3. **Price and Payment Terms.** The services provided under this Agreement shall be **One Hundred Ninety-Five Thousand Seven Hundred Twelve Dollars and Sixteen Cents (\$195,712.16)**. The billable rates for services provided shall be in accordance with Exhibit A, is attached hereto and incorporated by reference.

4. **Period of Performance.** The Consultant shall perform all setup, installation, configuration, integration, and training work by December 31, 2021, with continued annual renewal of the Sensus' hosted Software solution for five (5) years from the date the software is fully installed and operational in the City's system.

5. **Subcontracts.** The Consultant shall give notice in advance of placing any subcontract and will identify subcontracts before subcontracted work begins. "Subcontract" means any contract entered into by a sub Consultant to furnish supplies or services for performance of the prime Consultant or a sub Consultant. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders. The following information shall be included (i) a description of the supplies or services to be subcontracted, (ii) identification of the type of subcontract to be used (iii) identification of the proposed sub Consultant, (iv) proposed subcontract price. Unless consent or approval specifically provides otherwise, consent by the City shall not constitute a determination –

- (1) of the acceptability of any subcontract terms or conditions;
- (2) Of the allowability of any cost under this Agreement,; or
- (3) To relieve the Consultant of any responsibility for performing this Agreement.

The Consultant shall give immediate written notice, reference Clause Notices, of any action or suit filed and prompt notice of any claim made against the Consultant by any sub Consultant or vendor that, in the opinion of the Consultant, may result in litigation related in any way to this Agreement, with respect to which the Consultant may be entitled to reimbursement from the City.

6. **Taxes.** The City will pay sales and use taxes imposed on goods or services acquired hereunder as required by law. The Consultant must pay all other taxes including, but not limited to: Business and Occupation Tax, taxes based on the Consultant's gross or net income, or personal property to which the City does not hold title. The City is exempt from Federal Excise Tax. Where applicable the City shall furnish a Federal Excise Tax Exemption certificate.

7. **Invoicing.** All invoices shall include a cover page that states: Company Name, Invoice Date, Due Date (30 days), Invoice Number, Invoice Period, Project Manager Name, Agreement Number, and amount requested per invoice. The Consultant must allow 30 calendar days from receipt of the invoice for payment. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@cityofanacortes.org

The City shall notify the Consultant within fifteen (15) calendar days from receipt of invoice if there are any objections or disputes with the invoice. The Consultant shall then resubmit a new invoice less the disputed amount and payment shall be made within 30 calendar days. Any disputed amounts may be submitted under the Disputes clause contained herein.

8. **Withholding Payment.** In the event the City determines that the Consultant has failed to perform any obligation under this Contract within the times set forth in this Contract, then the City may withhold from amounts otherwise due and payable to Consultant the amount determined by the City as necessary to cure the default, until the Contracting Officer determines that such failure to perform has been cured. Withholding under this clause shall not be deemed a breach entitling Consultant to terminate or damages, provided that the City promptly gives notice in writing to the Consultant of the nature of the default or failure to perform, and in no case more than 8 days after it determines to withhold amounts otherwise due. A determination of the City Attorney set forth in such notice to the Consultant of the action required and/or the amount required to cure any alleged failure to perform shall be deemed conclusive, except to the extent that the Consultant acts within the times and in strict accord with the provisions of the Disputes clause of this Contract. The City may act in accordance with any determination of the City Attorney which has become conclusive under this clause, without prejudice to any other remedy under the Contract, to take all or any of the following actions: (1) cure any failure or default, (2) to pay any amount so required to be paid and to charge the same to the account of the Consultant, (3) to set off any amount so paid or incurred from amounts due to become due the Consultant. In the event the Consultant obtains relief upon a claim under the Disputes clause, no penalty or damages shall accrue to Consultant by reason of good faith withholding by the City under this clause.

9. **Final Payment: Waiver of Claim.** The Consultant's acceptance of final payment shall constitute a waiver of claims, except those previously and properly made and identified by the Consultant as unsettled at the time request for final payment is made.

10. **Ownership and Use of Documents.** All finished and unfinished documents and material prepared by the Consultant with funds paid by the City pursuant to the terms of this Agreement shall become the property of the City and shall be forwarded to the City upon its request. Documents and materials shall include but not be limited to plans, specifications, reports, electronic and non-electronic data, and other design documents prepared by the Consultant. Pursuant to RCW 42.56.70, all information and documents produced under this Agreement may be subject to public disclosure.

11. **Assistance Regarding Patent and Copyright Infringement.** In the event of any claim or suit against City on account of any alleged patent or copyright infringement arising out of the performance of this Contract or out of the use of any material furnished or work or services performed hereunder, Consultant shall defend City against any such suit or claim and hold City harmless from any and all expenses, court costs, and attorney's fees in connection with such claim or suit.

12. **Defense and Indemnity Agreement.** Consultant 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 Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Consultant and the City, its officers, officials, employees, and volunteers, the Consultant's liability, including the duty and cost to defend, hereunder shall be only to the extent of the Consultant's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Consultant's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties. The provisions of this section shall survive the expiration or termination of this Agreement.

13. **General Liability Insurance.**

A. Insurance Term: The Consultant shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Consultant, its agents, representatives, or employees.

B. No Limitation: Consultant's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of the Consultant to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

C. Minimum Scope of Insurance: Consultant shall obtain insurance of the types and coverages described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as Insurance Services Office (ISO) form CA 00 01.
2. Commercial General Liability insurance shall be at least as broad as ISO occurrences form CG 00 01 and shall cover liability arising from premises, operations, stop-gap independent consultants and personal injury and advertising injury. The City shall be named as an additional insured under the Consultant's Commercial General Liability insurance policy with respect to the work performed for the City using an additional insured endorsement at least as broad as ISO CG 20 26.
3. Worker's Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

D. Minimum Amounts of Insurance: Consultant shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of \$1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence and \$2,000,000 general aggregate.

E. Other Insurance Provision: The Consultant's Automobile Liability and Commercial General Liability insurance policies are to contain, or be endorsed to contain that they shall be primary insurance as respect the City. Any Insurance, self-insurance, or self-insured pool coverage maintained by the City shall be excess of the Consultant's insurance and shall not contribute with it.

F. Acceptability of Insurers: Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.

G. Verification of Coverage: Consultant shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Consultant before commencement of the work.

H. Notice of Cancellation: The Consultant shall provide the City with written notice of any policy cancellation within two business days of their receipt of such notice.

I. Failure to Maintain Insurance: Failure on the part of the Consultant to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five business days' notice to the Consultant to correct the breach, immediately terminate the contract, or at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Consultant from the City.

J. City Full Availability of Consultant Limits: If the Consultant maintains higher insurance limits than the minimums shown above, the City shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the Consultant, irrespective of whether such limits maintained by the Consultant are greater than those required by this Agreement or whether any certificate of insurance furnished to the City evidences limits of liability lower than those maintained by the Consultant.

14. **Registered or Licensed.** The City is prohibited from executing an Agreement with a Consultant who is not registered or licensed as required by the laws of the state. In addition, a City of Anacortes business license is required for any business working inside the city limits whose annual value of products, gross proceeds of sales, or gross income of the business in the city is more than \$2,000. Business licenses can be obtained through the State of Washington Department of Revenue (DOR) Business Licensing Service (BLS) at bls.dor.wa.gov.

15. **Inspection.** The Project Manager shall have power to reject instruments of services which fail to comply with the requirements of this Agreement, but in case of dispute the Consultant may appeal to the City Attorney, whose decision shall be final. The Consultant shall comply with any and all orders and instructions given by the representative of the particular Department administering the Agreement in accordance with the terms of the Agreement. Nothing herein contained shall be taken to relieve the Consultant of his/her obligations or responsibilities under the Agreement. However, the Consultant shall be responsible for its own methods and conduct during the period of performance.

16. **Standard of Care.** The Consultant represents that Consultant has the necessary knowledge, skill, and experience to perform the Services required by this Agreement. Consultant and any persons employed by Consultant shall use their professional skill and efforts to perform the Work in a professional manner consistent with sound engineering practices, in accordance with the usually and customary professional care required for services of the type described in the Scope of Work herein provided at the same time and in the same locale. The City's remedy for a failure to meet the above Standard of Care shall be the re-performance of the Service or an equitable adjustment in the monies paid for the Professional Services, at the City's discretion

17. **Discrimination Prohibited.** During the performance of this Agreement, the Consultant and subConsultants shall not discriminate in violation of any applicable federal, state and/or local law or regulation on the basis of age, sex, race, creed, religion, color, national origin, marital status, disability, honorably discharged veteran or military status, pregnancy, sexual orientation, gender identity, or any other classification protected under federal, state, or local law. This provision shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training, and the provision of services under this Agreement. Consultant agrees to comply with the applicable provisions of State and Federal Equal Employment Opportunity and Nondiscrimination statutes and regulations.

18. **Consultant is an Independent Consultant.** The parties intend that an independent Consultant relationship will be created by this Agreement. No agent, employee or representative of the Consultant shall be deemed to be an agent, employee or representative of the City for any purpose. Consultant shall be solely responsible for all acts of its agents, employees, representatives and sub Consultants during the performance of this Agreement.

19. **Acceptance.** Consultant acknowledges and agrees that these General Provisions are incorporated in, and are a part of, each purchase order or other agreement relating to the provision of goods and/or related services by Consultant. These General Provisions supersede all conflicting or additional terms pre-printed on any purchase order, quote, or otherwise set forth on any release, acknowledgement, confirmation, requisition, work order, shipping instruction, specification and similar document or communication.

20. **No Third Party Beneficiary Rights.** This Agreement is not intended to and shall not be construed to give any Third Party any interest or rights (including, without limitation, any Third Party beneficiary rights) with respect to or in connection with any agreement or provision contained herein or contemplated hereby, except as otherwise expressly provided for in this Agreement.

21. **Right to Terminate Agreement.**

A. Termination for Default: If the Consultant defaults by failing to perform any of the obligations of the Agreement or becomes insolvent or is declared bankrupt or commits any act of bankruptcy or insolvency or makes an assignment for the benefit of creditors, the City may, by depositing written notice to the Consultant in the U.S. mail, postage prepaid, terminate the Agreement, and at the City's option, obtain performance of the work elsewhere. If the Agreement is terminated for default, the Consultant shall not be entitled to receive any further payments under the Agreement until all work called for has been fully performed. Any extra cost or damage to the City resulting from such default(s) shall be deducted from any money due or coming due to the Consultant. The Consultant shall bear any extra expenses incurred by the City in completing the work, including all increased costs for completing the work, and all damage sustained, or which may be sustained by the City by reason of such default. If a notice of termination for default has been issued and it is later determined for any reason that the Consultant was not in default, the rights and obligations of the parties shall be the same as if the notice of termination had been issued pursuant to the Termination for Public Convenience paragraph hereof.

B. Termination for Public Convenience: The City may terminate the Agreement in whole or in part whenever the City determines, in its sole discretion that such termination is in the best interests of the City. Whenever the Agreement is terminated in accordance with this paragraph, the Consultant shall be entitled to payment for actual work performed at unit Agreement prices for completed items of work. An equitable adjustment in the Agreement price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Agreement by the City at any time during the term, whether for default or convenience, shall not constitute a breach of Agreement by the City.

22. **Changes/Additional Work.** The City may engage Consultant to perform services in addition to those listed in this Agreement, and Consultant will be entitled to additional compensation for authorized additional services or materials. The City shall not be liable for additional compensation until and unless any and all additional work

and compensation is approved in advance in writing and signed by both parties to this Agreement. If conditions are encountered which are not anticipated in the Scope of Services, the City understands that a revision to the Scope of Services and fees may be required. Provided, however, that nothing in this paragraph shall be interpreted to obligate the Consultant to render or the City to pay for services rendered in excess of the Scope of Services unless or until a modification to this Agreement is approved in writing by both parties.

23. **Non-waiver.** Waiver by the City of any provision of this Agreement or any time limitation provided for in this Agreement shall not constitute a waiver of any other provision.

24. **Non-assignable.** The services to be provided by the Consultant shall not be assigned or subcontracted without the express written consent of the City.

25. **Covenant Against Contingent Fees.** The Consultant warrants that he has not employed or retained any company or person, other than a bona fide employee working solely for the Consultant, to solicit or secure this Agreement, and that he has not paid or agreed to pay any company or person, other than a bona fide employee working solely for the Consultant, any fee, commission, percentage, brokerage fee, gifts, or any other consideration contingent upon or resulting from the award of making of this Agreement. For breach or violation of this warranty, the City shall have the right to annul this Agreement without liability or, in its discretion to deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage, brokerage fee, gift, or contingent fee.

26. **Disputes**

A. General: Differences between the Consultant and the City, arising under and by virtue of this Agreement shall be brought to the attention of the City at the earliest possible time in order that such matters may be settled or other appropriate action promptly taken. The provisions of this Clause shall survive the expiration or termination of this Agreement.

B. Notice of Potential Claims: The Consultant shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (1) any act or failure to act by the Contracting Agent or the City, or (2) the happening of any event or occurrence, unless the Consultant has given the City a written Notice of Potential Claim within 10 days of the commencement of the act, failure, or event giving rise to the claim, and before final payment by the City. The written Notice of Potential Claim shall set forth the reasons for which the Consultant believes additional compensation or extension of time is due, the nature of the cost involved, and insofar as possible, the amount of the potential claim. Consultant shall keep full and complete daily records of the Work performed, labor and all costs and additional time claimed to be additional.

C. Detailed Claim: The Consultant shall not be entitled to claim any such additional compensation, or extension of time, unless within 30 days of the accomplishment of the portion of the work from which the claim arose, and before final payment by the City, the Consultant has given the City a detailed written statement of each element of cost or other compensation requested and of all elements of additional time required, and copies of any supporting documents evidencing the amount or the extension of time claimed to be due.

D. Dispute Resolution: In the event of a dispute between the City and the Consultant arising of this Agreement, or any obligation hereunder the dispute shall first be referred to the representatives designated by the City and the Consultant to have oversight over the administration of this Agreement. Said representatives shall meet within thirty (30) calendar days of receipt of detailed claim, and the parties shall make a good faith effort to achieve a resolution of the dispute. In the event the parties are unable to resolve the dispute under the procedure set forth above, then the parties hereby agree that the matter shall be referred to mediation. The parties shall mutually agree upon a mediator to assist them in resolving their differences. Any expenses incidental to mediation shall be borne equally by the parties. If either party is dissatisfied with the outcome of the mediation, that party may then pursue any available judicial remedies.

27. **Force Majeure.** Neither party shall be liable to the other or deemed in breach or default for any failure or delay in performance under this Agreement during the time and to the extent its performance is prevented by reasons of Force Majeure. For the purposes of this Agreement, Force Majeure means an occurrence that is beyond the reasonable control of and without fault or negligence of the party claiming force majeure and which, by exercise of due diligence of such party, could not have been prevented or overcome. Force Majeure shall include natural disasters, including fire, flood, earthquake, windstorm, avalanche, mudslide, and other similar events; acts of war or civil unrest when an emergency has been declared by appropriate governmental officials; acts of civil or military authority; freight embargoes; epidemics; quarantine restrictions; labor strikes; boycotts; terrorist acts; riots; insurrections; explosions; and nuclear accidents. A party claiming suspension or termination of its obligations due to force majeure shall give the other party prompt written notice, but no more than two (2)

working days after the event, of the impediment and its effect on the ability to perform; failure to provide such notice shall preclude recovery under this provision. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by Agreement modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Agreement. Rights Reserved: The City reserves the right to cancel the Agreement and/or purchase materials, equipment or services from the best available source during the time of force majeure, and Consultant shall have no recourse against the City

28. **Compliance with Laws.** The Consultant in the performance of this Agreement shall comply with all applicable Federal, State or local laws and ordinances, including regulations for licensing, certification and operation of facilities, programs and accreditation, and licensing of individuals, and any other standards or criteria as described in the Agreement to assure quality of services. The Consultant specifically agrees to pay any applicable business and occupation (B&O) taxes, which may be due on account of this Agreement.

29. **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.

30. **Governing Law.** This Agreement shall be governed by and construed under the laws of the State of Washington. Any action brought under the Agreement or relating to the Project shall be brought in the Superior Court of the State of Washington in Skagit County Washington.

31. **Survival of Agreement Termination.** The articles relating to Defense and Indemnity, Taxes, Ownership and Use of Documents, Assistance Regarding Patent and Copyright Infringement, The City's Right to Terminate Agreement, Governing Law, and Disputes, shall survive completion of the services, payment in full of the compensation and termination of this Agreement.

32. **Notices.** Receipt of any notice shall be deemed effective three days after deposit of written notice in the U.S. mail, with proper postage and properly addressed. Notices shall be sent to the following addresses:

CITY:

City of Anacortes
Tiffany Matson
904 6th Street
PO Box 547
Anacortes, WA 98221

CONSULTANT:

Ferguson Waterworks
2042 112th St. S
Tacoma, WA 98444

The parties acknowledge that there has been an opportunity to negotiate the terms and conditions of this Agreement and agree to each bind itself, its partners, successors, assigns, and legal representatives to the other party hereto, in respect of all covenants, agreements, and obligations contained in the Contract Documents. Each of the persons signing below on behalf of any party hereby represents and warrants that s/he or it is signing with full and complete authority to bind the party on whose behalf of whom s/he or it is signing, to each and every term of this Agreement.

CITY OF ANACORTES

FERGUSON WATERWORKS

By _____
Laurie Gere, Mayor

By _____

Date _____

Title _____

Date _____



FEL PORTLAND WATERWORKS #3011
9129 NORTH TYNDALL AVENUE
PORTLAND, OR 97217-6964

Phone: 503-240-6747
Fax: 503-240-6751

Deliver To: 26070
From: Richie Dixon Jr.
Comments:

13:15:36 JUN 23 2021

FERGUSON WATERWORKS #3011
Price Quotation
Phone: 503-240-6747
Fax: 503-240-6751

COA #21-136-WTR-001
EXHIBIT A

Bid No: B396095
Bid Date: 06/23/21
Quoted By: RAD

Cust Phone: 360-293-1900
Terms: NET 10TH PROX

Customer: CITY OF ANACORTES
METER ACCOUNT
PO BOX 547
ANACORTES, WA 98221-0547

Ship To: CITY OF ANACORTES
METER ACCOUNT
PO BOX 547
ANACORTES, WA 98221-0547

Cust PO#:

Job Name: ANACORTES SAAS

Item	Description	Quantity	Net Price	UM	Total
	YEAR 1 SAAS FEES YEAR 1 FEE INCLUDES SETUP *****				
S5396383700122	SAAS ANNUAL	1	21325.000	EA	21325.00
S5396383700108	SAAS INST & CONFIG LOGIC	1	19046.250	EA	19046.25
SP-FERGINTEGRATION	FERGUSON INTEGRATION & TRAINING	1	4400.000	EA	4400.00
SP-S5396064700001	FLEXNET PROPAGATION STUDY *****	1	0.000	EA	0.00
	YEAR 2 ANNUAL FEES ----				
S5396383700122	SAAS ANNUAL *****	1	29380.000	EA	29380.00
	YEAR 3 ANNUAL FEES				
S5396383700122	SAAS ANNUAL *****	1	32803.750	EA	32803.75
	YEAR 4 ANNUAL FEES ----				
S5396383700122	SAAS ANNUAL *****	1	34442.500	EA	34442.50
	YEAR 5 ANNUAL FEES				
S5396383700122	SAAS ANNUAL *****	1	38485.000	EA	38485.00
			Net Total:		\$179882.50
			Tax:		\$15829.66
			Freight:		\$0.00
			Total:		\$195712.16

Negotiated Software as a Service Agreement

between

City of Anacortes
(“Customer”)

and
Sensus USA Inc.
(“Sensus”)

IN WITNESS WHEREOF, the parties have caused this Software as a Service (“Agreement”) to be executed by their duly authorized representatives as of the day and year written below. The date of the last party to sign is the “Effective Date.”

This Agreement shall commence on the Effective Date and continue for/until: 5 Years (“Initial Term”). At the end of the Initial Term, this Agreement shall automatically renew for an additional term of 5 years (“Renewal Term”). The “Term” shall refer to both the Initial Term and the Renewal Term.

Sensus USA Inc.

Customer: City of Anacortes

By: _____
Name: _____
Title: _____
Date: _____

By: _____
Name: Laurie Gere
Title: Mayor
Date: _____

Contents of this Agreement:

Agreement
Exhibit A Software
Exhibit B Technical Support

Agreement

1. General

- A. **Agreement Generally.** The scope of this Agreement includes usage terms for Sensus' hosted Software solution, technical support, and supporting terms and conditions for an advanced metering infrastructure solution that Customer will purchase from Sensus' authorized distributor. Customer is not paying Sensus directly for the services provided by Sensus under the Agreement; rather, Customer shall pay Sensus' authorized distributor pursuant to a separate agreement between Customer and such authorized distributor.

2. Software.

- A. **Software as a Service (SaaS).** Sensus shall provide Customer with Software as a Service, as defined in Exhibit A, only so long as Customer is current in its payments for such services.
- B. **UCITA.** To the maximum extent permitted by law, the Parties agree that the Uniform Computer Information Transaction Act as enacted by any state shall not apply, in whole or in part, to this Agreement.

3. Spectrum

- A. **Spectrum Lease.** The parties previously entered into a spectrum manager lease on 10/23/2016 (the "Spectrum Lease"), which is hereby specifically incorporated by reference.

4. Equipment.

- A. **Purchase of Equipment.** Customer shall purchase all Field Devices, RF Field Equipment, and other goods (collectively, "Equipment") from Sensus' authorized distributor pursuant to the terms and conditions (including any warranties on such Equipment) agreed by Customer and Sensus' authorized distributor. This Agreement shall not affect any terms and conditions, including any warranty terms, agreed by Customer and Sensus' authorized distributor. If Customer elects to purchase any equipment or services directly from Sensus, or if Customer pays any fees or other costs to Sensus, then Sensus' Terms of Sale shall apply. The "Terms of Sale" are available at: <https://www.sensus.com/tc>, or 1-800-METER-IT
- B. **THERE ARE NO WARRANTIES IN THIS AGREEMENT, EXPRESS OR IMPLIED. SENSUS EXPRESSLY DISCLAIMS ANY AND ALL REPRESENTATIONS, WARRANTIES AND/OR CONDITIONS, EXPRESSED, IMPLIED, STATUTORY OR OTHERWISE, REGARDING ANY MATTER IN CONNECTION WITH THIS AGREEMENT, INCLUDING WITHOUT LIMITATION, WARRANTIES AS TO FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, NON-INFRINGEMENT AND TITLE.**

5. Services.

- A. **Installation of Equipment.** Installation services for Field Devices, other goods, and RF Field Equipment will be as agreed between the Customer and Sensus' authorized distributor. Sensus will not provide installation services pursuant to this Agreement
- B. **Technical Support.** Sensus shall provide Customer the technical support set forth in Exhibit B.
- C. **Project Management.** Sensus' authorized distributor will provide project management services to Customer. Any project management of the FlexNet System provided by Sensus shall be subject to a separate agreement which describes the scope and pricing for such work.
- D. **Training.** Sensus' authorized distributor will provide Customer with training on the use of the FlexNet System. Any training provided by Sensus shall be subject to a separate agreement which describes the scope and pricing for such work.
- E. **IT Systems Integration Services.** Except as may otherwise be provided herein, integration of the Software into Customer's new or existing internal IT systems is not included in this Agreement. Any integration work shall be subject to a separate agreement which describes the scope and pricing for such work.

6. General Terms and Conditions.

- A. **Infringement Indemnity.** Sensus shall indemnify and hold harmless Customer from and against any judgment by a court of competent jurisdiction or settlement reached from any litigation instituted against Customer in the United States by a third party which alleges that the FlexNet System provided hereunder infringes upon the patents or copyrights of such third party, provided that Sensus shall have the right to select counsel in such proceedings and control such proceedings. Notwithstanding the foregoing, Sensus shall have no liability under this indemnity unless Customer cooperates with and assists Sensus in any such proceedings and gives Sensus written notice of any claim hereunder within fourteen (14) days of receiving it. Further, Sensus shall have no liability hereunder if such claim is related to: (i) any change, modification or alteration made to the FlexNet System by Customer or a third party, (ii) use of the FlexNet System in combination with any goods or services not provided by Sensus hereunder, (iii) Customer's failure to use the most recent version of the Software or to otherwise take any corrective action as reasonably directed by Sensus, (iv) compliance by Sensus with any designs, specifications or instructions provided by Customer or compliance by Sensus with an industry standard, or (v) any use of the FlexNet System other than for the Permitted Use. In the event the FlexNet System is adjudicated to infringe a patent or copyright of a third party and its use is enjoined, or, if in the reasonable opinion of Sensus, the FlexNet System is likely to become the subject of an infringement claim, Sensus, at its sole discretion and expense, may: (i) procure for Customer the right to continue using the FlexNet System or (ii) modify or replace the FlexNet System so that it becomes non-infringing. THIS SECTION STATES CUSTOMER'S SOLE AND EXCLUSIVE REMEDY AND SENSUS' ENTIRE LIABILITY FOR ANY CLAIM OF INFRINGEMENT.
- B. **Limitation of Liability.** Sensus' aggregate liability in any and all causes of action arising under, out of or in relation to this Agreement, its negotiation, performance, breach or termination (collectively "Causes of Action") shall not exceed (a) the total amount paid by Customer directly to Sensus' authorized distributor. This is so whether the Causes of Action are in tort, including, without limitation, negligence or strict liability, in contract, under statute or otherwise. As separate and independent limitations on liability, Sensus' liability shall be limited to direct damages. Sensus shall not be liable for: (i) any indirect, incidental, special or consequential damages; nor (ii) any revenue or profits lost by Customer or its Affiliates from any End User(s), irrespective whether such lost revenue or profits is categorized as direct damages or otherwise; nor (iii) any In/Out Costs; nor (v) damages arising from maincase or bottom plate breakage caused by freezing temperatures, water hammer conditions, or excessive water pressure. The limitations on liability set forth in this Agreement are fundamental inducements to Sensus entering into this Agreement. They apply unconditionally and in all respects. They are to be interpreted broadly so as to give Sensus the maximum protection permitted under law.
- C. **Termination.** Either party may terminate this Agreement earlier if the other party commits a material breach of this Agreement and such material breach is not cured within forty-five (45) days of written notice by the other party. Upon any expiration or termination of this Agreement, Sensus' and Customer's obligations hereunder shall cease and the software as a service and Spectrum Lease shall immediately cease.
- D. **Force Majeure.** If either party becomes unable, either wholly or in part, by an event of Force Majeure, to fulfill its obligations under this Agreement, the obligations affected by the event of Force Majeure will be suspended during the continuance of that inability. The party affected by the force majeure will take reasonable steps to mitigate the Force Majeure.
- E. **Intellectual Property Rights.**

constitute one and the same instrument. Additionally, this Agreement may be executed by facsimile or electronic copies, all of which shall be considered an original for all purposes.

7. **Definitions. As used in this Agreement, the following terms shall have the following meanings:**

- A. **"Affiliate"** of a party means any other entity controlling, controlled by, or under common control with such party, where "control" of an entity means the ownership, directly or indirectly, of 50% or more of either; (i) the shares or other equity in such entity; or (ii) the voting rights in such entity.
- B. **"Confidential Information"** means any and all non-public information of either party, including all technical information about either party's products or services, pricing information, marketing and marketing plans, Customer's End Users' data, FlexNet System performance, FlexNet System architecture and design, FlexNet System software, other business and financial information of either party, and all trade secrets of either party.
- C. **"End User"** means any end user of electricity, water, and/or gas (as applicable) that pays Customer for the consumption of electricity, water, and/or gas, as applicable.
- D. **"Field Devices"** means the SmartPoint Modules
- E. **"FlexNet Base Station"** identifies the Sensus manufactured device consisting of one transceiver, to be located on a tower that receives readings from the SmartPoint Modules (either directly or via an R100 unit) by radio frequency and passes those readings to the RNI by TCP/IP backhaul communication. For clarity, FlexNet Base Stations include Metro Base Stations.
- F. **"FlexNet System"** is comprised of the SmartPoint Modules, RF Field Equipment, Server Hardware, software licenses, Spectrum Lease, and other equipment provided to Customer hereunder. The FlexNet System only includes the foregoing, as provided by Sensus. The FlexNet System does not include goods, equipment, software, licenses or rights provided by a third party or parties to this Agreement.
- G. **"Force Majeure"** means an event beyond a party's reasonable control, including, without limitation, acts of God, hurricane, flood, volcano, tsunami, tornado, storm, tempest, mudslide, vandalism, illegal or unauthorized radio frequency interference, strikes, lockouts, or other industrial disturbances, unavailability of component parts of any goods provided hereunder, acts of public enemies, wars, blockades, insurrections, riots, epidemics, earthquakes, fires, restraints or prohibitions by any court, board, department, commission or agency of the United States or any States, any arrests and restraints, civil disturbances and explosion.
- H. **"Hosted Software"** means those items listed as an Application in Exhibit A.
- I. **"In/Out Costs"** means any costs and expenses incurred by Customer in transporting goods between its warehouse and its End User's premises and any costs and expenses incurred by Customer in installing, uninstalling and removing goods.
- J. **"Intellectual Property"** means patents and patent applications, inventions (whether patentable or not), trademarks, service marks, trade dress, copyrights, trade secrets, know-how, data rights, specifications, drawings, designs, maskwork rights, moral rights, author's rights, and other intellectual property rights, including any derivations and/or derivative works, as may exist now or hereafter come into existence, and all renewals and extensions thereof, regardless of whether any of such rights arise under the laws of the United States or of any other state, country or jurisdiction, any registrations or applications thereof, and all goodwill pertinent thereto.
- K. **"LCM"** identifies the load control modules.
- L. **"Ongoing Fee"** means the annual or monthly fees, as applicable, to be paid by Customer to Sensus' authorized distributor during the Term of this Agreement.
- M. **"Patches"** means patches or other maintenance releases of the Software that correct processing errors and other faults and defects found previous versions of the Software. For clarity, Patches are not Updates or Upgrades.
- N. **"Permitted Use"** means only for reading and analyzing data from Customer's Field Devices in the Service Territory. The Permitted Use does not include reading third devices not provided by Sensus or reading Field Devices outside the Service Territory.
- O. **"R100 Unit"** identifies the Sensus standalone, mounted transceiver that takes the radio frequency readings from the SmartPoint Modules and relays them by radio frequency to the relevant FlexNet Base Station or directly to the RNI by TCP/IP backhaul communication, as the case may be.
- P. **"Release"** means both Updates and Upgrades.
- Q. **"Remote Transceiver"** identifies the Sensus standalone, mounted relay device that takes the radio frequency readings from the SmartPoint Modules and relays them directly to the RNI by TCP/IP backhaul communication.
- R. **"RF Field Equipment"** means, collectively, FlexNet Base Stations, R100 units (if any) and Remote Transceivers (if any).
- S. **"RNI"** identifies the regional network interfaces consisting of hardware and software used to gather, store, and report data collected by the FlexNet Base Stations from the SmartPoint Modules. The RNI hardware specifications will be provided by Sensus upon written request from Customer.
- T. **"RNI Software"** identifies the Sensus proprietary software used in the RNI and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement.
- U. **"Service Territory"** identifies the geographic area where Customer utilizes Sensus equipment to provide services to End Users as of the Effective Date. This area will be described on the propagation study in the parties' Spectrum Lease filing with the FCC.
- V. **"Server Hardware"** means the RNI hardware.
- W. **"SmartPoint™ Modules"** identifies the Sensus transmission devices installed on devices such as meters, distribution automation equipment and demand/response devices located at Customer's End Users' premises that communicate with the relevant devices and transmit those communications by radio frequency to the relevant piece of RF Field Equipment.
- X. **"Software"** means all the Sensus proprietary software provided pursuant to this Agreement, and any Patches, Updates, and Upgrades that are provided to Customer pursuant to the terms of this Agreement. The Software does not include any third party software.
- Y. **"Updates"** means releases of the Software that constitute a minor improvement in functionality.
- Z. **"Upgrades"** means releases of the Software which constitute a significant improvement in functionality or architecture of the Software.
- AA. **"WAN Backhaul"** means the communication link between FlexNet Base Stations and Remote Transceivers and RNI.

Exhibit A Software

Software as a Service

1. Description of Services.

This exhibit contains the details of the Software as a Service that Sensus shall provide to Customer if both: (i) pricing for the application of Software as a Service has been provided to the Customer; and (ii) the Customer is current in its payments to Sensus' authorized distributor for such application of Software as a Service.

A. Software as a Service Generally.

Software as a Service is a managed service in which Sensus will be responsible for the day-to-day monitoring, maintenance, management, and supporting of Customer's software applications. In a Software as a Service solution, Sensus owns all components of the solution (server hardware, storage, data center, network equipment, Sensus software, and all third-party software) required to run and operate the application. These software applications consist of the following (each an "Application"):

- Regional Network Interface (RNI) Software
- Sensus Analytics
 - Enhanced Package

The managed application systems consist of the hardware, Sensus Software, and other third-party software that is required to operate the software applications. Each Application will have a production, and Disaster Recovery (as described below) environment. Test environments are not provided unless otherwise specifically agreed by Sensus in writing. Sensus will manage the Applications by providing 24 x 7 x 365 monitoring of the availability and performance of the Applications.

B. Use of Software as a Service.

Subject to the terms of this Agreement, Sensus shall make Software as a Service available to Customer to access and use solely for the Permitted Use and solely for so long as Customer is current in its payments to Sensus or its authorized distributor for Software as a Service. The Software as a Service term commences on the date that Sensus first makes Software as a Service available to Customer for use, and ends upon the earlier of:

(i) the expiration or termination of the Agreement; (ii) breach by Customer of this exhibit or the Agreement; or (iii) Customer's termination of Software as a Service as set forth in paragraph (C) below.

C. Termination of an Application.

Customer shall have the option at any time before the end of the Term to terminate any Application by giving Sensus one hundred twenty (120) days prior written notice. Such notice, once delivered to Sensus, is irrevocable. Should Customer elect to terminate any Application, Customer acknowledges that: (a) Customer shall pay all applicable fees, including any unpaid Software as a Service fees due in the current calendar year plus a ten percent (10%) early termination fee, where such fee is calculated based on the annual Software as a Service fee due in the current calendar year; and (b) Software as a Service for such Application shall immediately cease. If Customer elects to terminate the RNI Application in the Software as a Service environment but does not terminate the Agreement generally, then upon delivery of the notice to Sensus, Customer shall purchase the necessary (a) RNI hardware from a third party and (b) RNI software license at Sensus' then-current pricing. No portion of the Software as a Service fees shall be applied to the purchase of the RNI hardware or software license.

D. Software as a Service means only the following services:

- i. Sensus will provide the use of required hardware, located at Sensus' or a third-party's data center facility (as determined by Sensus), that is necessary to operate the Application.
- ii. Sensus will provide production and disaster recovery environments for Application.
- iii. Sensus will provide patches, updates, and upgrades to latest Sensus Hosted Software release.
- iv. Sensus will configure and manage the equipment (server hardware, routers, switches, firewalls, etc.) in the data centers:
 - (a) Network addresses and virtual private networks (VPN)
 - (b) Standard time source (NTP or GPS)
 - (c) Security access points
 - (d) Respond to relevant alarms and notifications
- v. Capacity and performance management. Sensus will:
 - (a) Monitor capacity and performance of the Application server and software applications 24x7x365 using KPI metrics, thresholds, and alerts to proactively identify any potential issues related to system capacity and/or performance (i.e. database, backspool, logs, message broker storage, etc.)
 - (b) If an issue is identified to have a potential impact to the system, Sensus will open an incident ticket and manage the ticket through resolution per Exhibit B, Technical Support.
 - (c) Manage and maintain the performance of the server and perform any change or configuration to the server, in accordance to standard configuration and change management policies and procedures.
 - (d) Manage and maintain the server storage capacity and performance of the Storage Area Network (SAN), in accordance to standard configuration and change management policies and procedures.
 - (e) Exceptions may occur to the system that require Sensus to take immediate action to maintain the system capacity and performance levels, and Sensus has authority to make changes without Customer approval as needed, in accordance to standard configuration and change management policies and procedures.
- vi. Database management. Sensus will:
 - (a) Implement the data retention plan and policy, and will provide the policy upon request.
 - (b) Monitor space and capacity requirements.
 - (c) Respond to database alarms and notifications.
 - (d) Install database software upgrades and patches.
 - (e) Perform routine database maintenance and cleanup of database to improve capacity and performance, such as rebuilding indexes, updating indexes, consistency checks, run SQL query/agent jobs, etc.
- vii. Incident and Problem Management. Sensus will:
 - (a) Proactively monitor managed systems (24x7x365) for key events and thresholds to proactively detect and identify incidents.
 - (b) Respond to incidents and problems that may occur to the Application(s).
 - (c) Maintain policies and procedures for responding to incidents and performing root cause analysis for ongoing problems.
 - (d) Correlate incidents and problems where applicable.

- (e) Sensus personnel will use the self-service portal to document and track incidents.
- (f) In the event that Sensus personnel is unable to resolve an issue, the issue will be escalated to the appropriate Subject Matter Expert (SME).
- (g) Maintain responsibility for managing incident and problems through resolution and will coordinate with Customer's personnel and/or any required third-party vendor to resolve the issue.
- (h) Provide telephone support consistent with Exhibit B, Technical Support in the case of undetected events.
- viii. Security Management. Sensus will:
 - (a) Monitor the physical and cyber security of the server and Application(s) 24x7x365 to ensure system is highly secure in accordance with NIST Security Standards.
 - (b) Perform active intrusion prevention and detection of the data center network and firewalls, and monitor logs and alerts.
 - (c) Conduct period penetration testing of the network and data center facilities.
 - (d) Conduct monthly vulnerability scanning by both internal staff and external vendors.
 - (e) Perform anti-virus and Malware patch management on all systems.
 - (f) Install updates to virus protection software and related files (including virus signature files and similar files) on all servers from the update being generally available from the anti-virus software provider.
 - (g) Respond to any potential threat found on the system and work to eliminate any virus or malware found.
 - (h) Adhere to and submit certification to NERC/CIP Cyber Security standards.
 - (i) Monitors industry regulation/standards regarding security – NERC, FERC, NIST, OpenSG, etc. through the dedicated Sensus security team.
 - (j) Provide secure web portal access (SSL) to the Application(s).
- ix. Backup and Disaster Recovery Management. Sensus will:
 - (a) Perform daily backups of data providing one (1) year of history for auditing and restoration purposes.
 - (b) Back-up and store data (on tapes or other storage media as appropriate) off-site to provide protection against disasters and to meet file recovery needs.
 - (c) Conduct incremental and full back-ups to capture data, and changes to data, on the Application(s).
 - (d) Replicate the Application(s) environments to a geographically separated data center location to provide a full disaster recovery environment for the Application production system.
 - (e) Provide disaster recovery environment and perform fail-over to Disaster Recovery environment within forty-eight (48) hours of declared event.
 - (f) Generate a report following each and any disaster measuring performance against the disaster recovery plan and identification of problem areas and plans for resolution.
 - (g) Maintain a disaster recovery plan. In the event of a disaster, Sensus shall provide the services in accordance with the disaster recovery plan.
 - (h) In the case of a disaster and loss of access to or use of the Application, Sensus would use commercially reasonable efforts per the Recovery Time Objectives (RTO) and Recovery Point Objectives (RPO) specified herein to restore operations at the same location or at a backup location within forty-eight (48) hours.
 - (i) The Application shall have a RTO of forty-eight (48) hours.
 - (j) The RPO shall be a full recovery of the Application(s), with an RPO of one (1) hours, using no more than a twenty-four (24) hour old backup. All meter-related data shall be pushed from each Base Station/TGB restoring the database to real-time minus external interfaced systems from the day prior.
 - (k) Data from external interfaced systems shall be recreated within a forty-eight (48) hour period with the assistance of Customer personnel and staff, as needed.

E. Customer Responsibilities:

- i. Coordinate and schedule any changes submitted by Sensus to the system in accordance with standard configuration and change management procedures.
- ii. Participate in all required configuration and change management procedures.
- iii. Customer will log incidents related to the managed Application with Sensus personnel via email, web portal ticket entry, or phone call.
- iv. Responsible for periodic processing of accounts or readings (i.e., billing files) for Customer's billing system for billing or other analysis purposes.
- v. Responsible for any field labor to troubleshoot any SmartPoint modules or smart meters in the field in populations that have been previously deployed and accepted.
- vi. First response labor to troubleshoot FlexNet Base Station, R100s, Remote Transceivers or other field network equipment.
- vii. Responsible for local area network configuration, management, and support.
- viii. Identify and research problems with meter reads and meter read performance.
- ix. Create and manage user accounts.
- x. Customize application configurations.
- xi. Support application users.
- xii. Investigate application operational issues (e.g., meter reads, reports, alarms, etc.).
- xiii. Respond to alarms and notifications.
- xiv. Perform firmware upgrades over-the-air, or delegate and monitor field personnel for on-site upgrades.

F. Software as a Service does not include any of the following services:

- i. Parts or labor required to repair damage to any field network equipment that is the result of a Force Majeure event.
- ii. Any integration between applications, such as Harris MeterSense, would require a Professional Services contract agreement to be scoped, submitted, and agreed in a signed writing between Sensus and all the applicable parties.

If an item is not listed in subparagraphs in item (D) above, such item is excluded from the Software as a Service and is subject to additional pricing.

2. Further Agreements

A. System Uptime Rate.

- i. Sensus (or its contractor) shall manage and maintain the Application(s) on computers owned or controlled by Sensus (or its contractors) and shall provide Customer access to the managed Application(s) via internet or point to point connection (i.e., Managed-Access use), according to the terms below. Sensus endeavors to maintain an average System Uptime Rate equal to ninety-nine (99.0) per Month (as defined below). The System Uptime Rate, cumulative across all Applications, shall be calculated as follows:

$$\text{System Uptime Rate} = 100 \times \frac{\text{TMO} - \text{Total Non-Scheduled Downtime minutes in the Month}}{\text{TMO}}$$

- ii. **Calculations**
 - a. **Targeted Minutes of Operation** or **TMO** means total minutes cumulative across all Applications in the applicable month minus the Scheduled Downtime in the Month.
 - b. **Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is scheduled to be unavailable for use by Customer due to planned system maintenance. Sensus shall provide Customer notice (via email or otherwise) at least seven (7) days in advance of commencement of the Scheduled Downtime.
 - c. **Non-Scheduled Downtime** means the number of minutes during the Month, as measured by Sensus, in which access to any Application is unavailable for use by Customer due to reasons other than Scheduled Downtime or the Exceptions, as defined below (e.g., due to a need for unplanned maintenance or repair).
- iii. **Exceptions.** Exceptions mean the following events:
 - Force Majeure
 - Emergency Work, as defined below; and
 - Lack of Internet Availability, as described below.
 - a. **Emergency Work.** In the event that Force Majeure, emergencies, dangerous conditions or other exceptional circumstances arise or continue during TMO, Sensus shall be entitled to take any actions that Sensus, in good faith, determines is necessary or advisable to prevent, remedy, mitigate, or otherwise address actual or potential harm, interruption, loss, threat, security or like concern to any of the Application(s) ("Emergency Work"). Such Emergency Work may include, but is not limited to: analysis, testing, repair, maintenance, re-setting and other servicing of the hardware, cabling, networks, software and other devices, materials and systems through which access to and/or use of the Application(s) by the Customer is made available (the "Managed Systems"). Sensus shall endeavor to provide advance notice of such Emergency Work to Customer when practicable and possible.
 - b. **Lack of Internet Availability.** Sensus shall not be responsible for any deterioration of performance attributable to latencies in the public internet or point-to-point network connection operated by a third party. Customer expressly acknowledges and agrees that Sensus does not and cannot control the flow of data to or from Sensus' networks and other portions of the Internet, and that such flow depends in part on the performance of Internet services provided or controlled by third parties, and that at times, actions or inactions of such third parties can impair or disrupt data transmitted through, and/or Customer's connections to, the Internet or point-to-point data connection (or portions thereof). Although Sensus will use commercially reasonable efforts to take actions Sensus may deem appropriate to mitigate the effects of any such events, Sensus cannot guarantee that such events will not occur. Accordingly, Sensus disclaims any and all liability resulting from or relating to such events.
- iv. **System Availability.** For each month that the System Uptime Rates for the production RNI falls below 99.0%, Sensus will issue Customer the following Service Level Credits:

System Uptime Rate per calendar month	Service Level Credit
Less than 99.0% but at least 97.5%	5% of the monthly RNI SaaS Fees in which the service level default occurred (Note: SaaS fees are pre-paid annually and for purposes of SLA Credits are computed on a monthly basis.)
Less than 97.5% but at least 95.0%	10% of the monthly RNI SaaS Fees in which the service level default occurred
Less than 95.0%	20% of the monthly RNI SaaS Fees in which the service level default occurred

Service Level Credits for any single month shall not exceed 20% of the RNI SaaS Fee associated with the month in which the service level default occurred. Sensus records and data will be the sole basis for all Service Level Credit calculations and determinations, provided that such records and data must be made available to Customer for review and agreement by Customer. To receive a Service Level Credit, Customer must issue a written request no later than ten (10) days after the Service Level Credit has accrued. Sensus will apply each valid Service Level Credit to the Customer's invoice within 2 billing cycles after Sensus' receipt of Customer's request and confirmation of the failure to meet the applicable Service Level Credit. Service Level Credits will not be payable for failures to meet the System Uptime Rate caused by any Exceptions. No Service Level Credit will apply if Customer is not current in its undisputed payment obligations under the Agreement. Service Level Credits are exclusive of any applicable taxes charged to Customer or collected by Sensus. Sensus shall not refund an unused Service Level Credits or pay cash to Customer for any unused Service Level Credits. Any unused Service Level Credits at the time the Agreement terminates will be forever forfeited. THE SERVICE LEVEL CREDITS DESCRIBED IN THIS SECTION ARE THE SOLE AND EXCLUSIVE REMEDY FOR SENSUS' FAILURE TO MEET THE SYSTEM UPTIME REQUIREMENT OR ANY DEFECTIVE SAAS PERFORMANCE. IN NO EVENT SHALL THE AGGREGATE AMOUNT OF SERVICE LEVEL CREDITS IN ANY ANNUAL PERIOD EXCEED 20% OF THE ANNUAL RNI SAAS FEE.

- B. **Data Center Site-Security.** Although Sensus may modify such security arrangements without consent or notice to Customer, Customer acknowledges the following are the current arrangements regarding physical access to and support of the primary hardware components of the Managed Systems:
 - i. The computer room(s) in which the hardware is installed is accessible only to authorized individuals.
 - ii. Power infrastructure includes one or more uninterruptible power supply (UPS) devices and diesel generators or other alternative power for back-up electrical power.
 - iii. Air-conditioning facilities (for humidity and temperature controls) are provided in or for such computer room(s) and can be monitored and adjusted for humidity and temperature settings and control. Such air systems are supported by redundant, back-up and/or switch-over environmental units.
 - iv. Such electrical and A/C systems are monitored on an ongoing basis and personnel are available to respond to system emergencies (if any) in real time.
 - v. Dry pipe pre-action fire detection and suppression systems are provided.
 - vi. Data circuits are available via multiple providers and diverse paths, giving access redundancy.
- C. **Responsibilities of Customer.**
 - i. Customer shall promptly pay all Software as a Service fees.
 - ii. Customer may not (i) carelessly, knowingly, intentionally or maliciously threaten, disrupt, harm, abuse or interfere with the Application(s), Managed Systems or any of their functionality, performance, security or integrity, nor attempt to do so; (ii) impersonate any person or entity, including, but not limited to, Sensus, a Sensus employee or another user; or (iii) forge, falsify, disguise or otherwise manipulate any identification information associated with Customer's access to or use of the Application(s).
 - iii. The provisioning, compatibility, operation, security, support, and maintenance of Customer's hardware and software ("Customer's Systems") is exclusively the responsibility of Customer. Customer is also responsible, in particular, for correctly configuring and maintaining (i) the desktop environment used by Customer to access the Application(s) managed by Sensus; and (ii) Customer's network router and firewall, if applicable, to allow data to flow between the Customer's Systems and Sensus' Managed Systems in a secure manner via the public Internet.
 - iv. Upon receiving the system administrator account from Sensus, Customer shall create username and passwords for each of Customer's authorized

users and complete the applicable Sensus registration process (Authorized Users). Such usernames and passwords will allow Authorized Users to access the Application(s). Customer shall be solely responsible for maintaining the security and confidentiality of each user ID and password pair associated with Customer's account, and Sensus will not be liable for any loss, damage or liability arising from Customer's account or any user ID and password pairs associated with Customer. Customer is fully responsible for all acts and omissions that occur through the use of Customer's account and any user ID and password pairs. Customer agrees (i) not to allow anyone other than the Authorized Users to have any access to, or use of Customer's account or any user ID and password pairs at any time; (ii) to notify Sensus immediately of any actual or suspected unauthorized use of Customer's account or any of such user ID and password pairs, or any other breach or suspected breach of security, restricted use or confidentiality; and (iii) to take the Sensus-recommended steps to log out from and otherwise exit the Application(s) and Managed Systems at the end of each session. Customer agrees that Sensus shall be entitled to rely, without inquiry, on the validity of the user accessing the Application(s) application through Customer's account, account ID, usernames or passwords.

- v. Customer shall be responsible for the day-to-day operations of the Application(s) and FlexNet System. This includes, without limitation, (i) researching problems with meter reads and system performance, (ii) creating and managing user accounts, (iii) customizing application configurations, (iv) supporting application users, (v) investigating application operational issues, (vi) responding to alarms and notifications, and (vii) performing over-the-air commands (such as firmware updates or configuration changes).

D. Software Solution Components.

- i. **Description of Software Solutions.** Sensus software consists of a core communication module and a set of applications. Some applications are required to perform basic solution capabilities, other applications are optional and add additional capabilities and function to the overall solution. As Customer's business process expands and/or new Sensus offerings are made available, additional applications and functionality can dynamically be added to the solution, provided Customer purchases such additional applications.
- ii. **Regional Network Interface.** The Regional Network Interface (RNI) or Sensus head-end is the centralized intelligence of the FlexNet network; the RNI's primary objective is to transfer endpoint (such as meters) data to the Customer and the advanced feature applications. The RNI is adaptable to Customer configurations by simultaneously supporting a wide range of FlexNet enabled endpoints; including but not limited to meters (electric, water, gas), street lighting, and Home Area Network devices.
 - a. Core Package
 - (i) Communication
 - 1. Manages all inbound and outbound traffic to and from endpoints
 - 2. Outbound routing optimization
 - 3. Route analyzer
 - 4. AES256 bit encryption of radio messages
 - 5. Reports and metric details of network performance and troubleshooting aids
 - 6. Management of RF equipment (base stations and endpoint radios)
 - (ii) Data Collection
 - 1. Missing read management
 - 2. Management of duplicate reads
 - 3. 60 day temporary storage
 - (iii) Application integration
 - 1. To Sensus Analytics applications
 - 2. Enable 3rd party application integration
 - 3. Batch CMEP file export
 - 4. Real-time access through MultiSpeak
 - (iv) Endpoint Management
 - 1. Gas, water, electric, lighting concurrent support
 - 2. Remote configuration
 - 3. Remote firmware updates
 - 4. Reports, metrics and Troubleshooting
 - (v) User Management
 - 1. Secure access
 - 2. Password management
 - 3. Definable user roles
 - 4. User permissions to manage access to capabilities
 - b. Integration of RNI. Sensus shall provide RNI integration support services to Customer only to the extent specifically provided below:
 - (i) Sensus shall meet with the representative from the Customer's system(s) targeted for integration to determine which integration method is appropriate (e.g., Multispeak, CMEP, etc.).
 - 1. In scope and included integration efforts: Provide the gateway URLs to the integrating system as needed, provide Customer with standard integration API documentation, validate and test that the correct Customer information is flowing into and/or out of the RNI.
 - 2. Out of scope and subject to additional charges: Modifications or extensions to the standard API provided by Sensus and any integration efforts not outlined above as in scope and included.
 - (ii) Customer Responsibilities:
 - 1. Provide Sensus with information about the relevant information Customer wishes to transfer and integrate with the RNI.
 - 2. Establish the network and security required for the two systems to reasonably communicate.
 - 3. Verify integration to third party system functionality is working as intended.
 - (iii) If an item is not listed in subparagraph (i) above, such item is excluded from the integration of Sensus RNI Support and is subject to additional pricing.

3. Sensus Analytics

Sensus Analytics is a cloud-based solution and data platform that allows storage and retrieval of raw reads and data from other sources for analysis, exportation, and inquiry or reporting. The platform provides applications and reporting capabilities.

- A. Essential Package.** The Essential Package of the Sensus Analytics Application shall consist of the following modules:
- i. Device Access
 - a. Allows search for meter details by using data imported from the billing system or the Sensus Device ID or AMI ID.
 - b. Allows a view of the meter interval or register reads.
 - c. Meter data is available to be copied, printed, or saved to certain user programs or file formats, specifically CSV, PDF, and Spreadsheet.
 - d. Allows the current and historical data to be viewed.
 - e. Allows the current usage to be compared to historical distribution averages.
 - f. Allows the user to see the meter location on a map view.
 - g. Allows notifications for an event on a single meter to be forwarded to a Customer employee.
 - h. Allows details to be viewed about a meter – (dependent on the data integrated from other systems).
 - ii. Meter Insight (provides the following)
 - a. # of active meters.
 - b. # of orphaned meters with drill down to the list of meters.
 - c. # of inactive meters with usage drill down to the list of meters.
 - d. # of stale meters with drill down to the list of meters.
 - e. # of almost stale meters with drill down to the list of meters.
 - f. # of meters where no read is available with drill down to the list of meters.
 - g. # of meters with maximum threshold exceptions with drill down to the list of meters.
 - h. # of meters with minimum threshold exceptions with drill down to the list of meters.
 - i. # of unknown radios with drill down to the list of meters.
 - iii. Report Access
 - a. Allows the user to see meter alarms and choose a report from a list of standard reports.
 - b. Master Route Register Reads: Shows the latest reads for all meters within specified time window.
 - c. Meter Route Intervals Reads: Allows users to inspect intervals of a single meter over a period of time.
 - d. Master Route No Readings: List all meters that are active in the system, but have not been sending reads within the specified time window.
 - e. Consumption Report: List meters' consumption based on meter readings within the specified time window.
 - f. Zero Consumption for Period: List meters whose readings do not change over a period of time.
 - g. Negative Consumption: Shows the number of occurrences and readings of negative consumption for the last 24hr, 48hr and 72hr from the entered roll up date.
 - h. High Low Exception Report: Displays meters whose reads exceed minimum or/and maximum threshold, within a time range.
 - i. Consumption vs Previous Reported Read: Compares latest reading (from RNI) with last known read received from CIS.
 - j. Consumption Exception 24 hour Report: This report shows meters that satisfy these two conditions: (1) The daily average consumptions exceed entered daily consumption threshold; (2) The number of days when daily thresholds are exceeded are greater than the entered exception per day threshold.
 - k. Endpoint Details: Shows the current state of meters that are created within the specified time range.
 - l. Orphaned Meters: List meters that are marked as 'orphaned', which are created as of entered Created as of parameter.
 - m. Billing Request Mismatch: Displays meters in a billing request that have different AMR id with the ones sent by RNI. It also shows AMR id in billing request that have different meter Id in the RNI. Users must enter which billing request file prior to running the report.
 - n. All Alarms Report: List all alarms occurred during a time window. Users can select which alarm to show.
 - iv. Billing Access
 - a. Initiate the creation of billing export files formatted to the import needs of the billing system.
 - b. Receive billing request files from the billing system to identify what meters to include in the billing export file in the case where billing request file option is used.
 - c. Provides a repository of past billing files that were either used for billing preparation or actually sent to the billing system.
 - d. Will store created billing files for a period of three years unless otherwise denoted.
 - e. The system will allow creation of test files before export to the billing system.
 - v. Billing Adaptor
 - a. The underlying configurator and tools mapping the extraction of billing data to enable integration to the utility's billing system.
 - vi. Data Store
 - a. Allows storage of meter reading data including Intervals, Registers, and Alarms to be stored.
 - b. Stored data is available online for reports and analysis.
 - c. Data will be retained for 3 years. Additional duration can be purchased.
- B. Enhanced Package.** The Enhanced Package shall consist of the modules listed above in the Essential Package, as well as the following additional modules:
- i. Alarm Insight
 - a. Allows the user to summarize and filter alarms by a date range.
 - b. Allows the user to review all alarm types on a single screen.
 - c. The user can filter out the alarms not wanted on the screen.
 - d. Alarm totals can be visualized.
 - e. Adds a view of trending alarms over time.
 - f. Click to drill down on an alarm to gain more information on specific events.
 - g. Click to analyze a specific event on a particular device.
 - ii. Alert Manager
 - a. Allows creation of alert groups who will be notified when an alarm occurs.
 - b. Users can manage alert groups by adding and removing group members.
 - c. Allows selection of notification method for how end users in the group will be notified; email or SMS (text message).

- d. Allows creation of an alert from the available system events from smart points and assign to a group.
- e. Monitors the systems meters for events. When an event is triggered, all users in the group will be notified.

C. Integration of Sensus Analytics. Sensus shall provide integration support services to Customer only to the extent specifically provided below:

- i. Sensus shall provide Customer with a simple flat file specification known as VFlex for the integration of the Customer's back office system to the Sensus Analytics modules. The VFlex shall contain the following types of information: Device ids, end users in the system, end user status, end user account information, end user name, and other end user details. This flat file may be delimited or fixed width. Customer shall produce this file and transmit it to the FTP location designated by Sensus. When sent to the Sensus FTP servers, this file exchange will enable the system to become operational with the Customer's systems. Customer shall produce this file and transmit it to the FTP location designated by Sensus. Sensus will provide reasonable support to explain to Customer the required vs. optional fields that are in the specification, testing and validation of the file format and content.
- ii. In scope and included integration efforts: kick-off meeting to engage all required parties, mapping the Customer's fields to the VFlex specification, validation of expected output, and a two (2) hour system review of Sensus Analytics application and integration with the Customer's system (conducted remotely).
- iii. Out of scope and subject to additional charges will be the transformation of data where business logic including code must be written to modify the field content or format of the data to meet the VFlex specification.
- iv. Sensus' integration services consist of four (4) hours of assistance (remote or on-site, as determined by Sensus). If additional time is needed to complete the integration efforts, Sensus shall invoice Customer for additional fees on an actual time and materials basis.
- v. **If an item is not listed in subparagraphs (i) or (ii) above, such item is excluded from the integration of Sensus Analytics Support and is subject to additional pricing.**
- vi. **Data Import.** The Sensus Analytics Application contains adapters for the import of data from; (a) Customer's FlexNet System; and/or (b) AutoRead application for handheld and drive by systems, as applicable.
- vii. **Customer Acknowledgements.**
 - a. Customer acknowledges that the Sensus Analytics Application provides up to fifty (50) user logins for Customer's use.
 - b. Customer acknowledges and agrees the Sensus Analytics Application is based upon the actual number of End Users within Customer's Service Territory. Pricing may increase if Customer's Service Territory or actual number of End Users expands.
 - c. Customer acknowledges that all data related to the Sensus Analytics Applications is geographically hosted within the United States of America. Customer accepts the geographic location of such hosting, and indemnifies Sensus for any claims resulting therefrom.
 - d. Customer acknowledges and agrees that the Intellectual Property provisions of this Agreement apply in all respects to Customer's access to and use of the Sensus Analytics Applications.
 - e. Customer is responsible for validating the data analyzed by the Sensus Analytics Applications. Sensus makes no promises of improving Customer's operations or saving Customer money, nor is Sensus liable for any damages resulting from decisions made by Customer related to Customer's use of Sensus Analytics.

4. Third Party Software.

A. RedHat Linux. If Sensus is providing Customer with a license to use RedHat Linux Software, Customer agrees to the following:

By entering into this Agreement, Customer agrees to abide by and to be legally bound by the terms and conditions of the Red Hat End User License Agreements identified below, each of which are incorporated into this Agreement by reference and are available at the websites identified below. Please read the Red Hat End User License Agreements and incorporated references carefully.

Subscription:	End User License Agreement:
Red Hat Enterprise Linux	http://www.redhat.com/licenses/rhel_rha_eula.html
JBoss Enterprise Middleware	http://www.redhat.com/licenses/jboss_eula.html

Exhibit B

Technical Support

1. Sensus Technical Services provides utility customers with a single point of contact for Tier 1 support of technical issues as well as any coordination of additional resources required to resolve the issue. Requests that require specialized skills are to be forwarded to a senior support engineer or Technical Advisor within the team for further analysis. If Technical Services has exhausted all troubleshooting efforts for the product type, the issue will escalate to the Engineering Support Team. Occasionally, on-site troubleshooting/analysis may be required. The preferred order of on-site support is:
 - 1.1 The Customer (for assistance with the easiest and lowest time-consuming activities such as power on/power off).
 - 1.2 The local distributor.
 - 1.3 Sensus employees or contracted personnel, if required to fulfill a contract commitment.
2. **Support Categories**
 - 2.1. General questions regarding functionality, use of product, how-to, and requests for assistance on Sensus AMR, AML, RF Network Equipment, Metering Products, Sensus Lighting Control, and Demand Response Management System (FlexNet Home).
 - 2.2. Proactive reporting and resolution of problems.
 - 2.3. Reactive reporting to isolate, document, and solve reported hardware/software defects.
 - 2.4. Responding to service requests and product changes.
 - 2.5. Addressing customer inquiries with printed or electronic documentation, examples, or additional explanation/clarification.
3. **Support Hours**
 - 3.1. Standard Support Hours: Toll-free telephone support (1-800-638-3748 option #2) is available Monday thru Friday from 8:00 a.m. EST to 8:00 p.m. EST. After-hours, holiday and weekend support for Severity 1 and Severity 2 issues is available by calling 1-800-638-3748, option #8.
4. **Support Procedures**
 - 4.1. Customer identifies an issue or potential problem and calls Technical Services at 1-800-638-3748 Option #2. The Customer Service Associate or Technical Support Engineer will submit a Salesforce ticket.
 - 4.2. The Customer Service Associate or Technical Support Engineer will identify the caller name and utility by the assigned software serial number, city, and state based on where the call originated. The Customer Service Associate or Technical Support Engineer will require a brief description of the problem symptoms, or error messages depending on nature of the incident. The nature of the problem and severity levels will be mutually agreed upon by both parties (either at the time the issue is entered or prior to upgrading or downgrading an existing issue) using the severity definitions below as a guideline. The severity level is then captured into Salesforce for ticket creation and resolution processing. Any time during the processing of this ticket, if the severity level is changed by Sensus, the customer will be updated.
 - A. Severity Levels Description:

Sev1 Customer's production system is down. The system is unusable resulting in total disruption of work. No workaround is available and requires immediate attention.

Example: Network mass outage, all reading collection devices inoperable, inoperable head end software (e.g., FlexWare, Sensus MDM). Not able to generate billing files.

Sev2 Major system feature/function failure. Operations are severely restricted; there is a major disruption of work, no acceptable work-around is available, and failure requires immediate attention.

Examples: Examples: Network equipment failure (e.g., FlexNet Echo, FlexNet Remote, Base Station transceiver, or VGB); inoperable reading devices (e.g., AR5500, VXU, VGB, or CommandLink); head end software application has important functionality not working and cannot create export file for billing system operations.

Sev3 The system is usable and the issue doesn't affect critical overall operation.

Example: Minor network equipment failure (e.g., Echo/Remote false alarms or Base Station transceiver false alarms); head end software application operable but reports are not running properly, modification of view or some non-critical function of the software is not running.
 - 4.3. The Customer Service Associate or Technical Support Engineer identifies whether or not the customer is on support. If the customer is not on support, the customer is advised of the service options as well as any applicable charges that may be billed.
 - 4.4. Calls are placed in a queue from which they are accessible to Technical Support Engineers on a first-come-first-served basis. A 1st level Customer Service Associate may assist the customer, depending on the difficulty of the call and the representative's technical knowledge. Technical Support Engineers (Tier 1 support) typically respond/resolve the majority of calls based on their product knowledge and experience. A call history for the particular account is researched to note any existing pattern or if the call is a new report. This research provides the representative a basis and understanding of the account as well as any associated problems and/or resolutions that have been communicated.
 - a. Technical Services confirms that there is an issue or problem that needs further analysis to determine its cause. The following information must be collected: a detailed description of the issue's symptoms, details on the software/hardware product and version, a description of the environment in which the issue arises, and a list of any corrective action already taken.
 - b. Technical Services will check the internal database and product defect tracking system, to see if reports of a similar problem exist, and if any working solutions were provided. If an existing resolution is found that will address the reported issue, it shall be communicated to the customer. Once it is confirmed that the issue has been resolved, the ticket is closed.
 - c. If there is no known defect or support that defines the behavior, Technical Services will work with the customer to reproduce the issue. If the issue can be reproduced, either at the customer site or within support center test lab, Technical Services will escalate the ticket for further investigation / resolution.

If the issue involves units that are considered to be defective with no known reason, the representative will open a Special Investigation RMA through the Salesforce system. If it is determined that a sample is required for further analysis, the customer will be provided with instructions that detail where to send the product sample(s) for a root cause analysis. Once it is determined that the issue cannot be resolved by Tier 1 resources, the ticket will be escalated to Tier 2 support for confirmation/workarounds to resolve immediate issue. Technical Services will immediately contact the customer to advise of the escalation. The response and escalation times are listed in Section 5. At this time, screen shots, log files, configuration files, and database backups will be created and attached to the ticket.

5. **Response and Resolution Targets.**

Sensus Technical Support will make every reasonable effort to meet the following response and resolution targets:

Severity	Standard Target Response	Standard Target Resolution	Resolution (one or more of the following)
1	30 Minutes	Immediately assign trained and qualified Services Staff to correct the error on an expedited basis. Provide ongoing communication on the status of a correction (24 hours).	- Satisfactory workaround is provided. - Program patch is provided. - Fix incorporated into future release. - Fix or workaround incorporated into Salesforce Knowledge Base.
2	4 hours	Assign trained and qualified Services Staff to correct the error. Provide communication as updates occur (48 hours).	- Satisfactory workaround is provided. - Program patch is provided. - Fix incorporated into future release. - Fix or workaround incorporated into Salesforce Knowledge Base.
3	1 Business Day	30 business days	- Answer to question is provided. - Satisfactory workaround is provided. - Fix or workaround incorporated into Salesforce Knowledge Base. - Fix incorporated into future release.

6. **Problem Escalation Process.**

6.1. If the normal support process does not produce the desired results, or if the severity has changed, the issue may be escalated as follows to a higher level of authority.

- 6.1.1.1. Severity 1 issues are escalated by Sales or Technical Services to a Supervisor if not resolved within 2 hours; to the Manager level if not resolved within 4 hours; to the Director level if not resolved within the same business day; and to the VP level if not resolved within 24 hours.
- 6.1.1.2. A customer may escalate an issue by calling 1-800-638-3748, Option 2. Please specify the Salesforce ticket number and the reason why the issue is being escalated.
- 6.1.1.3. In the event that a customer is not satisfied with the level of support or continual problem with their products, they may escalate a given Salesforce ticket to Manager of Technical Services (1-800-638-3748, Option 2).

7. **General Support Provisions and Exclusions.**

- 7.1. Sensus provides online documentation for Sensus products, and all Sensus customers are provided access to this online database, which includes operation, configuration and technical manuals. The customer shall provide names and email accounts to Sensus so Sensus may provide access to the product documentation.
- 7.2. Specialized support from Sensus is available on a fee basis to address support issues outside the scope of this support plan or if not covered under another specific contract or statement of work. For example: specialized systems integration services or out of warranty network equipment repair.

Sensus Water Meter Software

#21-136-WTR-001



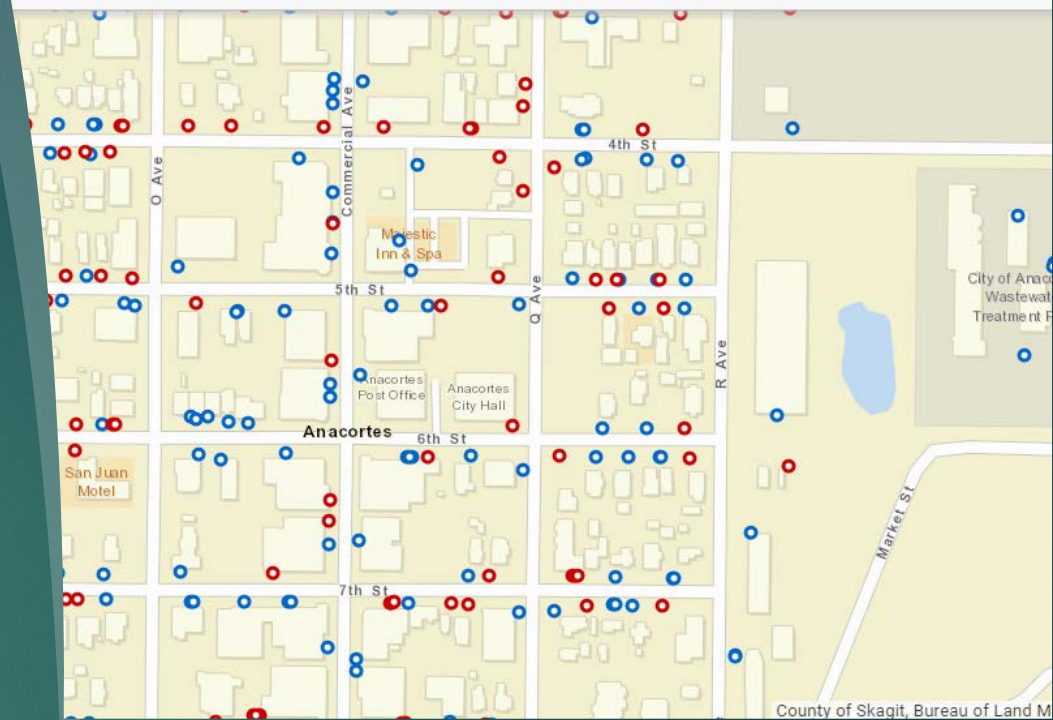
CITY OF ANACORTES
PUBLIC WORKS



Brian McDaniel water system manager

Water Meter Inventory

- ▶ Meters and radios are independent
- ▶ Radios have battery life of 10-18 years
- ▶ Variations of radios resulted in upgrade
- ▶ Radios match meter manufacturer permits full functionality
- ▶ Sole Source of Radios, Meters, and Antennas Resolution 3036
- ▶ Radios and meters are purchased annually
- ▶ 3,681 of 9,246 radios have been updated (40%)

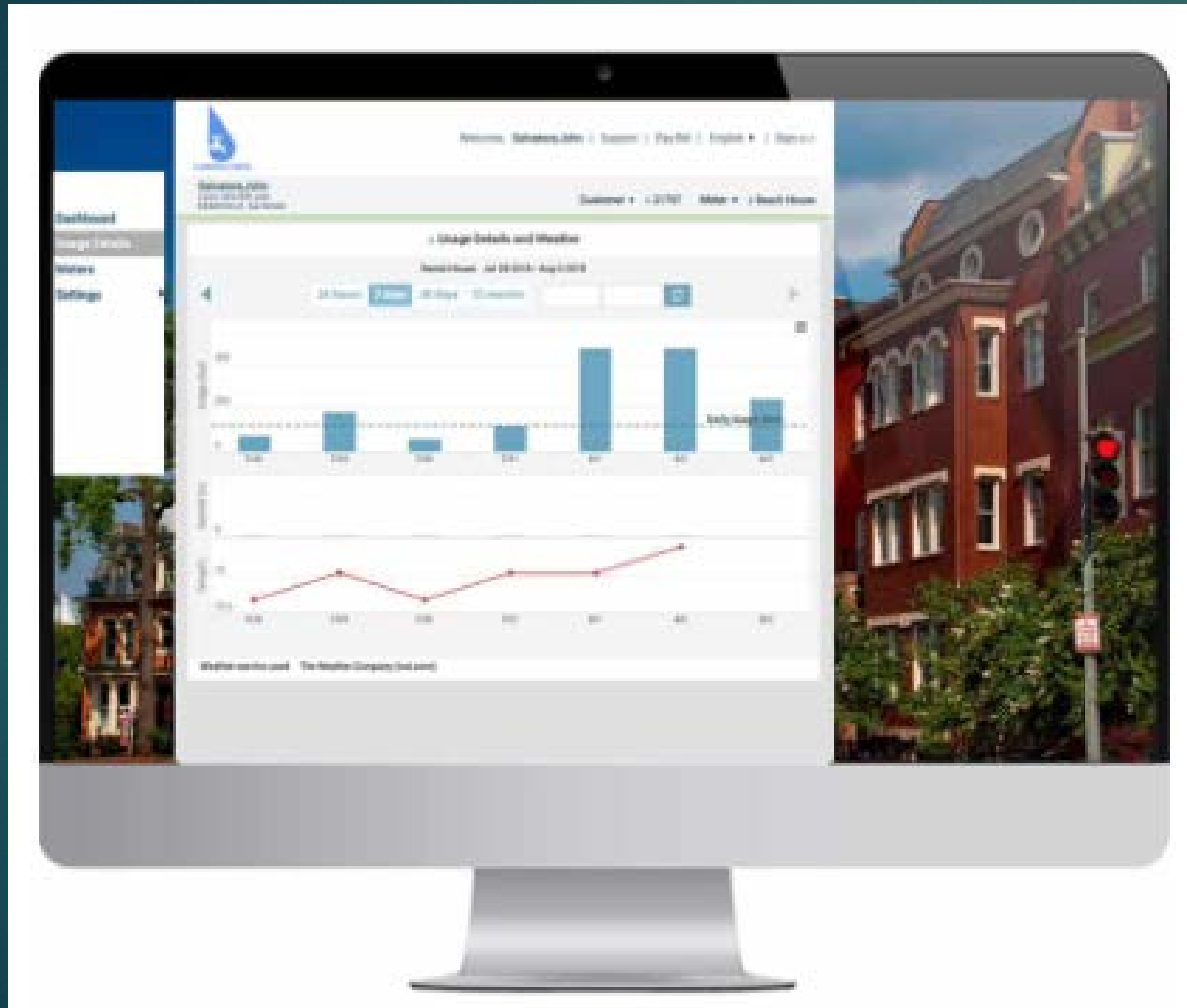


Antenna (Collector Units)



- ▶ City Hall Antenna (Collector) install September 2021(Ferguson/Sensus)
- ▶ Estimate total build out will leverage 5 Antenna Collectors throughout system
- ▶ Soft launch with Industrial and existing users

Software as a Service (SaaS)



- ▶ Software hosts data received from Antenna
- ▶ Software is proprietary to Sensus equipment
- ▶ 5-year agreement
- ▶ Customer portal and data share options

Budget

- ▶ 2021 budget funded \$300,000 to replace radios, meters, and equipment.
- ▶ 2022 – 2027 CFP proposes upgrades and integration and completion 2025
- ▶ SaaS agreement amount assumes full deployment
- ▶ Annual fees are based on number of radios connecting to antenna

City of Anacortes
Project Detail Worksheet
2022-2027 Capital Facilities Plan

Input in White Cells Only

Facility Type:
Click on box / click arrow to select

Please limit responses to size of box

Project Title:

Location:

Description:

Justification:

In Previous CFP? Click on box / click arrow to select

If yes, nature of change from Previous CFP:

Insert and Resize Picture Here



Projected Costs:	2022	2023	2024	2025	2026	2027	Total
Costs by year	\$300,000	\$500,000	\$500,000	\$500,000	\$0	\$0	\$1,800,000
Totals	\$300,000	\$500,000	\$500,000	\$500,000	\$0	\$0	\$1,800,000

FERGUSON
WATERWORKS

FEL PORTLAND WATERWORKS #3011
9129 NORTH TYNDALL AVENUE
PORTLAND, OR 97217-6964

Phone: 503-240-6747
Fax: 503-240-6751

Deliver To: 26070
From: Richie Dixon Jr.
Comments:

13:15:36 JUN 23 2021

FERGUSON WATERWORKS #3011
Price Quotation
Phone: 503-240-6747
Fax: 503-240-6751

COA #21-136-WTR-001
EXHIBIT A

Bid No: B396095
Bid Date: 06/23/21
Quoted By: RAD

Cust Phone: 360-293-1900
Terms: NET 10TH PROX

Ship To: CITY OF ANACORTES
METER ACCOUNT
PO BOX 547
ANACORTES, WA 98221-0547

Job Name: ANACORTES SAAS

	Quantity	Net Price	UM	Total
TUP	1	21325.000	EA	21325.00
IC	1	19046.250	EA	19046.25
& TRAINING	1	4400.000	EA	4400.00
STUDY	1	0.000	EA	0.00
	1	29380.000	EA	29380.00
	1	32803.750	EA	32803.75
	1	34442.500	EA	34442.50
	1	38485.000	EA	38485.00
Net Total:				\$179882.50
Tax:				\$15829.66
Freight:				\$0.00
Total:				\$195712.16

Questions?



Thank You

CITY OF ANACORTES
PUBLIC WORKS



Brian McDaniel water system Manager
Page 119 of 119