

- 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
904 6th Street

March 18, 2024
6:00 PM

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

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Public Works Committee (Report)
 - b. Economic Development Committee (Report)
4. **Public Comment**
5. **Consent Agenda**
 - a. Minutes of March 11, 2024 (Action)
 - b. Approval of claims in the amount of \$947,961.20 (Action)
 - c. Contract Award: Commercial Ave Multimodal Enhancement Channelization Plan - WSDOT Reviews #24-075-TRN-001 (Action)
6. **Other Business**
 - a. * Cap Sante Park Lookout Proposal (Discussion/Possible Action)
 - b. * Fire and Emergency Medical Services 2024 Department Update (Report)
 - c. Resolution 3152: Waiving Competitive Bidding Requirements for WTP Rotork Valve Actuators (Discussion/Action)
 - d. * Ordinance 4075: Amending the Anacortes Municipal Code to establish a definition and add regulations for short-term rentals in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones. (Discussion/Possible Action)
 - e. Contract Award: Manage Detection and Response (MDR) Service #24-016-ITS-001

Per the council rules of procedure, a person who wishes to provide public comment at this meeting may do so:

- *On matters pertaining to a particular agenda item at the invitation of the chair at the time the City Council takes up discussion of that agenda item. Items open for public comment are indicated with an asterisk (*)*
- *On any other matter specifically pertaining to the City of Anacortes during the Public Comment agenda item.*

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.

(Discussion/Action)

7. **Adjournment**

Per the council rules of procedure, a person who wishes to provide public comment at this meeting may do so:

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- *On any other matter specifically pertaining to the City of Anacortes during the Public Comment agenda item.*

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.

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Anacortes City Council

Municipal Building Council Chambers
904 Sixth Street

March 18, 2024
6:00 p.m.

PUBLIC COMMENT SIGN IN SHEET

Per Resolution 3141, citizens wishing to comment on items not on the agenda may do so on any matter specifically pertaining to the City of Anacortes 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. Citizens wishing to speak will please sign in at the back of the Council Chambers prior to the start of the meeting. The Mayor may limit comments to those who have signed in and may limit the time allotted to each speaker to facilitate the orderly progress of the meeting. These rules are intended to promote an orderly system of holding a public hearing or meeting, to give every person who wishes to speak an opportunity to be heard, and to ensure that no individual is embarrassed by exercising his or her right to free speech.

Please print your name legibly so we can recognize you correctly in the minutes. Thank you!

Name

Topic

~~✗~~ Mary LaFleur
~~David Cantelero~~

Short term Rentals
~~Cap Sante~~

~~✗~~ Olson Good

STR

~~✗~~ Cynthia Richardson

Cap Sante

~~✗~~ Jim Oschmann

Cap Sante view project
AND HABITAT FOR HUMANS

LINAM McCORM

✓ KELLE D LIST

HABITAT FOR HOA

✓ PAT GARDNER

Q: PARKING

✓ XIE WU

HABITAT / 7 QUESTION

✓ SUSAN RANNEY

SAFETY / NO CARS / PRIVATE OWNERSHIP
FIRE

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Continue on back of sheet as needed

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(EVERGREEN ISLANDS)

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GARY SEMS?

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JOHN PROSSER

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KATHLEEN FRANKLIN

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KEVIN PRATT

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CYNTHIA RICHARDS

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MARY HECTAR

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Anacortes City Council Minutes - March 11, 2024

Call to Order

Mayor Matt Miller called to order the Anacortes City Council meeting of March 11, 2024 at 6:00 p.m. Councilmembers TJ Fantini, Ryan Walters, Anthony Young, Christine Cleland-McGrath, and Carolyn Moulton were present. Councilmembers Bruce McDougall and Amanda Hubik participated in the meeting remotely via Zoom.

Pledge of Allegiance

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Miller shared an update on the short-term rental issue, including the total number of housing units and vacant units per 2022 census data. He then explained that the proposed Habitat for Humanity project is located in the R2A zone and that the city would assist Habitat for Humanity with a neighborhood meeting before any formal action is taken by the Council, including formal notification of neighbors within 300 feet of the project prior to the meeting taking place. He then announced that the Anacortes Downtown Arch would be installed by the end of March, and provided an R Avenue Improvement Project update.

Finance Committee

Ms. Cleland-McGrath reported from the Finance Committee meeting held March 7th. The topics discussed included the proposed Habitat for Humanity lease and a parcel to be dedicated to a park in that same neighborhood, sales tax receipts, a staffing update, and that there will be no check run on April 8th.

Housing Affordability and Community Services Committee

Ms. Moulton reported from the Housing Affordability and Community Services Committee meeting held March 7th. The topics discussed included a deep dive into the technical aspects of the contract with Volunteers of America for the coordinated entry program.

Planning Committee

Mr. Walters reported from the Planning Committee meeting held earlier in the evening. The topics discussed included the planning processes proposed by the Downtown Anacortes Alliance, including improvements to the downtown street scape, improvements to parking downtown and the connection between Commercial Avenue and the marina via Ninth Street. The committee also discussed a proposed amendment to the Anacortes Cinema lease, SmartGov software implementation, and the coming Comprehensive Plan update.

Public Safety Committee

Mr. Fantini reported from the Public Safety Committee meeting held March 5th. The fire topics discussed included a staffing and training update for new hires and final inspection and delivery of the ladder truck set for May and July respectively. Police topics included a staffing and training update for new hires, a presentation on xylazine and the recent discovery of the substance during enforcement action in Anacortes, and a succession plan for Police Dog T-Bone,

Personnel Committee

Ms. Cleland-McGrath reported from the Personnel Committee held on March 7th. The topics discussed included police recruiting, general recruiting, the replacement for the Enterprise Resource Planning application Eden, re-structuring Museum staffing to create a full-time position, the roll-out of NeoGov online recruiting software, and upcoming diversity, equity and inclusion training for all city staff.

Mr. Young spoke about the recent Women of Anacortes celebration held recently at the Croatian Center. He then added that all seven members of the Council must be kept informed about matters coming before the body

and that the entire Council must be consulted prior to entering into negotiations.

Public Comment

Mayor Miller invited the public to comment on any item not on the agenda.

Linnea McCord of Anacortes spoke about city spending, the federal deficit, private and public debt, and general economic conditions.

Consent Agenda

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

a. Minutes of March 4, 2024

b. Approval of claims in the amount of \$1,544,928.00

The following vouchers/checks were approved for payment:

EFT numbers: 108800 through 108850, total \$1,216,419.29

Check numbers: 108851 through 108868, total \$301,465.39

Wire transfer numbers: 342691 through 343055, total \$27,043.32

c. Special Event Application: Anacortes Waterfront Festival and Car Show

d. Special Event Application: Oyster Run

e. Special Event Application: Gut Run Car Show

Other Business

Anacortes Chamber of Commerce Presentation

Planning, Community, and Economic Development Director John Coleman introduced Anacortes Chamber of Commerce Director Jessica Kiser, who provided an overview of programs funded by Lodging Tax Advisory Committee funds. Marketing and Membership Director Elizabeth Tyler spoke about the advertising budget, print and digital ads, the Experience Anacortes marketing campaign, commercial advertising, maritime strategic plan support, and event survey results, referring to a slide presentation that was included in the packet materials for the meeting.

Discussion topics included:

- Focus on tourism.
- Visitor center issues addressed.
- Digital and commercial advertising.
- Event center or space.
- Impressions and engagement with digital advertising.
- Brochures and QR codes.
- High traffic areas on anacortes.org website.
- Advertising reports on cost versus click.

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

Pat Gardner of Anacortes commented on the Chamber of Commerce events calendar, asking that events for the coming month be visible in further in advance.

Skagit County Update on Skagit Dam Federal Relicensing

City Attorney Darcy Swetnam introduced Commissioner Ron Wesen, Jenna Friebe, Executive Director Skagit Drainage and Irrigation Districts Consortium LLC, Daryl Hamburg, Director of Operations at Skagit County Dike District 17, and Skagit County Chief Civil Attorney Will Honea who presented an update on the Skagit Dam federal re-licensing process, referring to a slide presentation that was included in the packet materials for the meeting.

Discussion topics included:

- November 2021 flood.
- Potential impact of flooding on the Anacortes Water Treatment Plant.
- Tribal pushes for clean water.
- Drawdown process.
- Flood storage and timing of flood events due to climate change.
- Regional equities in the entire Skagit River delta.
- Balancing regional water rights.
- Target date for achieving flood storage.
- Anacortes interests tied to fish passage.

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

Barbara Smart of Anacortes commented on the inclusion of the picture of Diablo Dam in the presentation, suggesting that a picture of Ross Dam would be more appropriate, and the production of hydroelectric power that benefits the region.

Joseph Coomer of Oak Harbor commented on flood control, proposing to maintain reservoirs as dry lakes and that the land owner would be compensated annually to leave it available for flood control. He then spoke about airport, aircraft, and structural design.

Emergency Medical Services Levy Presentation

Fire Chief Bill Harris introduced Skagit County Director of Emergency Medical Services (EMS) Josh Pelonio, who presented an update on the emergency medical services levy renewal process, referring to a slide presentation that was added to the packet materials for the meeting.

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

Wil Houppermans of Anacortes expressed support for the levy.

Connie Russell of Anacortes compared the increase of the rate of this levy to the recent City of Anacortes Public Safety levy lid lift and asked what exactly the increase will mean in terms of services provided.

Discussion topics included:

- The total amount that the current levy and proposed levy would bring into the system.
- How will the levy increase be allocated?
- Funding formula and documentation of how the proposed levy rate was determined.
- Is the increase necessary now versus at a later date in light of economic conditions?
- Is the rate increase immediate or gradual?

- EMS fund management and maintenance.
- Applicability of levy to Emergency Medical Service and use of those funds versus paying for transport.
- Providing specificity to how the increases will actually manifest themselves to the voters.
- Percentage of EMS calls that result in a transport.
- Annual increase of levy over time.
- Consequences if EMS levy does not pass.
- Fiscal impact of levy on the City of Anacortes Fire/EMS.
- Clear communication of public value of the levy increase.
- Detailed EMS fund expense amounts and trends over time.
- www.skagitcounty.net/emslevy

Contract Award: Dedicated Internet Access - NoaNet #24-102-FBR-001

Administrative Services Director Emily Schuh introduced the proposed contract #24-102-FBR-001 with NoaNet for dedicated internet access, referring to a slide presentation that was added to the packet materials for the meeting.

Discussion topics included:

- Extra costs associated with high usage periods.
- How will this contract compare to what is being currently paid?
- Temporary burst above 12 Gbps if needed.
- Geographic diversity of the redundancy between providers.
- Common points of failure.

ANTHONY YOUNG moved, seconded by BRUCE MCDOUGALL, to authorize the mayor to sign contract #24-102-FBR-001 with NoaNet. Vote: Ayes - ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDOUGALL, AMANDA HUBIK, TJ FANTINI. Nays - None. Result: Passed

Contract Award: Stormwater Master Plan Update #24-103-STM-001

Public Works Director Andrew Rheume introduced proposed contract #24-103-STM-001 with Osborn Consulting, Inc. for the Stormwater Master Plan Update.

Discussion topics included:

- Why is consulting necessary?
- Why this consultant?
- Grant from the Department of Ecology.
- Stormwater Master Plan development and approval process.
- Improving plan after 17 years.
- In-person and virtual public engagement.
- List of capital projects that need to be accomplished and then prioritized by the Council.
- Stormwater repair and replacement program.
- Stormwater model.
- Informing the scope of work for parcel development.

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

Marlene Finley of Anacortes and board member of Evergreen Islands asked that there be public engagement throughout the process, asserting that it was not specifically mentioned in the contract.

RYAN WALTERS moved, seconded by CAROLYN MOULTON, to authorize the mayor to sign contract 24-103-STM-001 with Osborn Consulting. Vote: Ayes - ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, AMANDA HUBIK, TJ FANTINI. Nays - None. Result: Passed

Contract Award: Transportation Master Plan #24-098-TRN-001

Public Works Director Andrew Rheume introduced proposed contract #24-098-TRN-001 with Transpo Group to assist the city in updating the Transportation Element of the Comprehensive Plan, detailing the elements of the plan and adding that the same consultant will be accomplishing the update for Skagit County.

Discussion topics included:

- When does the process start?
- Will the process account for projects under consideration?
- Consideration of future growth.
- Multi-modal elements of the plan.
- Unopened right-of-way.
- Funding strategies.
- Integration into Geographic Information System.
- Transportation impact fees.
- Consistency with the entire Comprehensive Plan.

CHRISTINE CLELAND-MCGRATH moved, seconded by ANTHONY YOUNG, to authorize the mayor to sign contract 24-098-TRN-001 with Transpo Group. Vote: Ayes - ANTHONY YOUNG, RYAN WALTERS, CHRISTINE CLELAND-MCGRATH, CAROLYN MOULTON, BRUCE MCDUGALL, AMANDA HUBIK, TJ FANTINI. Nays - None. Result: Passed

Adjournment

There being no further business, at approximately 8:44 p.m. the Anacortes City Council meeting of March 11, 2024 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 March 18, 2024 City Council meeting:

[Download this file in OpenDocument spreadsheet format.](#)

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343349	10/16/2023	JZ2037 L/JZ2037	WASHINGTON STATE DEPARTMENT	CASINO WEST SLOUGH MAINTENANCE	\$ 308.39	wdist
343554	1/1/2024	9170255417	SCHINDLER ELEVATOR CORPORATION	MONTHLY ELEVATOR SERVICE - JANUARY 2024	\$ 688.70	pw1
343579	1/2/2024	1000223472.1	EBSCO INFORMATION SERVICES	EBSCO DATABASE PACKAGE	\$ 5,032.00	publib
343565	1/9/2024	534443810	PERRY FAMILY DENTISTRY	DENTAL COPAY LEOFF 1 RETIREE - LINDQUIST	\$ 138.00	hr
343268	1/24/2024	0165012-IN	SWS EQUIPMENT	PARTS FOR VEHICLE #304	\$ 670.17	dshop
343586	1/31/2024	49936	PACIFIC SECURITY	COURT SECURITY DETAIL - JANUARY 2024	\$ 955.33	court
343561	2/1/2024	9170255728	SCHINDLER ELEVATOR CORPORATION	MONTHLY ELEVATOR SERVICE - FEBRUARY 2024	\$ 688.70	pw1
343578	2/7/2024	INV-US73392	BIBLIOTHECA , LLC	RFID TAGS	\$ 1,350.43	publib
342131	2/12/2024	0165791-IN	SWS EQUIPMENT	PARTS FOR VEHICLE #515	\$ 287.58	dshop
343567	2/14/2024	123051	VECA ELECTRIC & TECHNOLOGIES	UNIT-PRICED ELECTRICAL SERVICES 2024 - WORK AT WTP	\$ 17,563.53	dwtpt
343568	2/16/2024	123098	VECA ELECTRIC & TECHNOLOGIES	UNIT-PRICED ELECTRICAL SERVICES 2024 - WTP FLAG POLE LIGHT	\$ 1,068.08	dwtpt
343569	2/16/2024	ReimbOLeary	O'LEARY, TIMOTHY	LONG TERM CARE PAYMENT REIMBURSEMENT LEOFF1 RETIREE	\$ 396.00	hr
343572	2/20/2024	00080	BLADE CHEVROLET, INC	ERR1012 - 2023 CHEVROLET SILVERADO 2500 FOR STREET/STORM/SEWER	\$ 69,961.89	pw1
343588	2/21/2024	1200603866	HDR ENGINEERING, INC	GENERAL SEWER PLAN - 1/29/24-2/24/24	\$ 4,752.00	dwtpt
343056	2/21/2024	248615-A	HUGHES FIRE EQUIPMENT, INC.	FIRE LADDER TRUCK PURCHASE - PROGRESS PAYMENT	\$ 445,170.00	pw1
343443	2/22/2024	1228	SKAGIT SHOOTING RANGE, LLC	RANGE FOR QUARTER RANGE DAY	\$ 597.30	apd
343432	2/22/2024	7321192-00	TURF STAR WESTERN	PARTS FOR EQUIP #7000	\$ 666.65	dshop
343090	2/23/2024	0029786	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 4,637.60	wdist

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343552	2/23/2024	21863 - 8	H W LOCHNER, INC	PROFESSIONAL PLAN REVIEW CONSULTANT SERVICES - 1/27/24-2/23/24	\$ 3,672.95	pw1
343571	2/23/2024	22409 - 3	H W LOCHNER, INC	CITY ENGINEER OF RECORD FOR STREETS AND STORMWATER - 1/1/24-2/23/24	\$ 1,021.10	pw1
343463	2/26/2024	1020	FIDALGO CLEANING	APD CLEANING & SUPPLIES 2/26-3/10/24	\$ 875.00	apd
343577	2/26/2024	INV795484	L.N. CURTIS & SONS	RESCUE AIR LIFTING BAGS FOR TRUCK 29	\$ 7,655.96	medic
343459	2/26/2024	INVOICE	FBI - NCCA	2024 DUES - FBI NATIONAL COMMAND COURSE - CHIEF FLOYD	\$ 50.00	apd
343574	2/27/2024	120944REV	VECA ELECTRIC & TECHNOLOGIES	UNIT-PRICED ELECTRICAL SERVICES 2024 - BLUE HERON RESERVOIR BLOWER PUMP	\$ 1,274.65	dwtp
343106	2/28/2024	1052590	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 360.86	wdist
343104	2/28/2024	1059559-2	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 645.81	wdist
343105	2/28/2024	1066848	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 891.58	wdist
343103	2/28/2024	1074557-1	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 812.34	wdist
343089	2/28/2024	37535	BRAUN NORTHWEST, INC	PARTS FOR VEHICLE #206	\$ 48.69	dshop
342889	2/28/2024	42753	SKAGIT PUBLISHING LLC	PUBLISH AA-484228	\$ 56.84	pw1
343276	2/28/2024	WP052368	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 695.73	wdist
343585	2/29/2024	0173	SKAGIT COUNTY SOLID WASTE FUND	FEBRUARY TONNAGE HAULED	\$ 86,278.71	dshop
343101	2/29/2024	1049755-2	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 131.23	wdist
343102	2/29/2024	1059549-1	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 541.31	wdist
343100	2/29/2024	1059556-2	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 864.14	wdist
343169	2/29/2024	12736	PETDATA, INC	PETDATA LICENSING FEES FEBRUARY	\$ 500.00	finance
343566	2/29/2024	200164	VANTAGE POINT SOLUTIONS, INC.	CALEA COMPLIANCE SUPPORT - FEBRUARY 2024	\$ 275.00	fiber
343553	2/29/2024	236070	BLYTHE MECHANICAL, INC	HVAC ON-CALL REPAIR SERVICES - REPAIR AT CITY HALL	\$ 369.38	pw1

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343279	2/29/2024	261447	LAKESIDE INDUSTRIES, INC.	WA PARK MAINTENANCE SUPPLIES	\$ 619.64	parks1
343453	2/29/2024	360-293-4900-0912865	ZIPLY FIBER	APD BAC LINE 2/28-3/27/24	\$ 99.10	apd
343452	2/29/2024	360-299-6615-0615165	ZIPLY FIBER	APD 911 LINE 2/28-3/27/24	\$ 86.64	apd
343057	2/29/2024	3PV153	BUD CLARY FORD/HYUNDAI	ERR1008 - 2023 FORD F150 LIGHTNING, BATTERY ELECTRIC VEHICLE (BEV) FOR PARKS	\$ 55,587.81	pw1
343345	2/29/2024	400004080760	PUGET SOUND ENERGY INC	POLE TOPPING CHARGE	\$ 125.00	fiber
343274	2/29/2024	4020121	UTILITIES UNDERGROUND LOCATION	FEBRUARY LOCATE TICKETS	\$ 191.40	dshop
343582	2/29/2024	50324	PACIFIC SECURITY	SECURITY DETAIL - FEB. 2024	\$ 666.93	court
343166	2/29/2024	767	BOYS & GIRLS CLUBS	FUNDING AGREEMENT - LUNCH PROGRAM - FEBRUARY	\$ 360.00	finance
343087	2/29/2024	U2416007223	ICONIX WATERWORKS INC	SUPPLIES FOR WATER MAINTENANCE	\$ 634.20	dshop
343256	3/1/2024	0315439-IN	NELSON-REISNER DISTRIBUTOR INC	INCINERATOR FUEL	\$ 1,721.46	dwwtp
343273	3/1/2024	052-0010-00	CITY OF ANACORTES	OPS 02/01- 02/29/2024	\$ 1,774.90	dshop
343078	3/1/2024	1026	BE ENTERPRISES LLC	2024 JANITORIAL SERVICES - FEBRUARY 2024	\$ 4,327.30	pw1
343080	3/1/2024	1027	BE ENTERPRISES LLC	2024 JANITORIAL SERVICES - AS NEEDED - CITY HALL & SENIOR CENTER	\$ 4,800.00	pw1
343277	3/1/2024	142527	VENTEK INTERNATIONAL	WA PARK PAY STATION MONITORING 3/1-3/31/24	\$ 270.00	parks1
343173	3/1/2024	190-1840-00	CITY OF ANACORTES	WWTP 2024-03-06 JANUARY AND FEBRUARY WWTP	\$ 15,519.79	dwwtp
343457	3/1/2024	5069046201	RICOH USA, INC	S/N C86138600 APD HALLWAY 12/1/23-2/29/24	\$ 51.19	apd
343454	3/1/2024	5069047160	RICOH USA, INC	S/N C86138599 APD FRONT OFFICE COPIES 2/1-2/29/24	\$ 43.73	apd
343466	3/1/2024	770	SKAGIT PUBLIC UTILITY	SUPPLIES FOR WATER MAINTENANCE	\$ 401.69	wdist
343563	3/1/2024	9170255995	SCHINDLER ELEVATOR CORPORATION	MONTHLY ELEVATOR SERVICE - MARCH 2024	\$ 688.70	pw1
343551	3/1/2024	961183068	WILSON DDS, NICHOLAS J	DENTAL SERVICES, LEOFF1 RETIREE, DODGE	\$ 8.00	hr
342783	3/1/2024	FEB 24 CC	THE LAW OFFICE OF	PROSECUTION SERVICES - FEB CC	\$ 1,017.50	attorney
342782	3/1/2024	FEB2024	THE LAW OFFICE OF	PROSECUTION SERVICES - FEBRUARY	\$ 8,500.00	attorney

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343462	3/2/2024	00005W5A83094	UNITED PARCEL SERVICE, INC	UPS SHIPPING CHARGES; WEEK ENDING 3-2-24	\$ 13.92	apd
343261	3/4/2024	0315411-IN	NELSON-REISNER DISTRIBUTOR INC	LUBE OIL	\$ 960.78	dshop
343257	3/4/2024	6002400167	NORTHWEST EDUCATIONAL SERVICE	RENTAL FOR ACADEMY GRADUATION	\$ 460.00	medic
343550	3/4/2024	961183068	WILSON DDS, NICHOLAS J	DENTAL SERVICES, LEOFF1 RETIREE, DODGE	\$ 247.00	hr
343111	3/5/2024	20240305COA	COMPULINK MANAGEMENT CENTER, D/B/A LASERFICHE	LASERFICHE SUPPORT 3/1/2024-2/28/2025	\$ 38,323.36	legal
343267	3/5/2024	20368703	PACWEST MACHINERY, LLC	PARTS FOR EQUIP #4002	\$ 516.27	dshop
343467	3/5/2024	30314729	OFFICE OF MINORITY & WOMEN'S	POLITICAL SUBDIVISION FEE 7/01/23-6/30/2025	\$ 3,083.32	finance
343254	3/5/2024	354130A	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 526.19	pwfac
343255	3/5/2024	354439	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 2,259.60	pwfac
343252	3/5/2024	354621	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 90.28	pwfac
343086	3/5/2024	46687	ZUMAR INDUSTRIES, INC.	SUPPLIES FOR STREET DEPT	\$ 149.74	dshop
343425	3/6/2024	0002008567	CENTRAL WELDING SUPPLY CO, INC	O2 FOR AMBULANCE	\$ 110.12	medic
343430	3/6/2024	026P54364	DOBBS PETERBILT - MARYSVILLE	PARTS FOR VEHICLE #514	\$ 345.70	dshop
343580	3/6/2024	101	SKAGIT COUNTY	INDIGENT SCREENING IN-CUSTODY	\$ 760.00	court
343449	3/6/2024	201139242	CRIMINAL JUSTICE TRAINING	DT INSTRUCTOR TRAINING FEE; DOTZAUER AND RHODES	\$ 1,000.00	apd
343271	3/6/2024	2018699	MILES SAND & GRAVEL CO.	RESTOCKING CITY BUNKERS	\$ 195.84	dshop
343096	3/6/2024	2024-02-AS	GDIXONLAW	PUB DEF CONFL	\$ 140.00	pubdef
343091	3/6/2024	2024-02-BH	GDIXONLAW	PUB DEF CONFL	\$ 400.00	pubdef
343093	3/6/2024	2024-02-DK	GDIXONLAW	PUB DEF CONFL	\$ 240.00	pubdef
343098	3/6/2024	2024-02-HT	GDIXONLAW	PUB DEF CONFL	\$ 390.00	pubdef
343092	3/6/2024	2024-02-JJ	GDIXONLAW	PUB DEF CONFL	\$ 30.00	pubdef
343095	3/6/2024	2024-02-LP	GDIXONLAW	PUB DEF CONFL	\$ 50.00	pubdef
343094	3/6/2024	2024-02-MN	GDIXONLAW	PUB DEF CONFL	\$ 240.00	pubdef
343097	3/6/2024	2024-02-SS	GDIXONLAW	PUB DEF CONFL	\$ 130.00	pubdef
343099	3/6/2024	2024-02-SW	GDIXONLAW	PUB DEF CONFL	\$ 180.00	pubdef
343447	3/6/2024	220013286491	PUGET SOUND ENERGY INC	APD 2/4-3/5/24	\$ 2,735.65	apd
343269	3/6/2024	220013286525	PUGET SOUND ENERGY INC	HEART OF ANACORTES 2/4 TO 3/5/24	\$ 298.98	parks1
343272	3/6/2024	220015523313	PUGET SOUND ENERGY INC	CAR CHARGING STATION: 2/4-3/5/24	\$ 61.78	dshop
343428	3/6/2024	220021901958	PUGET SOUND ENERGY INC	1958 PW TSUNAMI WARNING 2/4-3/5/24	\$ 10.89	dwwtp

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343446	3/6/2024	43149	SKAGIT PUBLISHING LLC	PUBLISH AA-485865	\$ 40.60	pw1
343455	3/6/2024	43150	SKAGIT PUBLISHING LLC	PUBLISH AA-486796	\$ 113.68	plan
343458	3/6/2024	43151	SKAGIT PUBLISHING LLC	PUBLISH AA-486972	\$ 146.16	plan
343460	3/6/2024	43152	SKAGIT PUBLISHING LLC	PUBLISH AA-487576	\$ 174.58	plan
343562	3/6/2024	85272431	BOUND TREE MEDICAL, LLC	AMMONIA TOWELETES	\$ 21.98	medic
343575	3/6/2024	889498	CASCADE COLUMBIA DISTRIBUTION	SODIUM HYPOCHLORITE	\$ 13,416.31	dwtp
343346	3/6/2024	WAFJ43380324	ZIPLY FIBER	ZIPLY FIBER POLE ATTACHMENT FEE, 2024	\$ 85.10	fiber
343247	3/7/2024	00940	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 160.00	pubdef
343249	3/7/2024	00941	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 40.00	pubdef
343248	3/7/2024	00942	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 120.00	pubdef
343172	3/7/2024	00943	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 60.00	pubdef
343246	3/7/2024	00954	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 180.00	pubdef
343171	3/7/2024	00967	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 140.00	pubdef
343250	3/7/2024	00971	CAMPBELL LAW FIRM	PUB DEF CONFL	\$ 170.00	pubdef
343263	3/7/2024	060-0920-00	JEVONS, CECIL	UB Refund Cst #040133	\$ 78.76	finance
343264	3/7/2024	144-5220-00	D'ANGELO, JEFFREY & PENELOPE	UB Refund Cst #043632	\$ 113.87	finance
343444	3/7/2024	2024-002	NORTH WHIDBEY SPORTSMEN'S ASSO	RANGE RENTAL FEES 1/1-12/31/24	\$ 1,400.00	apd
343433	3/7/2024	220013297076	PUGET SOUND ENERGY INC	1100 STATE ROUTE 20 2/6-3/6/24	\$ 14.59	plan
343441	3/7/2024	220013297498	PUGET SOUND ENERGY INC	CASINO DRIVE UNDER TWIN BRIDGE: 2/6-2/29/24	\$ 42.07	dshop
343440	3/7/2024	220022355618	PUGET SOUND ENERGY INC	5618 TSUNAMI SIREN 2/6-3/6/24	\$ 10.89	dwwtp
343265	3/7/2024	230-1850-00	LONG, CHRISTOPHER & MARYAN	UB Refund Cst #065647	\$ 60.35	finance
343354	3/7/2024	235041	CONTROL FACTORS-SEATTLE INC	MAINTENANCE SUPPLIES	\$ 4,101.76	dwwtp
343348	3/7/2024	46709	ZUMAR INDUSTRIES, INC.	SUPPLIES FOR STREET DEPT	\$ 1,244.23	dshop
343464	3/7/2024	52998	KRIEG CONSTRUCTION, INC	CONCRETE DISPOSAL	\$ 133.88	dshop
343260	3/7/2024	7361786863	CARDINAL HEALTH 110, INC.	PHARMA: ADENOSINE, ALBUTEROL	\$ 247.73	medic
343573	3/7/2024	814922	MISTER T'S AWARDS &	NAME BADGES	\$ 237.29	hr
343275	3/7/2024	INV00299651	USA BLUE BOOK	SULFURIC ACID STD, CHLORINE STD, DPD TOTAL & FREE PILLOWS, SWIFTEST DISP, BLUEFF	\$ 929.14	dwtp
343251	3/7/2024	ReimbMiller	MILLER, MATTHEW	TRAVEL REIMBURSEMENT MILLER	\$ 205.82	execc

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
343280	3/8/2024	ReimbNibarger	NIBARGER, TONI	WA PARK CAMPING REFUND	\$ 50.00	parks1
343461	3/9/2024	00005W5A83104	UNITED PARCEL SERVICE, INC	UPS SHIPPING CHARGES; WEEK ENDING 3-9-24	\$ 14.54	apd
343564	3/11/2024	1200603867	HDR ENGINEERING, INC	CITY ENGINEER ON CALL - WATER AND WASTEWATER - 1/28/24-2/24/24	\$ 12,358.15	pw1
343471	3/11/2024	1414209	LIFE ASSIST, INC	CPR BVMS	\$ 565.49	medic
343470	3/11/2024	1414374	LIFE ASSIST, INC	SENSOR ELECTRODES, CONNECTORS	\$ 131.13	medic
343570	3/11/2024	175445975	ULINE, INC.	SORBENT PADS	\$ 111.20	dwtpt
343590	3/11/2024	201139293	CRIMINAL JUSTICE TRAINING	BASIC LAW ENF ACADEMY - MONAGHAN	\$ 4,947.00	apd
343422	3/11/2024	21-043-FIN-001	ANACORTES FAMILY CENTER	FEB AFFORDABLE HOUSING TAX PAYMENT	\$ 33,348.59	finance
343356	3/11/2024	21-221-SEW-0011	BLUE SEAL INC	RETAINAGE RELEASE	\$ 11,490.00	pw1
343421	3/11/2024	21-247-FIN-001	ANACORTES HOUSING AUTHORITY	FEB AFFORDABLE HOUSING TAX PAYMENT	\$ 33,348.59	finance
343424	3/11/2024	23-293-SEW-0011	BLYTHE MECHANICAL, INC	RETAINAGE RELEASE	\$ 1,089.00	pw1
343576	3/11/2024	B18059213	SHI INTERNATIONAL CORP.	DUOSEURITY ANNUAL RENEWAL PLUS ADDITIONAL LICENSES 1/31/24-1/30/2025	\$ 6,963.20	infosys
343465	3/11/2024	DDD-224	NEEL, SIDNEY	REC EVENT SUPPLIES	\$ 550.00	parks1
343437	3/11/2024	INV2794108	COPIERS NORTHWEST, INC	CANON/IRC5560I FINANCE/OPS/WWTP 2/8-3/7/24	\$ 411.50	finance
343468	3/11/2024	INV30553	SEAWESTERN, INC.	10 PAIR SUSPENDERS	\$ 644.20	medic
343429	3/11/2024	RefundWhite	WHITE, TRACY	WA PARK CAMPING REFUND	\$ 10.00	parks1
343456	3/11/2024	wsupest03192024	WASHINGTON STATE DEPARTMENT	WSU PRE-LICENSE REVIEW- TANN	\$ 75.00	dshop
343581	3/12/2024	200000667101	PUGET SOUND ENERGY INC	LIBRARY 1220 10TH 2/6-3/6/2024	\$ 4,207.86	publib
343583	3/12/2024	379245	INTERNATIONAL BELT & RUBBER	MAINTENANCE SUPPLIES - INCINERATOR	\$ 157.87	dwwtp
343591	3/12/2024	9369-2	ANACORTES TOWING, LLC	TOWING; APD CASE 24-A01378	\$ 169.73	apd
343558	3/12/2024	INV2794744	COPIERS NORTHWEST, INC	Canon/IRC5870i/3rd Floor 2/11-03/10/24	\$ 231.33	finance
	Total				\$ 947,961.20	



City Council Agenda Bill

Meeting Date: March 18, 2024 **Agenda Item:** 5.c.

Agenda Item Title: Contract Award: Commercial Ave Multimodal Enhancement Channelization Plan - WSDOT Reviews #24-075-TRN-001

Staff Contact(s): Andrew Rheaume

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

Item Summary: City staff seeks City Council consent to enter into contract with Washington State Department of Transportation (WSDOT) for WSDOT to provide project review services for the channelization plan for the Commercial Avenue Multimodal Enhancement project. The estimated cost is approximately \$65,000.00.

Background:

1. **History:** This channelization plan needs to be completed in order for the City to be able to apply for a TIB grant due April 26th. This grant is to pave Commercial Ave. from 13th Street to 34th Street and replace 80 non-compliant ADA ramps.
2. **Key Terms:**
 - Contract is on a time and materials basis not-to-exceed \$65,000.00.

Budget Impact:

Consultant	WSDOT
Contract Amount	\$65,000.00
Earmarked Funds	\$1,800,000.00
BARS #	104.720.542.30.41
Budget Amendment Required?	No

Previous Action: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign contract 24-075-TRN-001 with Washington State Department of Transportation in the amount of \$65,000.00 to perform the Commercial Avenue Multimodal Enhancement Channelization Plan - WSDOT Reviews.

Alternative Actions: Not approve the contract.

Attachments (listed in order presented):

1. 24-075-TRN-001

Northwest Region/Mount Baker Area
Skagit, Island, San Juan, &
Whatcom Counties
1019 Andis Road
Burlington, WA 98233
360-757-5999
TTY: 1-800-833-6388
www.wsdot.wa.gov

Date: March 7, 2024

Andrew Rheume, Public Works Director
City of Anacortes
904 6th Street
Anacortes, WA 98221

Subject: Commercial Avenue Multimodal Enhancement

Dear Mr. Rheume:

A charge account, **JZ 2216**, has been opened by this office to cover WSDOT's actual costs associated with review of the subject project.

PROJECT TITLE:	Commercial Avenue Multimodal Enhancement
LOCATION:	SR20 Spur, Mile Post 50.59 to 51.87, Skagit County
DESCRIPTION OF CHARGES:	Project Review, permitting and inspection.
TOTAL COST :	Approximately \$65,000.00 [Actual costs may vary. Approval required if costs exceed the estimated cost by more than twenty-five (25) Percent.]

By filling out and signing this form, the applicant agrees to pay the WSDOT costs related to this project. **Please do not send funds at this time, an invoice will be submitted to you each month** with the charges that are incurred. Payment is due within 30 days of receipt of invoice. Interest of 1% per month may be charged on past due accounts.

APPLICANT INFORMATION	
City of Anacortes	(360) 299-1971
Name 904 6 th Street	Phone Number 91-6001227
Billing Address PO Box 547	Federal ID Number or SSN Matt Miller
Suite or Office Number Anacortes, WA, 98221	Authorized Representative (Please Print or Type) Mayor
City, State, Zip code contracts@cityofanacortes.org	Title
E-mail Address	Signature and Date

To avoid delays, please return this completed application as soon as possible, to the following address:

**Washington State Department of Transportation
Development Services
1019 Andis Road
Burlington, WA. 98233**

If you have any questions, please feel free to contact me at (360) 757-5961 or stormer@wsdot.wa.gov.

Sincerely,

Roland Storme, WSDOT/Mount Baker Area Development Services

For Department Use Only		
Roland Storme / 412161	JZ 2216	0910
WSDOT Representative / Org Number	Job Number	Work Op



City Council Agenda Bill

Meeting Date: March 18, **Agenda Item:** 6.a.
2024

Agenda Item Title: Cap Sante Park Lookout Proposal

Staff Contact(s): JONN LUNSFORD

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
JONN LUNSFORD	Presentation

Item Summary: Cap Sante View Point

Budget Impact:

The original LTAC request for the Lookout Project was \$91,900.

Previous Action: The Parks and Recreation Advisory Commission has approved the Lookout Project as in line with Parks and Recreation goals. The Rotary Club applied to the Lodging Tax Advisory Commission for funding. That funding request was approved and sent on to City Council for a vote. Council decided to remove the request from the funding motion and asked that the Parks and Recreation Department and Rotary Club provide a presentation.

Recommended Motion: Approve the funding for 2024 as approved by LTAC.

Alternative Actions: Do not approve the funding request or ask for additional information.

Attachments (listed in order presented):

1. Viewpoint, City Council Brief Feb 2024
2. 04 PLA Cap Sante Cost estimate 9-2023
3. Cap Sante Viewpoint Traffic Study final with attachment_20231117
4. City Council March 18 2024 Project Overview

Rotary Viewpoint at Cap Sante

Anacortes City Council Briefing summary



Accessible • Scenic • Safe • Welcoming

The Anacortes Rotary Club and the Anacortes Parks and Recreation Department have put together a plan for a new viewing platform at the top of Cap Sante that will provide better access for all and create a welcoming, more spacious area offering new opportunities for reflection, rejuvenation and appreciation of nature.

Proposed is an east-facing, 1,950-square-foot viewing platform adjacent to the existing parking lot that will feature panoramic views of Mount Baker and Padilla Bay. Designed to fit the topography of the site with a compact footprint, the ADA accessible, two-tiered platform will have ramps and

seating, and planters to separate the view space from the parking lot. The platform will have interpretive signs that explain the history and natural features of the area.

The plan is in the permitting stage, with construction anticipated to be completed in early fall 2024. The club first started working with the city on the viewpoint in 2018. Rotary has raised more than \$450,000 to date, with the final cost expected to be around \$550,000.

The viewpoint will be the highlight of Anacortes Rotary's work to enhance Cap Sante Park as its Centennial Project. In 2022, 100 years after the club was founded, Rotary and the city completed upgrades to the Rotary Viewpoint Trail, including an enhanced trail entry, new interpretive kiosk signs, directional signposts and improved walking connections from the trailhead near the Anacortes Yacht Club to the summit.

The trail project was an important first step, creating a way for people to park at the base and walk to the top, reducing traffic at the summit.

Location

The roughly 1,950-square-foot platform will be adjacent to the eastern edge of the current parking lot, well away from the rocks people walk out on now. It will not use any of the existing parking space. It will be about 85 feet in length and extend east about 35 feet at the widest point. Situated to match the site topography and feature views of Mount Baker. It will not be visible from downtown.

Blue outline below shows viewpoint location east of parking area



What's There Now?

A rocky slope with blackberry bushes and a few dozen native shrubs. The shrubs will be replaced 2-for-1 in other areas. No live trees will be cut down.

Design

The viewpoint would have a concrete block retaining wall from 2 to 8 feet tall to accommodate the slope. It will be topped with steel guardrails. The enclosed area would then be filled and compacted to the desired grading (ADA compliant), and then capped with a concrete surface.

Access

The ADA accessible, two-tiered platform will have ramps, seating, one adjacent ADA parking space, with three entry points. Ramps will be 6 feet or wider to accommodate two wheelchairs passing.

Features

About 40 feet of two-sided bench seating. (No picnic tables.) Interpretive signs will explain the history and natural features of the area. A entrance monument sign will welcome visitors to Cap Sante. Planters will separate the viewing space from the parking lot.

Cost (Construction budget is attached with this briefing material.)

Rotary expects the project to cost roughly \$550,000. The club has raised more than 80 percent of that total to date. Fundraising is ongoing.

Studies

A critical area study and a traffic/parking study have been completed and are included in the land-use permit application filed with the city.

Permits

Application has been made for a land-use permit from the city. Decision will be made by the Planning Director. Next step would be a building permit application.

Timeline

Permit reviews and approvals complete by Spring 2024, with construction complete by Fall 2024.

Traffic Study summary, (complete study is attached)

The study calls for one additional parking space in the vicinity to meet peak demand. The study forecast 22 additional vehicles coming to the viewpoint on Sunday, and 8 additional vehicles on weekdays.

Trail Linkage, Phase 1 goals, access and traffic reduction

The recently completed Rotary Viewpoint Trail, a half-mile path from the base of Cap Sante near the Anacortes Yacht Club, connects the marina and the downtown to the summit. It was designed to reduce the numbers of car trips to the top of Cap Sante. **See map below.**



Cap Sante Viewpoint

Anacortes, Washington

Pacific Landscape Architecture

Draft Concept X

Probable Costs of Construction

DATE: 09-06-2023

ITEM	QUANTITY	UNIT	COST	TOTAL
Mobilization and Site Prep				
Mobilization	1	LS	\$37,500.00	\$37,500.00
TESC Items	1	LS	\$1,100.00	\$1,100.00
Tree protection fencing and signage	1	LS	\$1,100.00	\$1,100.00
Clearing and grubbing of landscape areas	1,500	SF	\$2.75	\$4,125.00
			subtotal:	\$43,825.00
Paving				
Architectural Paving	1,250	SF	\$33.80	\$42,250.00
ADA Parking Striping and Signage	1	LS	\$1,320.00	\$1,320.00
			subtotal:	\$43,570.00
Site Improvements				
Boulder Relocation	4	EA	\$550.00	\$2,200.00
Poured in Place Conc Retaining Wall (Max Ht 6')	125	LF	\$371.80	\$46,475.00
Structural Wall Connections to Rock	1	LS	\$16,500.00	\$16,500.00
30" Ht. Mortared Stone Wall (Above Ret. Wall)	813	SF	\$93.50	\$75,968.75
18" Ht. Mortared Seat Wall	45	SF	\$134.20	\$6,039.12
Top of Wall Guardrail	125	LF	\$110.00	\$13,750.00
			subtotal:	\$160,932.87
Grading and Drainage				
Earthwork	1	LS	\$16,500.00	\$16,500.00
Structural Backfill	90	CY	\$79.20	\$7,128.00
Wall Footing Drain	125	LF	\$6.88	\$859.38
Trench Drain	125	LF	\$189.20	\$23,650.00
			subtotal:	\$48,137.38
Planting				
Topsoil	4	CY	\$75.00	\$300.00
Compost	2	CY	\$75.00	\$150.00
Mulch	2	CY	\$60.00	\$120.00
Shrubs & Groundcover, Furnish & Install	375	SF	\$3.50	\$1,312.50
Watering per Maintenance Contract - 3 years	3	YR	\$2,200.00	\$6,600.00
			subtotal:	\$8,482.50
Miscellaneous				
Interpretive Signage	4	EA	\$3,120.00	\$12,480.00
			subtotal:	\$12,480.00
Consulting				
Survey	1	LS	\$2,500.00	\$2,500.00
Civil	1	LS	\$6,000.00	\$6,000.00
Geotechnical/Structural	1	LS	\$12,000.00	\$12,000.00
Landscape/Prime Consultant	1	LS	\$32,000.00	\$32,000.00
Permit Fees	1	LS	\$750.00	\$750.00
			subtotal:	\$53,250.00

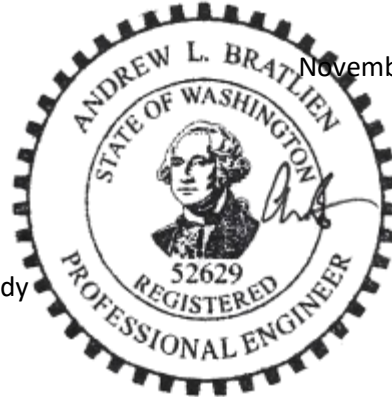
Base Bid Subtotal:	\$370,677.75
Contractor OH&P (10%)	\$37,067.77
Contingency (25%)	\$101,936.38
Sales Tax (8.8%)	\$44,852.01
Total:	\$554,533.91

November 17, 2023

TO: Tom Decker, Anacortes Rotary Club

FROM: Andrew L. Bratlien, PE, PTOE
Daniel Hodun, EIT

SUBJECT: Cap Sante Viewpoint Traffic and Parking Study
Revised November 17, 2023
TSI #223047



This memorandum documents the methods, assumptions, and findings of the traffic and parking analysis for the Cap Sante Viewpoint improvement project, herein referred to as “the Project,” located in Cap Sante Park in Anacortes, Washington.

PROJECT DESCRIPTION

Cap Sante Viewpoint is a scenic lookout located in Cap Sante Park, a 37-acre City park located at the terminus of the V Avenue/W Avenue corridor in Anacortes. The site consists of a paved parking lot surrounded by several lookout locations, viewing benches, and an informational kiosk. Nonmotorized access to the site is provided via the Rotary Viewpoint Trail.

Vehicle parking is provided at the paved summit parking lot and at a lower summit parking pullout located approximately 600 feet north of the viewpoint. Parking for the Rotary Viewpoint Trail is provided at a base area parking lot on the east side of T Avenue south of the Anacortes Yacht Club.

A vicinity map is shown in **Figure 1**.

The Project proposes improvements to include a defined viewing platform with enhanced sight lines, ADA-accessible facilities, and parking improvements.

EXISTING CONDITIONS

Existing Streets and Trails

V Avenue/W Avenue is a north-south local street corridor which begins as V Avenue at 2nd Street to the north of the Project and proceeds to the south, becoming W Avenue approximately 0.3 miles north of the Project. The corridor terminates in a parking lot at the Cap Sante Viewpoint. V Avenue from 4th Street to 5th Street, V Avenue consists of a 24-30-foot paved width. South of 5th Street, the corridor narrows to a 16-20-foot paved width. V Avenue/W Avenue includes no lane markings, shoulders, or dedicated nonmotorized facilities. The posted speed limit is 25 mph.

Rotary Viewpoint Trail is an off-street gravel trail which provides nonmotorized access to the Project site. It begins to the east of Rotary Park and proceeds approximately 1,900 feet to the southeast, terminating at the Cap Sante Viewpoint. The trail includes directional signage and informational kiosks which direct users toward the Cap Sante Viewpoint.



Figure 1. Vicinity Map

Parking Facilities

Off-street parking is provided in three locations in the site vicinity. The summit parking lot includes 14 unmarked parking spaces at the Project site, based on City of Anacortes minimum parking dimensions as defined in Anacortes Municipal Code (AMC) 19.64.050. The lower summit parking pullout located on the southwest side of W Avenue approximately 600 feet north of the site is 37 feet wide, which is sufficient to support four perpendicular parking spaces, based on a minimum perpendicular parking space width of nine feet per AMC 19.64.050. The base area parking for Rotary Viewpoint Trail includes five parking spaces designated for Rotary Viewpoint Trail parking.

In addition to the designated parking facilities described above, overflow parking is available to the public south of the trailhead on T Avenue or at the adjacent Cap Sante Marina parking area west of the trailhead when spaces are open. The Cap Sante Marina parking lot includes approximately 200 parking spaces. A limited number of these parking spaces may be available for public use depending on marina use. Existing parking facilities are summarized in **Table 1**.

Table 1. Existing Parking Facilities

Name	Distance from Project Site	Existing Parking Spaces
Summit Parking	On-site	14 spaces
Lower Summit Parking Pullout	600 feet	4 spaces
Base Area Parking for Rotary Viewpoint Trail	1,900 feet via trail	5 spaces
Existing Parking Supply		23 spaces*
*The Cap Sante Marina parking lot includes approximately 200 parking spaces. A limited number of these parking spaces may be available for public use depending on marina use		

Traffic Volume

Traffic counts were collected on V Avenue south of 4th Street for seven days from Monday, September 18, 2023 through Sunday, September 24, 2023. The street, which serves as the primary vehicle access route to the Project, serves a weekly average of 620 vehicles per day (vpd).

Highway Functional Classification Concepts, Criteria and Procedures (FHWA 2013) provides volume guidance based on roadway functional classification, identifying a typical range of up to 700 vpd for urban local streets. Based on FHWA guidance, V Avenue operates well within the range of typical volumes for local streets.

Traffic Speed

Historical travel speed data for V Avenue/W Avenue from 4th Street to the Cap Sante Viewpoint were acquired from the TomTom Move data platform for the 12-month period from August 2022 through July 2023. This data reflects travel speeds collected from smartphones, GPS units, and other location-enabled devices.

Peak travel speed along the V Avenue/W Avenue corridor occurs between 5th Street and 6th Street, where median travel speed is 21 mph. The 85th percentile travel speed, defined as the speed which is exceeded by no greater than 15 percent of all drivers, is 28 mph on V Avenue between 5th Street and 6th Street. This exceeds the posted 25-mph speed limit by 3 mph.

Safety Performance

Crash data for the V Avenue/W Avenue corridor were obtained from the Washington State Department of Transportation (WSDOT) for the five-year period from 2018 to 2022.

Three crashes were reported in the timeframe, an average frequency of 0.6 crashes per year. All three crashes were single-vehicle incidents involving roadway departure or stationary object collisions. No serious injuries or fatalities were reported. The crash history and travel speed analysis indicates no clear safety concerns on the V Avenue/W Avenue corridor.

FUTURE CONDITIONS

Trip Generation

Project-generated trips were forecast using data published in the Institute of Transportation Engineers (ITE) *Trip Generation Manual, 11th Edition*. Cap Sante Park is consistent with ITE Land Use Code (LUC) #411, "Public Park." The *Trip Generation Manual* includes average trip generation rates for similar uses expressed for several typical time periods as trips per acre. Cap Sante Park consists of a total land area of 37 acres, of which approximately 20 acres is usable by park visitors. The 20-acre usable area includes the Summit and surrounding walkable area, the Rotary Viewpoint Trail, Marine Stadium, Marine Stadium Trail, and both parking areas. This park area was applied to the trip generation forecast.

The trip generation analysis calculated Project-generated trips using average trip rates for LUC #411. Trip forecasts were developed for the average weekday and weekday PM peak hour as well as the average Sunday and the Sunday peak hour, as summarized in **Table 2**. The weekday PM peak hour, defined as the peak one-hour period of travel demand between 4:00 and 6:00 PM on an average non-holiday weekday, generally corresponds with the period of peak travel demand and congestion during a typical week. The Sunday peak hour represents the period of peak travel demand for public parks, which generally corresponds with periods of low demand on adjacent public streets. The trip generation forecasts shown in Table 2 reflect gross trips generated by the improved Cap Sante Viewpoint site.

Table 2. Project Trip Generation Forecast

Time Period	Size	Trip Rate	% In	Trips In	Trips Out	Total Trips
Weekday Daily	20 ac.	0.78/ac	50%	8	8	16
Weekday PM Peak Hour	20 ac.	0.11/ac	55%	1	1	2
Sunday Daily	20 ac.	2.19/ac	50%	22	22	44
Sunday Peak Hour	20 ac.	0.31/ac	39%	2	4	6

The Project site is anticipated to generate a total of 16 weekday daily trips and 44 Sunday daily trips. Peak hour trip generation will occur on Sunday afternoon, when a total of 6 trips will be generated. Project-generated trips will increase daily travel demand on V Avenue/W Avenue by no more than 6.8 percent.

V Avenue/W Avenue currently serves 620 vehicles per day. *Highway Functional Classification Concepts, Criteria and Procedures* (FHWA 2013) identifies a typical volume range of up to 700 vpd for urban local streets. V Avenue/W Avenue will continue to operate within the range of typical volumes for local streets after the addition of Project-generated trips.

Safety Performance

Three crashes were reported between 2018 and 2022 in the Project vicinity. 85th percentile travel speeds on V Avenue between 5th Street and 6th Street are currently less than 5 mph above the 25-mph posted speed limit. Project-generated trips are not anticipated to impact travel speeds; however, speeds may be monitored after Project completion to confirm continued compliance with posted speeds. If speed limit compliance becomes a concern, the City may consider increased enforcement or dynamic speed feedback signs along V Avenue.

Parking Analysis

The Project's peak parking demand was calculated using data published in the ITE *Parking Generation Manual 5th Edition* for Land Use Code #411 "Public Park." ITE provides peak parking rates as trips per acre. Peak parking demand is anticipated to occur on Sunday between 1:00 PM and 3:00 PM, with an average peak parking rate of 1.21 spaces per acre. The Project peak parking demand was calculated as shown below:

$$\text{Peak Parking Demand} = [20 \text{ acres}] * [1.21 \text{ spaces per acre}] = 24 \text{ spaces}$$

The existing parking supply includes a total of 23 dedicated parking spaces, in addition to approximately 200 spaces in the Cap Sante Marina parking lot adjacent to the base area for Rotary Viewpoint Trail.

The parking analysis indicates that, given the existing parking configuration, an average of one vehicle will be required to utilize available overflow parking during periods of peak parking demand. Two possible mitigation strategies exist for accommodating the average weekly peak parking demand in the available dedicated parking facilities:

1. Expand the lower summit parking pullout to provide a minimum 45-foot width, sufficient to accommodate five perpendicular parking spaces, or
2. Expand the base area parking for Rotary Viewpoint Trail to include one additional parking space.

During special events, overflow parking may be accommodated at the adjacent Rotary Park parking lot.

Signage may be installed at the upper and lower summit parking areas to inform users of the available parking at the Rotary Viewpoint Trail.

FINDINGS

The findings of this analysis are summarized below.

- The Cap Sante Viewpoint will generate 16 weekday daily trips and 44 Sunday daily trips.
- V Avenue/W Avenue provides adequate capacity to support Project-generated trips.
- The available dedicated parking will accommodate the average weekly peak parking demand with the addition of one parking space. This space may be provided at the lower summit parking pullout or the base parking area for Rotary Park Trail.
- During special events and other periods of exceptional parking demand, overflow parking may be accommodated at the Rotary Park parking lot.
- No significant crash history exists on V Ave/W Ave from 4th St to the Viewpoint.
- Traffic speeds on V Avenue may be monitored after Project completion to ensure continued compliance with the 25-mph posted speed. If speed limit compliance becomes a concern, the City may consider increased enforcement or dynamic speed feedback signs along V Avenue.

Attachment 1. Traffic Counts.

TRAFFIC COUNT CONSULTANTS, INC.
Team@tc2inc.com
(253) 770-1407

ANACORTES, WASHINGTON
V AVE BETWEEN
4TH ST & 5TH ST
LOC# 01 V TSI23075T

Site Code: 01

Date Start: 18-Sep-23
Date End: 24-Sep-23

Start Time	18-Sep-23		Tue		Wed		Thu		Fri		Sat		Sun		Week Average	
	NB	SB	NB	SB	NB	SB	NB	SB	NB	SB	NB	SB	NB	SB	NB	SB
12:00 AM	3	3	2	1	3	0	0	1	1	1	1	1	1	1	2	1
01:00	3	3	0	0	1	1	0	0	0	0	1	1	2	1	1	1
02:00	0	0	1	2	0	0	0	0	1	1	0	0	1	1	0	1
03:00	0	0	0	0	0	0	0	0	0	0	0	0	1	1	0	0
04:00	1	1	1	0	0	0	0	0	1	0	0	0	0	0	0	0
05:00	2	4	1	0	1	1	2	2	2	1	2	2	0	0	1	1
06:00	7	5	14	4	6	4	8	4	5	3	3	3	2	3	6	4
07:00	13	5	11	8	15	11	8	8	15	10	7	9	5	6	11	8
08:00	15	21	19	21	13	16	14	16	10	14	8	9	12	14	13	16
09:00	24	18	17	18	19	21	17	21	18	25	16	20	11	17	17	20
10:00	21	20	17	19	21	25	17	18	21	20	24	21	23	23	21	21
11:00	19	16	23	24	16	21	18	26	23	28	23	44	24	30	21	27
12:00 PM	29	31	30	28	29	33	34	35	33	29	31	26	23	36	30	31
01:00	25	33	19	24	30	26	29	33	28	31	27	21	39	38	28	29
02:00	25	34	25	22	27	35	30	34	27	31	24	28	38	31	28	31
03:00	23	32	27	34	19	37	28	35	20	27	17	19	18	16	22	29
04:00	14	28	24	36	21	24	21	26	21	25	20	25	25	27	21	27
05:00	16	15	15	18	24	30	21	21	20	13	22	27	17	20	19	21
06:00	8	16	8	10	25	25	15	24	17	31	20	23	15	18	15	21
07:00	16	21	4	8	20	27	19	18	28	25	10	18	11	9	15	18
08:00	7	7	7	6	9	10	12	14	9	13	8	4	4	6	8	9
09:00	9	10	4	7	6	10	8	5	10	3	13	14	1	2	7	7
10:00	7	6	2	0	3	1	3	2	0	3	10	8	6	3	4	3
11:00	1	2	1	3	3	4	0	0	3	3	2	3	1	1	2	2
Lane	288	331	272	293	311	362	304	343	313	339	289	326	280	304	292	328
Day	619	619	565	565	673	673	647	647	652	652	615	615	584	584	620	620
AM Peak	09:00	08:00	11:00	11:00	10:00	10:00	11:00	11:00	11:00	11:00	10:00	11:00	11:00	11:00	10:00	11:00
Vol.	24	21	23	24	21	25	18	26	23	28	24	44	24	30	21	27
PM Peak	12:00	14:00	12:00	16:00	13:00	15:00	12:00	12:00	12:00	13:00	12:00	14:00	13:00	13:00	12:00	12:00
Vol.	29	34	30	36	30	37	34	35	33	31	31	28	39	38	30	31

Comb. Total	619	565	673	647	652	615	584	620
ADT	ADT 622	AADT 622						

Rotary Viewpoint Benefits

Accessible
Safe
Inviting

Anacortes Rotary Viewpoint at Cap Sante



Viewpoint Benefits

Easy access for all park visitors

ADA parking, ramps

Safe, accessible for quiet enjoyment

Easy link to summit trail, connect to base parking



Anacortes Rotary Viewpoint at Cap Sante



Rotary Viewpoint Project Analysis

Critical Areas Study 2023

Traffic/Parking Study 2023

Planning review/permits

Legacy gift to the Anacortes community: Rotary has raised \$455,000 of \$550,000 estimated cost

Viewpoint Features

Visitor Space -
1,950 sq. ft.
85 ft. by 34 feet

View tiers, one at
parking lot level,
another 2 feet lower

Low profile to feature
Mt. Baker views

Interpretive signs

Anacortes Rotary Viewpoint at Cap Sante



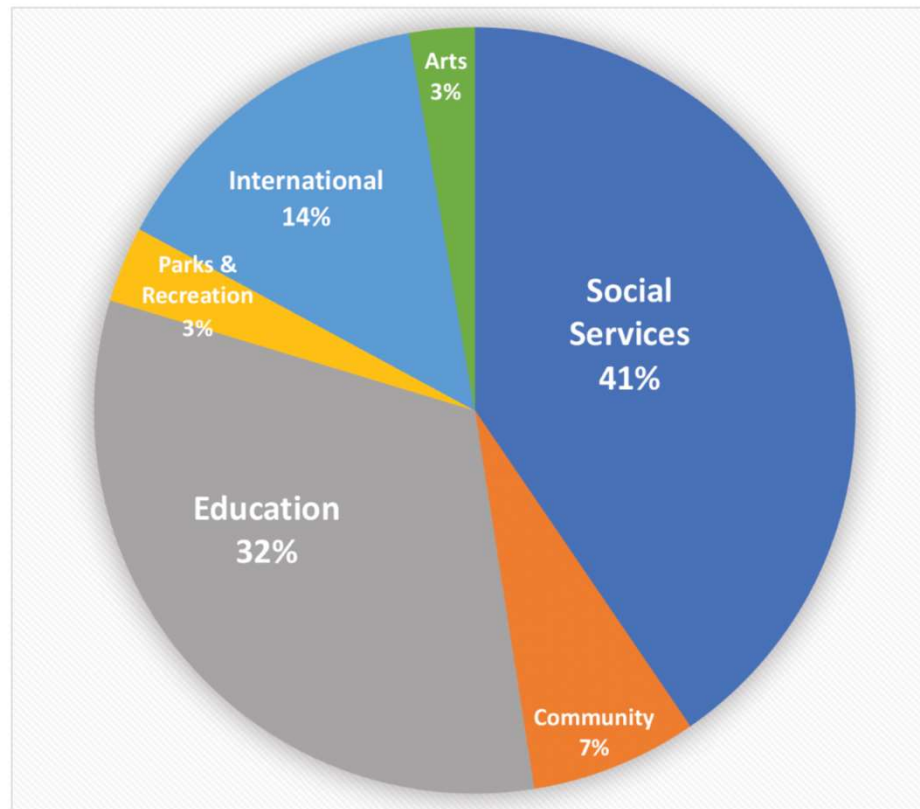


Rotary Trail Complete in 2022

Goals:

- ▶ Encouraging walking to summit
- ▶ Feature parking at the base
- ▶ Easy access from Downtown and Marinas

Rotary's Charitable Giving in Anacortes \$800,000 in Last Decade*



StudentMentalHealth
 Boys&GirlsClub RoboticsClub
 Scholarships FoodToGo
 YouthSailing
 FidalgoDanceWorks Island Hospital
 SalvationArmy ReadyToLearnFair
 AnacortesFamilyCenter
 FidalgoPool MiddleSchoolBand
 KidsAreBestFest
 FoodBanks AVID BarkinthePark
 BroadcastClub
 AnacortesParks&Rec AHSMetalsClub
 AnacortesLibrary SummerIMPACT
 WonderlandWalk American Legion
 CapSanteHighSchool
 ReadingIsFundamental TransitionFidalgo

* Centennial Project Funds Not Included



City Council Agenda Bill

Meeting Date: March 18, **Agenda Item:** 6.b.
2024

Agenda Item Title: Fire and Emergency Medical Services 2024 Department Update

Staff Contact(s): Bill Harris

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
GREG FRANCIOCH	Staff Report
Bill Harris	

Item Summary: Fire and Emergency Medical Services update from Fire / EMS Chief Bill Harris.

Budget Impact:

Previous Action:

Recommended Motion:

Alternative Actions:

Attachments (listed in order presented):

1. AFD 2024 and Beyond



AFD

2024 AND BEYOND

OUR MISSION

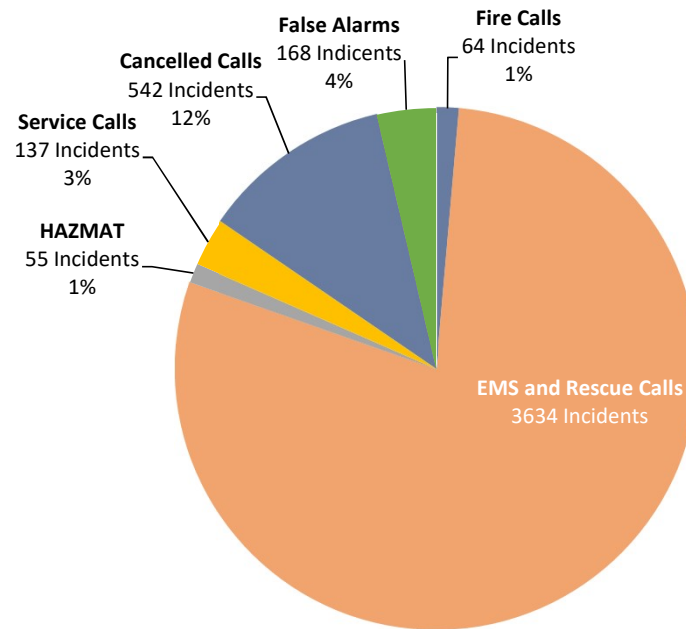
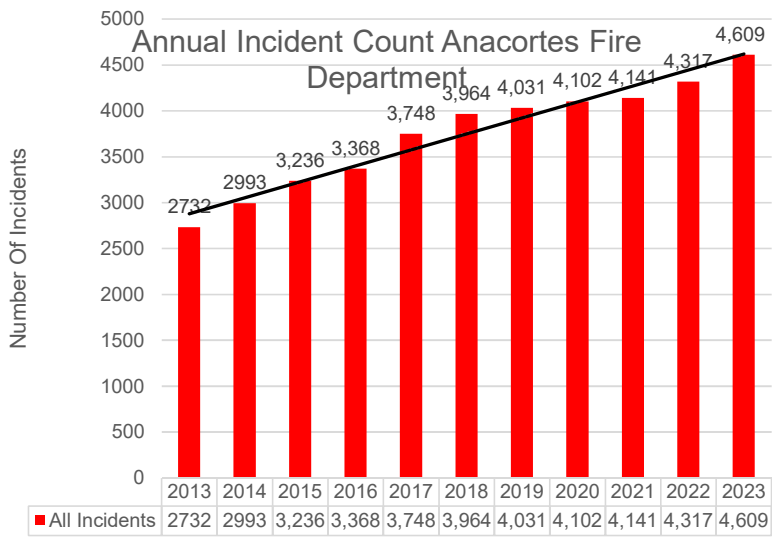
We will serve with HONOR, COURAGE, and COMPASSION. We will accept nothing less than EXCELLENCE in every aspect of our profession, and we will never quit before the mission is complete.





A LOOK BACK AT 2023

CALL VOLUME



NOTABLE EVENTS

- Proposition #1
- Skillbridge
- West Skagit Volunteer Fire Academy
- Calm the Chaos ICS Training
- Rope Rescue Technician Course





2024 GOALS



TRUCK 29



STATE MOB DEPLOYMENTS





AND BEYOND...

EMS LEVY
6-YEAR PLAN
COMPREHENSIVE PLAN

EMS LEVY QUESTIONS

Chiefs and Directors Meetings

Increasing Call Volume

Rising Cost Examples

2020 Ambulance -\$243,000

2025 Ambulance - \$300,000

2019 Fuel Costs - \$23,500

2023 Fuel Costs - \$37,000

2019 EMS Salaries 1.7 Million

2024 EMS Salaries 3.0 Million

(Labor Costs – Increase of Approx. 20% per individual)

1% Annual Increase can't keep up

SERVICE IMPROVEMENTS?

It is proposed that each agency will receive a share based on a formula that will include Population, AV and call volume.

Each agency is contracted to provide EMS service. It is up to us to decide how to accomplish the task.

AFD's proposals will include:

- Capital improvements, such as Improved station alerting systems and adding a 4th Medic Unit to our fleet.
- Personnel to complete the intent of the 2016 6-year plan. (9 shift personnel per day and 1 fire inspector)

COMP/6 YEAR PLANS: LEVEL OF SERVICE

National Standards- Effective Response Force

NFPA 1710 – Career FD Deployment:

Single Family Dwelling -17 Firefighters within 8 minutes

Apartment Building – 28 Firefighters within 8 minutes

EMS – First unit within 5 minutes, ALS within 8 minutes

NFPA 1720 – Combination/Vol FD (Urban):

Single Family Dwelling – 15 Firefighters within 9 minutes

Anacortes Locally Adopted Standard

(based on 2015 data, 3236 calls, population of 16,392)

1st Engine (3 Firefighters) Within 7 minutes 90% of the Time

Effective Response Force of 12 Firefighters within 11 minutes 90% of the time

EMS – Within 5 minutes 90% of the time

Prevention – 1 annual inspection for all occupancies. 2 for high-risk Businesses

AFD RESPONSES 2023

Working Structure Fires

Fire	1st Engine	FF's	11 Minute s	Total
Ferry Terminal Rd	5:40	2	7	7
35th St	4:29	3	6	17
Commercial Ave	3:42	2	16	23
Fircrest Blvd	7:50	3	3	8
29th St	5:11	3	6	6
18th St	3:49	2	7	7
30th St	6:24	3	8	29
J Ave	6:51	4	10	13
	88%	63%	13%	AVG 14

EMS Responses

Year	Under 5 Minutes	Actual 90% Time	Average Time
2021	55%	8:36	5:00
2022	54%	8:16	5:05
2023	60%	8:01	4:40

2023 Inspections - 113 total or 11%

Anacortes Locally Adopted Standards

1st Engine (3 Firefighters) Within 7 minutes 90% of the Time

Effective Response Force of 12 Firefighters within 11 minutes 90% of the time

EMS – Within 5 minutes 90% of the time

Prevention – 1 annual inspection for all occupancies. 2 for high-risk Businesses



THE FUTURE

2031

Projected Call Volume 7073

(53% increase from 2023)

12 Personnel on duty?

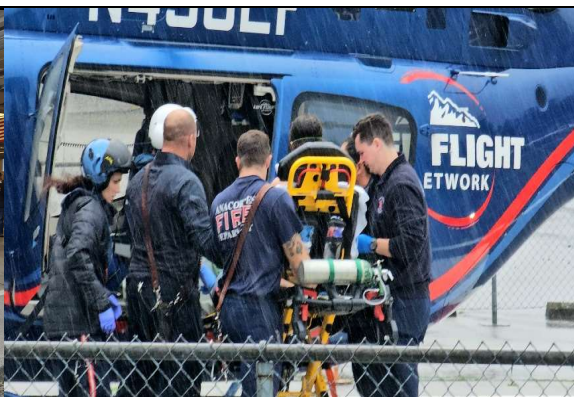
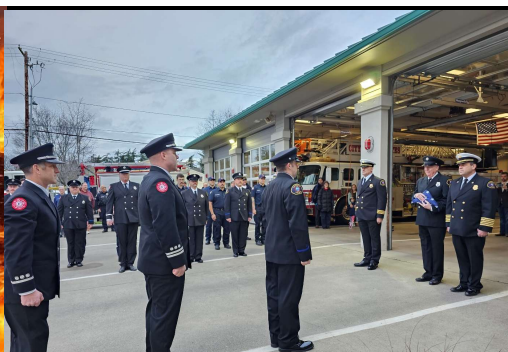
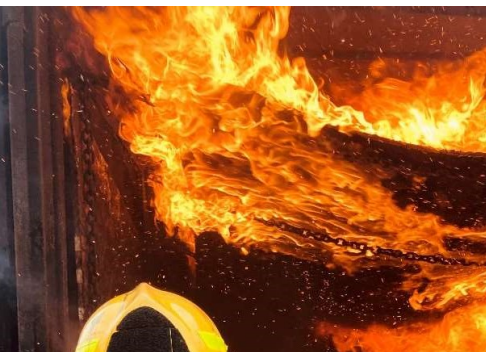
BC Positions?

2nd ambulance at St. 1?

2045

Projected Call Volume 14,968

????



QUESTIONS





City Council Agenda Bill

Meeting Date: March 18, 2024 **Agenda Item:** 6.c.

Agenda Item Title: Resolution 3152: Waiving Competitive Bidding Requirements for WTP Rotork Valve Actuators

Staff Contact(s): Andrew Rheaume, BRIAN MCDANIEL

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
TIFFANY MATSON	Resolution
STEVE HOGLUND	
DARCY SWETNAM	

Item Summary: City staff seeks City Council approval of Resolution 3152 to waive the bidding requirements for the purchase and or replacement of Rotork brand valve actuators, parts, and service, used by the Anacortes Water Treatment Plant.

Background:

- RCW 39.04.280 provides that the City, by resolution, may waive competitive bidding requirements when a purchase is clearly and legitimately limited to a single source of supply, or when the purchase involves special facilities or market conditions.
- A valve actuator is the mechanism for opening and closing a valve and is a critical component of the operation of a water treatment plant.
- The City of Anacortes' Water Treatment Plant has over 100 Rotork brand valve actuators installed and in use in the plant's daily operation, and which are programmed into the plant's operating system.
- Installing a different brand of valve actuators would result in significant additional cost to the City for system-wide reprogramming, staff training, changes in procedures, and maintaining a full stock of spare parts for multiple valve actuators, as well as the very real risk of different valve actuator brands and programming not working together which could impact public safety.
- The parts of Rotork brand valve actuators can only be replaced with Rotork brand parts, and the Rotork brand valve actuators can only be serviced by Rotork Controls' sole authorized manufacturer's representative.
- Beaver Equipment, LLC is Rotork Controls' sole authorized manufacturer's representative in Alaska, Idaho, Oregon, and Washington.
- The current price of a new replacement Rotork valve actuator is approximately

\$16,500.00, and replacement parts range from \$1,000-\$6,000. The City's bid threshold for goods, equipment, materials, and supplies is \$7,500.00.

Budget Impact:

Previous Action: N/A

Recommended Motion: I move that Resolution 3152 be approved authorizing the purchase of Rotork brand valve actuators, parts, and service, used by the Anacortes Water Treatment Plant, and waiving the competitive bidding requirements due to a single source of supply.

Alternative Actions: Not approve the resolution.

Attachments (listed in order presented):

1. Resolution 3152
2. Rotork Factory Authorized Letter - Beaver Equipment 2024

RESOLUTION 3152

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANACORTES, WASHINGTON, waiving the state competitive bidding requirements for the purchase and or replacement of Rotork brand valve actuators, parts, and service, used by the Anacortes Water Treatment Plant, pursuant to RCW 39.04.280.

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

WHEREAS, a valve actuator is the mechanism for opening and closing a valve and is a critical component of the operation of a water treatment plant.; and

WHEREAS, the City of Anacortes' Water Treatment Plant has over 100 Rotork brand valve actuators installed and in use in the plant's daily operation, and which are programmed into the plant's operating system.; and

WHEREAS, installing a different brand of valve actuators would result in significant additional cost to the City for system-wide reprogramming, staff training, changes in procedures, and maintaining a full stock of spare parts for multiple valve actuators, as well as the very real risk of different valve actuator brands and programming not working together which could impact public safety.; and

WHEREAS, the parts of Rotork brand valve actuators can only be replaced with Rotork brand parts, and the Rotork brand valve actuators can only be serviced by Rotork Controls' sole authorized manufacturer's representative.;

WHEREAS, Beaver Equipment, LLC is Rotork Controls' sole authorized manufacturer's representative in Alaska, Idaho, Oregon, and Washington.; and

WHEREAS, the current price of a new replacement Rotork valve actuator is approximately \$16,500.00, and replacement parts range from \$1,000-\$6,000. The City's bid threshold for goods, equipment, materials, and supplies is \$7,500.00.

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

Section 1. The City Council of the City of Anacortes finds that because (1) the Water Treatment Plant has over 100 Rotork brand valve actuators installed and in use in the plant's daily operation, and which are programmed into the plant's operating system, (2) installing a different brand of valve actuators would result in significant additional cost to the City for system-wide reprogramming, staff training, changes in procedures, and maintaining a full stock of spare parts for multiple valve actuators, as well as the very real risk of different valve actuator brands and programming not working together which could impact public safety, (3) the parts of Rotork brand valve actuators can only be replaced with Rotork brand parts, and the Rotork brand valve actuators can only be serviced by Rotork

Controls' sole authorized manufacturer's representative, and (4) Beaver Equipment, LLC is Rotork Controls' sole authorized manufacturer's representative in Alaska, Idaho, Oregon, and Washington, that the City of Anacortes is clearly limited to a single source of supply from Beaver Equipment, LLC, justifying the waiver of competitive bidding requirements.

Section 2. The City Council of the City of Anacortes hereby waives the bidding requirements for the purchase of Rotork brand valve actuators, parts, and service for use by the Anacortes Water Treatment Plant.

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

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

The foregoing resolution was ADOPTED by the City Council of the City of Anacortes, Washington, at a regular, open public meeting thereof this 18th day of March, 2024.

Matt Miller, Mayor

ATTEST:

Steven D. Hoglund, City Clerk/Treasurer

APPROVED AS TO FORM:

Darcy Swetnam, City Attorney



Rotork Controls, Inc.
2180 S. McDowell Blvd., Suite B
Petaluma, California
94954

Tel: +1 707 769 4880
Fax: +1 866 269 9577
www.rotork.com
info@rotork.com

January 5, 2024

Subject: Rotork Controls Authorized Sole Representation Letter

To Whom It May Concern:

The purpose of this letter is to confirm that Beaver Equipment, LLC located in Woodinville, WA is Rotork Controls' sole authorized manufacturer's representative in the Pacific Northwest; Alaska, Idaho, Oregon, and Washington.

As our sole authorized representative, Beaver Equipment is appointed to solicit sales and service of electric, pneumatic, electro-hydraulic and other types of Rotork valve actuators, process control/damper drives and Rotork Pakscan products. In addition, Beaver Equipment is the only authorized company in the Pacific Northwest to provide startup, commissioning and training services for Rotork products.

Please feel free to contact me with any questions.

Thank you,

Andy Fallon

Rotork Controls

Sales Manager

Office (707) 769-4880

Cell (801) 696.4226

E-mail: Andy.Fallon@rotork.com



City Council Agenda Bill

Meeting Date: March 18, 2024 **Agenda Item:** 6.d.

Agenda Item Title: Ordinance 4075: Amending the Anacortes Municipal Code to establish a definition and add regulations for short-term rentals in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones.

Staff Contact(s): LIBBY GRAGE

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
LIBBY GRAGE	Discussion
John Coleman	
STEVE HOGLUND	
DARCY SWETNAM	

Item Summary: Proposed Ordinance 4075 would amend the Anacortes Municipal Code to:

- Add a definition for short-term rentals
- Prohibit new short-term rentals in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones
- Allow existing, licensed short-term rentals to continue operation

The proposed amendments are the result of Ordinances 4046 and 4052, which enacted and extended a moratorium on the establishment of new short-term rentals in the subject zones, and adopted a work plan for development of permanent regulations. The moratorium will expire on March 27, 2024.

The Planning Commission discussed the proposal at their January 24, 2024 regular meeting and held a public hearing on February 28, 2024. After close of the public hearing and deliberation, the Planning Commission recommended approval of the proposed amendments to the City Council.

[AMC 19.16.090 Review by City Council](#) provides the procedures for City Council review of the Planning Commission's recommendation and for taking action on the proposed amendments.

Budget Impact:

No direct impact.

Previous Action: [March 27, 2023 City Council Meeting](#) (adoption of [Ordinance 4046](#), establishing a moratorium)

[May 22, 2023 City Council Meeting](#) (public hearing and adoption of [Ordinance 4052](#), extending the moratorium and adopting a work plan)

[January 24, 2024 Planning Commission workshop](#)

[February 28, 2024 Planning Commission public hearing and recommendation](#)

Recommended Motion: N/A - This is the first read of this ordinance.

Alternative Actions: N/A

Attachments (listed in order presented):

1. DRAFT Ordinance 4075
2. Planning Commission Recommendation
3. Staff Report (2/22/24)
4. Public comments received as of 3/6/24
5. Public Comment Summary & Responses (3/6/24)
6. Public Comment - Goold (3/15/24)
7. Public Comment - Reid and Rutledge (3/16/24)
8. Public Comment - Jones (3/17/24)
9. Public Comment - Farley (3/18/24)
10. Public Comment - Pattee (3/18/24)
11. Public Comment - Turner (3/18/24)
12. Public Comment - Munce (3/18/24)
13. Staff Presentation Slides (2/28/24 PC Public Hearing))
14. Signed DNS
15. Environmental Checklist
16. Ordinance 4052 extending the moratorium and adopting a work plan
17. Ordinance 4046 enacting a moratorium...
18. 20240318-Slides2
19. AZ Central Article - Sedona

Ordinance No. 4075

An Ordinance Amending the Regulations Contained in Anacortes Municipal Code Section AMC 19.41.050 *Principal Uses Permitted in Mixed Use and Industrial Zones* and AMC 19.44.050 *Overnight Lodging* to Add a Definition and Regulations for Short-Term Rentals and to Prohibit New Short-Term Rentals in Commercial, Central Business District, Marine Mixed Use, and Commercial Marine Zones

Whereas on July 18, 2016, the City Council adopted Ordinance 2982 adopting a new Comprehensive Plan pursuant to the City's periodic Growth Management Act Comprehensive Plan amendment and update process; and

Whereas the City of Anacortes adopted new development regulations in 2019 (Ordinance 3040) that, among other things, created new regulations governing permitted uses in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones; and

Whereas the C, CBD, MMU, and CM zones allow both residential development and overnight lodging; and

Whereas use of residential dwelling units as overnight lodging in these mixed-use zones has been the subject of community concern and is contrary to the City's goals of promoting housing development for people who live and work in Anacortes; and

Whereas use of residential dwelling units as overnight lodging in residential zones is already prohibited by AMC 19.41.040; and

Whereas the City Council adopted Ordinance 4046 declaring a moratorium on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period less than 30 days, or establishment of any such use, within a residential dwelling unit within the Commercial, CBD, MMU, and CM zones; and

Whereas the City Council adopted Ordinance 4052 extending the moratorium adopted by Ordinance 4046 and adopting a work plan for development of permanent regulations; and

Whereas the Planning Department prepared draft regulations addressing overnight lodging use of residential dwelling units in accordance with the work plan; and

Whereas the proposed amendments as set forth herein are in the best interest of the City of Anacortes residents; and

Whereas the proposed amendments as set forth herein have been processed, reviewed, considered, and adopted in material compliance with all applicable state and local procedural

requirements, standards and requirements, standards, and criteria, including but not limited to the requirements of Chapter 36.70A RCW.

Whereas a public comment opportunity was provided for the proposed amendments via a written comment period and at the February 28, 2024 Planning Commission meeting public hearing, after which the Planning Commission voted to recommend approval of the amendments;

Whereas the City Council considered the Planning Commission recommendation at meetings on March 18, 2024 and March 25, 2024.

Now, therefore, the City Council of the City of Anacortes does ordain as follows:

Section 1. Findings. The above recitals are hereby adopted by reference as legislative findings in support of this ordinance.

Section 2. Development Regulation Amendments Adopted. The Anacortes Municipal Code at Section 19.41.050 and 19.44.050 are hereby amended to read as shown in **Attachment A.**

Section 3. Transmittal to State. Pursuant to RCW 36.70A.106, a copy of this ordinance shall be submitted to the State Department of Commerce.

Section 4. Severability. If any section, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

Section 5. Effective Date. Consistent with RCW 35A.12.130, this ordinance takes effect 5 days after publication.

PASSED and APPROVED this ____ day of ____ 2024.

CITY OF ANACORTES:

Matt Miller, Mayor

Attest:

Steve Hoglund, City Clerk-Treasurer

Approved as to Form:

Darcy James Swetnam, City Attorney

DRAFT

AMC Ch. 19.41 Allowed Uses is amended as follows:

Table 19.41.050
Principal uses permitted in mixed-use and industrial zones.

Principal Use	CBD	C	MMU	CM	CM2	LM	MS	I	HM	P	AZ	Reference
.....												
Overnight Lodging, <u>except as listed below</u>	P	P	P	P		C						AMC 19.44.050(A)
<u>Short-Term Rental</u>												<u>AMC 19.44.050(D)</u>

AMC Ch. 19.44 Commercial Uses is amended as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category.* Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.
2. Hotel/motel.
3. Short-term rentals.
- ~~3-4.~~ Youth hostel.

B. *Bed and Breakfast.*

1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.
2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.
3. *Requirements.*
 - a. The owner must be the operator of the facility and must reside on the premises.

- b. The owner's quarters and guest rooms must all be in the main building.
- c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
- d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter 19.64 in addition to one parking space per guest room.

C. *Hotel/Motel.*

- 1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. Short-Term Rental

- 1. Definition. "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.
- 2. C, CBD, MMU and CM Zone standards.
 - a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. Youth *Hostel.*

- 1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.



**Anacortes Planning Commission
Recorded Motion
Regulations for Short-Term Rentals in C, CBD, MMU and CM Zones**

Proposal name:	Amend Anacortes Municipal Code to add permanent regulations for short-term rentals
File Number:	LEG-2023-03
Documents available at:	https://www.anacorteswa.gov/1547/Legislative-Planning-Updates
Public hearing body:	Anacortes Planning Commission
Public hearing date:	February 28, 2024
PC deliberations & recommendation:	February 28, 2024

After considering the written and spoken comments and considering the record before it, the Planning Commission enters the following findings of fact, reasons for action, and recommendations to the Anacortes City Council.

Findings of Fact and Reasons for Action

1. The City of Anacortes SEPA Responsible Official issued a Determination of Nonsignificance (DNS) on February 7, 2024.
2. The City notified the State of Washington of its intent to adopt amendments to its development regulations on January 12, 2024, requesting expedited review. The request was granted on January 29, 2024.
3. Public notice of the proposal and the public hearing was provided consistent with AMC 19.16.070, including publication on the Planning, Community & Economic Development Department webpage, email notice to the department's email list, and paid notice in the city's official newspaper.
4. The Planning Commission reviewed the proposal at their regular meeting on January 24, 2024, and held a public hearing on February 28, 2024 to take oral and/or written comments on the proposed amendments.
5. The Planning Commission deliberated and considered all relevant matters including public hearing testimony and written comments, staff recommendations and analysis, legal advice, and consistency with the Anacortes Comprehensive Plan.
6. The Planning Commission recognizes both beneficial and detrimental impacts associated with the use of dwelling units as short-term rentals. For example, short-term rental dwelling units provide flexibility in accommodations for visitors, generate revenue for the

local economy, and can supplement income for property owners/ residents. However, conversion of housing to short-term rental use takes housing off the long-term market, reducing the housing supply and raising housing costs for people who want to live and work in Anacortes.

7. Based upon a review of the public testimony, the staff recommendations and analysis, and legal advice, the Planning Commission finds that the proposed amendments would be consistent with the Anacortes Comprehensive Plan, the City of Anacortes' local regulations and policies, and state law.
8. The proposed amendments would further the Anacortes Comprehensive Plan goals of providing for a sufficient quantity and variety of housing to meet community needs, including housing to address all economic segments of the community.
9. Providing opportunities for owner- or resident-occupied short-term rentals in all of the City's zones could allow owners/residents to supplement their income, increase flexibility in accommodations available to visitors, minimize impacts on neighborhoods, and keep housing available for long-term use.

Recommendation

The Planning Commission recommends that the City Council **adopt** the proposed amendments as presented in **Attachment A**.

Commission Vote	Support	Oppose	Absent	Abstain
Mike Mills	X			
Luke Currier			X	
Paul Ryan		X		
Frank Jeretzky, Vice Chair			X	
Linda Martin, Chair	X			
James Stoneman	X			
William McCombs		X		
Total	3	2	2	0

Additional recommendation:

The Planning Commission recommends that the City Council adopt regulations allowing for owner/resident-occupied short-term rentals in all areas of the City.

Commission Vote	Support	Oppose	Absent	Abstain
Mike Mills	X			
Luke Currier			X	
Paul Ryan	X			
Frank Jeretzky, Vice Chair			X	
Linda Martin, Chair	X			
James Stoneman		X		
William McCombs	X			
Total	4	1	2	0

This recorded motion approved on March 11, 2024.

ANACORTES PLANNING COMMISSION
ANACORTES, WASHINGTON

Linda Martin

Linda Martin, Planning Commission Chair

ATTACHMENT A: DRAFT REGULATIONS

LEG-2023-03: DRAFT amendments addressing short-term rentals in the CBD, C, MMU, and CM zones

PC Recommended Draft – 3/6/24

Proposed amendments to the existing code are shown below in ~~strikeout~~/underline track changes format.

1. Prohibit new short-term rentals in the CBD, C, MMU, and CM zones

Amend AMC Ch. 19.41 Allowed Uses as follows:

Table 19.41.050 Principal uses permitted in mixed-use and industrial zones.												
Principal Use	CBD	C	MMU	CM	CM2	LM	MS	I	HM	P	AZ	Reference

Overnight Lodging, except as listed below	P	P	P	P		C						AMC 19.44.050(A)
Short-Term Rental												AMC 19.44.050(D)

2. Add Short Term Rentals definition to Commercial Use standards

Amend AMC Ch. 19.44 Commercial Uses as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category.* Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.

2. Hotel/motel.

3. Short-term rentals.

3-4. Youth hostel.

B. *Bed and Breakfast.*

1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.

2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.

3. *Requirements.*

- a. The owner must be the operator of the facility and must reside on the premises.
- b. The owner's quarters and guest rooms must all be in the main building.
- c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
- d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter [19.64](#) in addition to one parking space per guest room.

C. *Hotel/Motel.*

1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. *Short-Term Rental*

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.

2. *C, CBD, MMU and CM Zone standards.*

- a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. *Youth Hostel.*

1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.



Planning, Community, & Economic Development Department

904 6th Street / PO Box 547, Anacortes WA 98221

Staff Report

Date: February 22, 2024

From: Planning, Community, and Economic Development Department
Contact: Libby Grage, Planning Manager

Subject: LEG-2023-03: Adding a definition for short-term rentals and regulating the short-term rental of dwelling units in the C, CBD, MMU and CM zones

This staff report has been prepared in advance of the public hearing on this subject to provide background information and analysis that may be useful during consideration of the proposal.

1. SUMMARY

In 2023, City Council adopted Ordinances [4046](#) and [4052](#) enacting and extending a moratorium on the establishment of new overnight lodging use of residential dwelling units in the Commercial (C), Central Business District (CBD), Marine Mixed Use (MMU), and Commercial Marine (CM) zones¹. “Overnight lodging” use is defined as “accommodations arranged for short-term stays (less than 30 days)”. The City Council found that the use of residential dwelling units as overnight lodging in these commercial zones was the subject of community concern and contrary to the City’s goals of promoting housing development for people who live and work in Anacortes.

Ordinance 4052 directed the development of permanent regulations addressing overnight lodging (short-term rental) use of residential dwelling units in the referenced zones. The Planning, Community and Economic Development (PCED) Department has prepared draft proposed amendments for public review and comment.

In summary, PCED’s recommendations are as follows:

1. Add the term “short-term rental” and associated definition to [AMC Ch. 19.44.050 Overnight Lodging](#).
2. Prohibit new short-term rentals in the C, CBD, MMU and CM zones ([AMC Table 19.41.050, Principal uses permitted in mixed-use and industrial zones](#)).
3. Allow continued operation of existing, legally permitted short-term rentals that have maintained a current City business license.

¹ See [Attachment B](#) for a map of affected areas.

See [Section 3, Draft Code Proposal](#), and [Attachment A](#), for full details.

NOTE: Overnight lodging use (short-term rental) of dwellings in Anacortes' residential zones (R1, R2, R3, etc.) has been prohibited since August 2019, except for bed and breakfast establishments, which require the owner to reside at the property, and a conditional use permit in most residential zones. The current proposal does not propose changing the existing regulations for short-term rentals in residential zones.

2. BACKGROUND

While not currently defined in the Anacortes Municipal Code, short-term rentals, also known as vacation rentals, generally refer to an activity in which all or part of a home is rented out for a fee on a temporary basis (typically less than 30 days).

The rise in prevalence of on-line rental platforms over the past approximately 15 years has made short-term rentals more accessible to both hosts and users, resulting in significant growth of the industry. Impacted communities have been challenged to address short-term rentals in a way that best balances their benefits and negative impacts. A community's approach to regulating short-term rentals will depend on its context, goals, and priorities. The table below shows some examples of common policy goals and corresponding approaches to short-term rental regulation.

**Examples of common policy goals for regulating short-term rentals
and possible regulatory approaches²**

Policy Goals	Regulation approach
Prevent the loss of rental housing	Adopt a permit requirement and institute a host residency requirement.
Combat displacement	Adopt a permit requirement and set a quota on the number of STRs that are allowed to operate in a certain zoning district. Consider dedicating some revenue generated from permit fees or taxes to affordable housing or home-ownership programs. Explicitly restrict affordable housing units from being rented out as STRs.
Preserve the residential quality of neighborhoods	Adopt a permit requirement and include a limit to the number of people that can stay in a STR. Require a "Good Neighbor Guide". Set restrictions on the number of STRs that are allowed to operate in a particular neighborhood.
Balance the needs and rights of property owners and neighbors	Adopt a permit requirement and establish a process for revoking permits from properties in violation. Establish a 24/7 hotline that residents can call to report non-emergencies.
Ensure health and safety of guests and residents	Adopt a permit requirement that requires each listing to include a local contact who can be reached at any time. Institute a permanent residency requirement.
Capturing tax revenue	Adopt a permit requirement that will make it easier to identify whether hosts are complying and paying appropriate fees. Use permit and tax revenue to hire additional staff or 3 rd party to monitor compliance.

² Adapted from Short-Term Rental Regulations: A Guide for Local Governments, National League of Cities ([Short-Term Rental Regulations: A Guide for Local Governments - National League of Cities \(nlc.org\)](#))

Support tourism in a balanced way	Adopt a permit requirement and set an annual permit reapplication. Make clear that applications can be denied if regulations change.
Allow for economic gain for residents	Adopt a permit requirement. The permit system should be simple and easy to navigate, especially if the city is trying to encourage more permanent residents to host on a part-time basis.

State and Local Regulatory Framework and Policy Guidance

Washington State

The state of Washington regulates short-term rentals under [RCW 64.37 Short-Term Rentals](#). RCW 64.37 was enacted by the legislature in 2019, in part, to “level the playing field” between traditional hotels and short-term rentals. The law defines short-term rentals, and provides requirements for remittance of applicable taxes (including lodging tax to local jurisdictions), requirements for consumer safety, liability insurance, and platform registration with the Dept. of Revenue.

City of Anacortes

Current regulation of short-term rentals

The City currently regulates short-term rentals as “overnight lodging”, as defined in [AMC 19.44.050](#). AMC Tables [19.41.040](#) and [19.41.050](#) show the zones in which “overnight lodging” is permitted. Overnight lodging, is not currently permitted in residential zones, except that bed and breakfasts (where the owner is the operator and resides on premises) are allowed with a conditional use permit in most residential zones.

Prior to the current moratorium, all types of “overnight lodging” uses were permitted in the C, CBD, MMU and CM zones. The moratorium applies to “any use constituting rental of lodging for a period less than 30 days... within a residential dwelling unit...”. Therefore, the moratorium applies to short-term rentals and bed and breakfasts in the C, CBD, MMU and CM zones.

When permitted, short-term rentals must obtain a City business license pursuant [AMC Ch. 5.04](#), *Business license requirements and fees*.

Historic regulation of short-term rentals and policy background

Prior to 2019, the City did not have specific zoning or land use regulations addressing short-term rentals, except for those qualifying as bed and breakfasts. Rental for less than 30 days of a dwelling that was not a bed and breakfast was generally interpreted to be permitted in most mixed-use and residential zones throughout Anacortes, provided a city business license was obtained.

In 2016, the Anacortes City Council adopted a new [Comprehensive Plan](#) (“2016 Comprehensive Plan”) with goals and policies focused on ensuring that Anacortes has sufficient supply and diversity of housing to meet community members’ evolving needs. Supporting policies include, but are not limited to:

- encouraging preservation of existing affordable housing,

- easing restrictions on construction of new residential development in some mixed-use zones, and
- considering various zoning incentives to help meet housing diversity and affordability goals.

On July 22, 2019, the City Council adopted [Ordinance 3040](#), amending the Anacortes Municipal Code (AMC) development regulations to implement the goals and policies of the 2016 Comprehensive Plan. The amendments did the following:

- Prohibited new overnight lodging/short-term rentals (except bed and breakfasts) in residential zones.
- Added regulations intended to increase housing supply and diversity, such as:
 - Allowing construction of single-purpose residential development within the C, CBD, CM and MMU zones, instead of requiring a commercial use on the first floor; and
 - Adding provisions for development to achieve increased building heights in exchange for public benefits (including affordable housing and small units).

The years 2020 and 2021 saw the permitting and construction of multiple townhouse and multifamily developments utilizing the new development regulations adopted under Ord. 3040. After construction, some of these new units were converted into short-term rental units. This was seen as contrary to the City's housing goals and was one of the reasons for the Council's adoption of the current short-term rental moratorium (Ordinances 4046 & 4052). In addition, some community members felt it was important to ensure that any future housing units achieved through use of bonus incentives remain permanent housing for residents and not be allowed to convert to a short-term rental use.

Anacortes' current short-term rental landscape

Number and type of rentals

In 2021, the Department received data from Granicus.com regarding the short-term rental market in Anacortes. It is important to note that the data discussed below is for the entire City (all zoning designations), whereas the current amendment proposal only involves the C, CBD, MMU and CM zones. According to the city-wide data, in April 2021:

- There were approximately 82 short-term rental listings in Anacortes. *(In 2024, staff estimate approximately 10-20 short-term rentals located in the C, CBD, MMU and CM zones)*
- The median nightly rate was \$156.
- 88% of the listings were single-family homes and 10% were multifamily homes.
- Entire homes made up 86% of the listings, while 14% were partial homes (rooms).

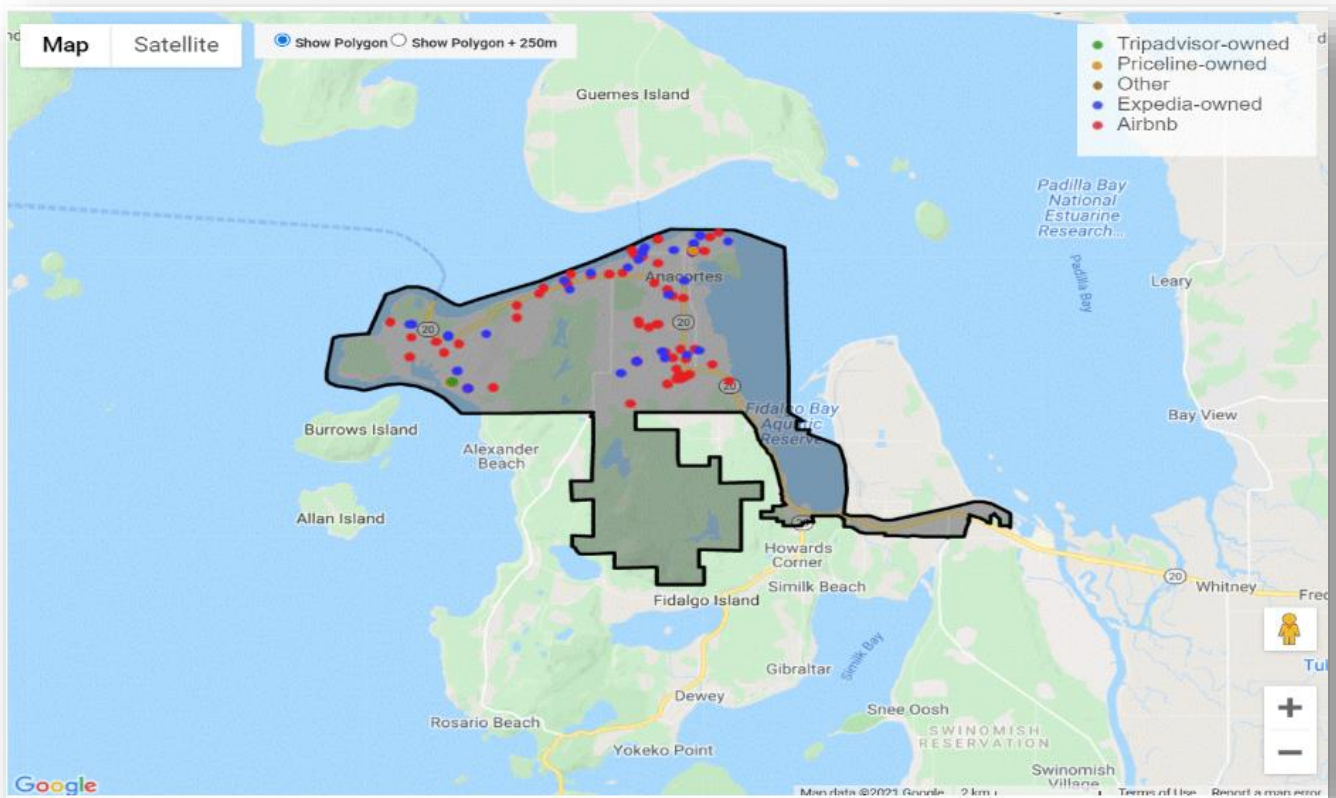


Figure 1. Short-term rentals in Anacortes as of April 2021, *Granicus.com*

Lodging Tax

Owners of property used for the furnishing of lodging, including short-term rentals, must collect and pay retail sales tax on rental charges, as well as any lodging and convention and trade center taxes. Anacortes has levied a lodging tax under [AMC 3.15](#) pursuant to RCW Chapters 68.28 and 82.08. Some of the larger on-line platforms collect and remit these taxes on behalf of property owners. In 2022, the City received a total of \$562,377 in lodging tax and WA state sales tax. \$81,718, or 15%, of that total came from taxes remitted by AirBNB Inc., Homeaway.com Inc., and Vacasa LLC on behalf of Anacortes short-term rental owners.

3. DRAFT CODE PROPOSAL

Key goals & other considerations

To guide the development of permanent regulations for short-term rentals in C, CBD, MMU and CM zones (“the proposal”), the following initial key goals were identified during discussions with the Council Planning Committee:

1. Prevent housing from being taken off the long-term housing market.
2. Preserve the sense of community within existing and future neighborhoods.
3. Allow for economic gain by owners/residents.

Additional items considered by staff in drafting the proposal include:

- Staff resource requirements to administer and enforce any new regulations.
- Impacts on existing short-term rental owners.
- Consistency with GMA housing requirements.
- 2023 Housing Action Plan recommendations.

Code Proposal

The specific proposed text amendments can be found in [Attachment A](#), shown in track changes format within the existing municipal code text.

The proposed code amendments would:

- **Add** the term “short-term rental” and associated definition to [AMC Ch. 19.44.050 Overnight Lodging](#).
 1. Proposed definition: “Short-Term Rental” means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.
- **Prohibit** new short-term rentals in the C, CBD, MMU and CM zones ([AMC Table 19.41.050, Principal uses permitted in mixed-use and industrial zones](#)).
- **Allow** continued operation of existing, legally permitted short-term rentals that have maintained a current City business license.

Analysis

Achieving key goals

Prohibiting new short-term rentals in the C, CBD, MMU and CM zones could help achieve the first two goals by ensuring that existing and future homes are maintained for long-term housing that is needed for people who want to live and work in Anacortes. Allowing continued operation of existing legally established short-term rentals may provide temporary housing options (less than 30 days) for locals in transition, essential workers and visitors seeking an immersive city experience. Bed and breakfasts and dwelling units that are rented for 30 days or more are not considered short-term rentals and would still be allowed, providing opportunities to supplement incomes of property owners.

Staff recommend, as part of a future amendment process, that the bed and breakfast regulations in AMC 19.44.050.B be reviewed to evaluate whether they should be modified to better achieve community goals and expectations.

Staff resource requirements

When considering establishing new regulations and permit requirements, the ability of existing staff to handle the increased work associated with the new requirements should be evaluated. If adopted, the current proposal is not expected to significantly increase staff workload.

Impacts on existing owners

It is difficult to quantify the number of short-term rentals currently operating in the C, CBD, MMU and CM zones, although it is believed that the number is relatively small (between 10 and 20). Staff were able to verify at least 4 of these rentals have an Anacortes business license. Allowing existing, legally permitted short term rentals to continue as long as a valid business license is maintained should help minimize impacts of the new regulations, if adopted, to owners.

In addition, under the proposal, owners of property in the C, CBD, MMU and CM zones could still establish a new bed and breakfast ([AMC 19.44.050.B](#)) in an existing single family residential home, which would allow for economic opportunities while avoiding loss of long-term housing stock (because owners are required to reside on the premises).

Consistency with GMA housing requirements

The way in which the City decides to regulate short-term rentals in the C, CBD, MMU and CM zones will have an impact on Anacortes' ability to meet new mandatory housing planning requirements under the GMA. HB 1220, adopted in 2021, requires communities to plan for and accommodate projected housing needs by income level through 2045. For Anacortes, an additional 2,942 new homes are projected to be needed, with over 50% of those being affordable to households making less than 50% of the Area Median Income (AMI).

Urban Growth Areas	Initial Allocation of Net New Housing Needed (2020-2045)						Total
	0-30% AMI*	31-50% AMI	51-80% AMI	81-100% AMI	101-120% AMI	Above 120% AMI	
Anacortes	924	592	422	226	201	577	2,942

Figure 2. Initial 2045 Housing Allocations for Anacortes (Growth Management Act Steering Committee Resolution 2023-01, December 20, 2023)

The C, CBD, MMU and CM zones are some of the only areas in the City that are currently zoned to allow the types of housing construction likely to be affordable to households earning less than 80% AMC.

Housing units that are converted to short-term rental use are not included in Anacortes' existing supply of permanent housing, thereby increasing the number of net new housing units that will need to be planned for and accommodated to meet the new GMA housing requirements.

Consistency with the Comprehensive Plan

The Comprehensive Plan contains land use, housing, and economic development goals and policies that can help guide decisions about short-term rental regulation in C, CBD, MMU and CM zones. Some of the policies may conflict, spurring community conversations about which should take priority based on current community needs. Goals and policies relevant to this proposal include, but are not limited to, the following:

Policy LU-7.1. Maintain and strengthen downtown as the center for civic, retail, cultural, dining and entertainment activity in Anacortes.

- A. Encourage a mixture of uses downtown, including restaurants, taverns, retail, office, civic, cultural, lodging, and residential uses to support day and evening activities for all ages.
- B. Facilitate more opportunities for people to live downtown through regulatory changes and proactive communication with property owners and the development community.
Key concepts:
 - a. Integrate zoning flexibility to allow single purpose multifamily residential on most side streets.

Policy LU-11.1. Plan for accommodating anticipated growth within the City to protect surrounding forest and parklands, and minimizing sprawl, while strengthening Anacortes's unique marine character and identify.

- A. Provide for residential infill development opportunities throughout the city but focus the highest intensity residential uses close to commercial and community services and transit.

Policy H-1.1. Provide for an adequate supply of appropriately zoned land to accommodate the city's housing growth targets.

Policy H-1.2. Promote a variety of residential densities and housing types in all price ranges to meet a range of housing needs and respond to changing needs and preferences.

Policy H-1.7. Provide for development of multifamily housing in areas close to shopping, employment, services, and public transportation.

Goal H-2. Promote the stability and vitality of residential and mixed use neighborhoods.

Policy H-3.1. Encourage preservation, maintenance, and improvements to existing affordable housing.

Policy H-3.4. Support both rental and ownership forms of housing in a variety of types and sizes.

Policy H-3.8. Require that affordable housing achieved through public incentives or assistance remains affordable for the longest possible term.

Policy ED-1.7. Encourage low-impact home-based businesses in residential areas.

Policy ED-1.10. Support the development of an adequate range of affordable housing opportunities for the local workforce to increase the attractiveness of the city to employers.

Policy ED-2.9. Encourage higher density residential development within and near the Central Business District as support for downtown businesses.

Goal ED-3. Maintain and enhance year round opportunities for sustainable tourism in keeping with the Community's vision.

Policy ED-3.7. Encourage development of expanded lodging options to support overnight stays by tourists and other visitors.

Policy ED-3.11. Promote Downtown Anacortes, including the Central Business District and Cap Sante Marina, the central Fidalgo Bay waterfront and south Commercial Avenue, as visitor destination.

Policy ED-7.1. Provide an efficient, clear and economical permitting process as a means of enhancing the City’s goal for quality customer service.

2023 Housing Action Plan findings and recommendations

A community survey conducted as part of developing the 2023 Housing Action Plan included questions about short-term rental regulations. In the survey, 56% of total respondents were supportive of the concept to “Tighten regulations on vacation rentals to discourage the use of regular housing for tourists.” Below is a bar chart depicting the responses broken up according to renter and owner responses.

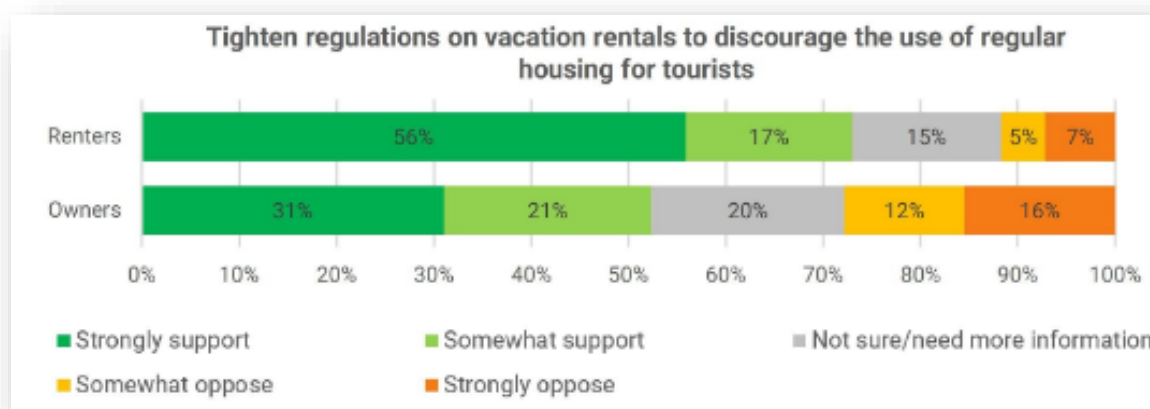


Figure 3. 2023 Anacortes Housing Action Plan

The Housing Action Plan provided a non-exhaustive menu of regulatory options for short-term rentals, recommending relatively light measures given the current number of short-term rentals in Anacortes, with stricter measures possible to enact if problems with short-term rentals continue. Some of the options listed include:

- Define short-term rentals, possibly with differences between accessory, temporary, and commercial types
- Prohibit short-term rentals in multifamily buildings.
- Cap the number of short-term rental business licenses that may be issued, such as 1-3% of total housing units per neighborhood or citywide.

4. PUBLIC COMMENTS

To date, the City has received multiple written comments regarding the initial draft regulations. A summary of these comments and staff responses can be found in [Attachment C](#).

5. PROCEDURAL AND GMA COMPLIANCE

[Anacortes Municipal Code \(AMC\) Chapter 19.16](#) provides the procedures for review of Legislative Actions, including comprehensive plan and development regulation amendments.

SEPA and AMC Ch. 19.16

The following sections demonstrate the City's compliance with the procedural requirements for legislative actions pursuant to local and State requirements:

1. Compliance with the State Environmental Policy Act (Chapter 197-11 WAC, AMC 19.16.060, and AMC 18.04).
 - Staff prepared an environmental checklist for the proposed amendments, dated February 6, 2024.
 - A Determination of Nonsignificance (DNS) was issued based on the environmental checklist on February 7, 2024.
 - Any comments received prior to the close of the public comment period will be provided to the Planning Commission.

Conclusion – The proposed amendments will satisfy local and State SEPA requirements at the conclusion of the comment period.

2. Procedural Compliance with the Growth Management Act (RCW 36.70A.106):
 - The City must notify the Department of Commerce, at least 60 days in advance, of its intent to adopt comprehensive plan and development regulation amendments.
 - The City requested expedited review from the Department of Commerce on January 12, 2024; the request was granted on January 29, 2024 and Growth Management notice to state agency requirements have been met.
 - Staff will file the adopted ordinance(s) with the Department of Commerce within 10 days of the City Council's action.

Conclusion – The proposed amendments will meet the Growth Management Act requirements.

3. Public Notice and Comments (AMC 19.16.070):
 - The City published a Notice of Availability, Public Comment, Public Hearing, and SEPA threshold determination (the Notice) in the Anacortes American on February 7, 2024.
 - The City distributed the Notice to the City's departmental email list, published it on the City's website, placed it on the City Hall bulletin board and provided a copy to the Library for posting on February 7, 2024.
 - Any written comments received prior to the close of the comment period will be presented to the Planning Commissions prior to deliberations.

Conclusion – The City has met the public notice requirements of AMC 19.16.070.

4. Review by the Planning Commission (AMC 19.16.080)
 - The Planning Commission will hold a public hearing on February 28, 2024 at 6:00 pm.
 - The Planning Commission will deliberate and consider the following in making its recommendation:

- a) Public testimony and written comment received during any public comment period.
 - b) Recommendations and analysis from relevant city advisory groups.
 - c) Staff recommendations and analysis.
 - d) Legal advice.
 - e) Consistency of the proposal with the comprehensive plan.
- The Planning Commission will make a recommendation to City Council, which will contain the following:
 - a) Findings of Fact. A list of facts that the planning commission believes to be true and that are relevant to its recommendation on the proposal.
 - b) Reasons for Action. An explanation of the planning commission's rationale in making its recommendation.
 - c) Recommendation. The recommendation resulting from the vote.
 - d) Vote. A record of the roll call vote on the entire recorded motion.
 - e) Additional comments. Other relevant comments, suggestions, or recommendations, not strictly related to the recommendation, that the planning commission desires to include.
 - f) Signature of the chair attesting that the recorded motion reflects the planning commission's decision.

Conclusion – The City will meet the planning commission review requirements of AMC 19.16.080.

6. STAFF RECOMMENDATION

PCED recommends that the Planning Commission hold a public hearing and deliberate on the proposed amendments prior to making a recommendation of approval to the City Council.

7. NEXT STEPS

In accordance with [AMC 19.16.090](#), the City Council will consider the Planning Commission's recommendations and adopt any amendments by ordinance at a future city council meeting.

ATTACHMENT A: DRAFT REGULATIONS

LEG-2023-03: DRAFT amendments addressing short-term rentals in the CBD, C, MMU, and CM zones

1/17/24 Draft

Proposed amendments to the existing code are shown below in ~~strikeout~~/underline track changes format.

1. Prohibit new short-term rentals in the CBD, C, MMU, and CM zones

Amend AMC Ch. 19.41 Allowed Uses as follows:

Table 19.41.050

Principal uses permitted in mixed-use and industrial zones.

Principal Use	CBD	C	MMU	CM	CM2	LM	MS	I	HM	P	AZ	Reference
.....												
Overnight Lodging, <u>except as listed below</u>	P	P	P	P		C						AMC 19.44.050(A)
<u>Short-Term Rental</u>												<u>AMC 19.44.050(D)</u>

2. Add Short Term Rentals definition to Commercial Use standards

Amend AMC Ch. 19.44 Commercial Uses as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category.* Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.

2. Hotel/motel.

3. Short-term rentals.

3-4. Youth hostel.

B. *Bed and Breakfast.*

1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.
2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.
3. *Requirements.*
 - a. The owner must be the operator of the facility and must reside on the premises.
 - b. The owner's quarters and guest rooms must all be in the main building.
 - c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
 - d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter [19.64](#) in addition to one parking space per guest room.

C. *Hotel/Motel.*

1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. Short-Term Rental

2. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.

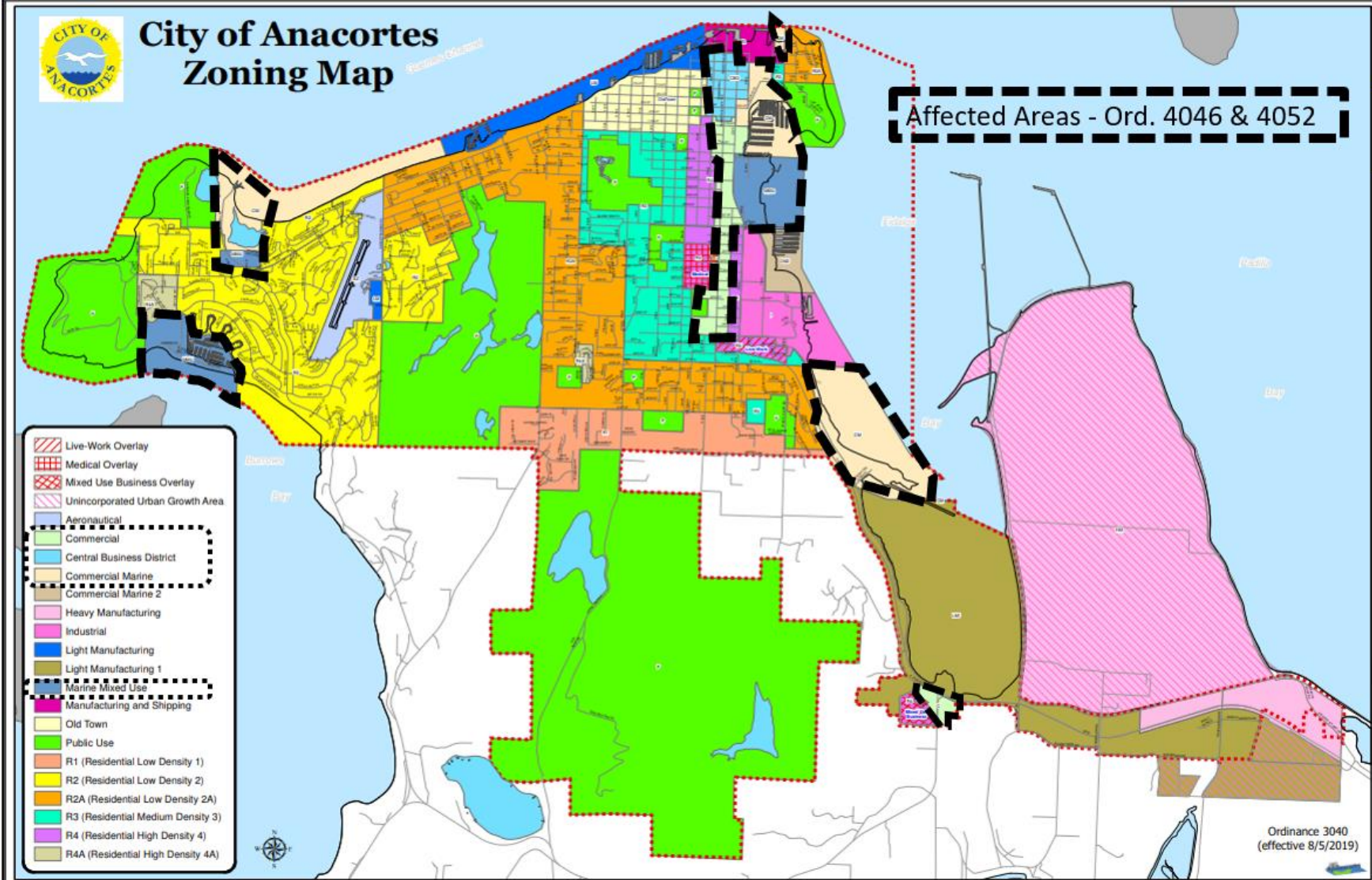
3. C, CBD, MMU and CM Zone standards.

- a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. Youth Hostel.

1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.

ATTACHMENT B: ZONING MAP AND AREAS AFFECTED



ATTACHMENT C: PUBLIC COMMENTS SUMMARY & RESPONSES

Comment #	Commenter Name Date rec'd.	Summarized comments	Staff Response
1	Jason Goold 2/12/24	Comment suggests that the potential adverse impacts to housing accessibility and economic vitality be considered prior to enacting a ban or severe restrictions on STRs.	The current proposal would allow existing legally established short-term rentals to continue to operate provided they maintain a current Anacortes business license. These businesses would continue to pay lodging taxes and provide flexible short-term lodging options for visitors. Staff's research suggests that current and prospective Anacortes residents' accessibility to long-term housing may increase if short-term rentals are prohibited because future units would be devoted to long-term housing.
1.1		Comment notes that there are only approximately 75 STRs operating in the city currently, and states that this is well within the maximum capacity for demand. These properties allow for a healthy housing mix, providing another option for housing without having to sign a long-term lease or living out of a hotel temporarily.	Noted, thank you for your comment.
1.2		Comment provides information about how the short-term rental market self-regulates based on supply and demand dynamics.	Noted, thank you for your comment.
1.3		Comment suggests that the City address the issue of 200+ vacant homes in the City, including incentivizing property owners to rent out or sell those vacant properties, rather than just targeting STRs.	We are aware of communities that have established a vacancy tax to discourage empty housing units (Vancouver, BC, and some CA cities, for example). Additional review and research would need to be conducted to determine City Council interest, and whether this is a viable option under WA state law. SB 5334 is currently working its way through the legislature. This bill would provide local

			government an option for funding of essential affordable housing programs through imposing a special excise tax on the sale of short-term rental lodging facilitated through a short-term rental platform.
1.4		Comment identifies the various clients that may utilize short-term rentals, such as locals in transition, essential workers, and visitors seeking an immersive city experience, who would be enforced into less suitable and more expensive options if STRs are banned.	The current proposal would allow existing legally established short-term rentals to continue to operate provided they maintain a current Anacortes business license, maintaining this option for those needing <30 day accommodations; rental of housing for periods exceeding 30 days would also continue to be allowed.
1.5		Comment references to Washington State Supreme Court rulings that have established that STRs are residential in use, not commercial activities, and notes that overly restrictive regulations may expose the city to legal challenges and potential losses.	Existing legally established short-term rentals could continue to operate under the proposal. Our understanding of the case referenced is that it is related to the interpretation of private covenants restricting use of property. The City attorney will review the proposed regulations to ensure they are consistent with all relevant constitutional and statutory requirements.
1.6		Comment suggests that banning STRs would stifle housing flexibility, discourage developers, and reduce overall housing supply. Notes that policies incentivizing developers to build rental properties, including to all STRs, in suitable locations is imperative and will naturally increase attainable housing.	Staff's research suggests that current and prospective Anacortes residents' accessibility to long-term housing may increase if short-term rentals are prohibited because future units would be devoted to long-term housing. Long-term housing construction has been incentivized through changes in development regulations allowing for more residential development in the C, CBD, MMU and CM zones.

1.7		Comment relays that STR bans in other regions have led to housing price drops and exacerbated shortages due to out-of-state 2 nd home buyers; in addition, such bans have resulted in empty homes (snowbirds), reducing economic activity and introducing new hardship in the community. Notes that some cities have implemented vacant home fees to mitigate these effects, including safety hazards that may arise due to vacant homes.	Noted, thank you for your comments. Also see response to comment #1.3.
1.8		Commenter urges the council to prioritize a free-market approach allowing supply and demand to naturally regulate housing availability and adopt a balanced approach in promoting housing accessibility and economic prosperity.	Noted, thank you for your comments.
1.9		Final note from commenter states that Seattle even allows at least 3 STRs units per interest of an owner/LLC/Corp, and asks whether the planning department can instead choose to approve uses as STRs in tandem with new building permits to address use conditions on high-rise developments. Restricting all of the city for a few developers reduces the pool of developers willing to risk funds to increase our housing inventory.	Noted, thank you for your comments.
2	Brooks Middleton 2/12/24	Commenter is in favor of allowing short term rentals in ALL zones. If the city wants housing built, then building units for short term housing may be a good way to do that. Developers may discover that short term rentals will better cover the cost of development and therefore go ahead with construction. But later on, or a future owner, could decide to change that unit to a longer-term rental due to economic factors or ease of management. If a long-term rental doesn't pencil out, then the housing unit will never get built in the first place. Also, it's possible that with the income of a short-term rental, lower income home buyers may feel more comfortable purchasing property in town.	Noted, thank you for your comments.
3	Jennifer Pascual , 2/15/24	Commenter notes that Courts in other states have ruled that residential rentals, no matter how long the term, are a residential use because the renter uses the home for the same purpose as the owner. The courts have also rejected the argument that short-term rentals are not a residential use because the homeowner earns rental income by renting out his or her home.	See response to comment #1.5.
3.1		Commenter explains that STRs help serve the purpose of local emergent family housing in the event of flooding and states that her family personally took advantage of a short-term rental property for over six months while their home was undergoing repairs.	See response to comment #1.4.

4	Kenna Puppe , 2/14/24	Commenter expresses concern regarding the proposed restrictions on short-term rentals (STRs), noting the crucial role that STRs play in providing flexible housing for the community, and urging consideration of the negative impact that a ban or severe restriction on STRs could have on our city's future, particularly in terms of housing accessibility and economic vitality. <i>(Note: The remaining text of this letter is identical to the comments provided in comment letter #1. See staff responses above.).</i>	See responses to comments #1-1.9.
5	Nate Scott , 2/20/24	Commenter does not think the City of Anacortes should prohibit short term rentals in the C, CBD, and MMU zones, noting that short term rentals provide an alternative to hotel stays in a town or area, and can be the only option for some people who travel with pets or items that need garage storage like mountain bikes, kayaks, boats, etc. Commenter relays personal experience of use of STRs when traveling because it provides space for family and friends, allows separate rooms for kids and adults, allows for making meals, and hanging out as a family or group in a way that hotels cannot accommodate. Commenter states that Anacortes' hotels are already overbooked during high season and that more beds are needed, not less.	Noted, thank you for your comments.
5.1		Commenter understands that loss of available low-income housing is one of the fears, which is overblown at best, because entry level housing is not the ideal short-term rental to begin with. Those investors looking to buy rentals will still buy rentals and just use them for mid-term or long-term rentals. In all of the zones where short-term rentals are currently allowed, the homes can be turned into business use without any City intervention, which of course would completely remove the home from the housing stock – so why penalize homeowners in those areas by removing this use as an option. The affordable housing crisis needs to be solved via more building with less regulation, not more regulation on housing.	Noted, thank you for your comments.
5.2		Commenter believes that if short term rentals are banned in any zone which they are currently allowed if licensed, those currently licensed must be grandfathered in, and notes that this will artificially inflate the values of those who are currently licensed.	See response to comment #1.4.
6	Peter Allen , 2/20/4	The commenter, as a resident of Anacortes and a real estate broker, does not understand the reason for this proposal, and thinks that short term rentals will benefit the Anacortes economy through providing an influx in cash from visitors, including hikers, boaters,	Noted, thank you for your comments.

		fisherman, etc. Commenter also notes that hose short-term renters may turn into long term residents.	
7	Paul Weisz , 2/20/24	Commenter is very much against the proposed ban on rental units of less than 30 days (STR's), thinks it is a terrible idea, and encourages strong reconsideration of such. Commenter notes the ways in which STR's are a benefit to the community and the people who rent them, including: convenience for families or for visiting friends to have a bit more space than a hotel can provide, including the kitchen. Commenter notes many examples of how STRs have been a benefit to clients through 17 years of Real Estate experience in Anacortes, including clients that used STRs for temporary homes while looking for home to purchase, and a client whose home flooded who was able to use an STR to keep their children and pets together while the damage was remediated.	Noted, thank you for your comments.
7.1		Commenter also note the recent sale of a STR with city approval and the proper permits to a friend as an investor and would support litigation in a case where the city should decide to take that option away and or refuse to allow the passing on of this opportunity to future buyers, as the value of the value of the property would be severely impacted.	The current proposal would allow continued operation of legally established STRs, provided they maintain a current business license.
7.2		Commenter wants to understand more about the city's thought on this and does not see it as of any benefit to the city or the housing issues that we face. Commenter is very involved in many of these issues on a local and national level and currently serves as the Vice-chair on the North Puget Sound Association of Realtors Government Affairs Committee. Commenter supports private property rights and would not necessarily be against potential taxes etc on such uses, but is strongly opposed to that which is currently on the table.	Noted, thank you for your comments.
8	Scott Heiner , 2/21/24	Commenter would like the city to just keep its nose out of it and to stop trying to control the use of private property.	Noted, thank you for your comments.
9	Amber Soria , 2/21/24	Commenter feels the proposal to prohibit short term rentals in certain zones is a detriment to the housing crisis and will cause loss in tax revenue.	Noted, thank you for your comments.
9.1		Commenter shares a story of a family that experienced a house fire, had multiple children, animals, worked in Anacortes property and had nowhere to go. The family was able to find a STR that accommodated all of them during the insurance negotiation, saved the family dynamics, allowed the pets to be a part of the healing and gave them hope during their time of need.	See response to comment #1.4.

9.2		Commenter has helped many Military families relocate from different parts of the world with so many obstacles these families face with housing and the STR option has been such a blessing and a gift. Sometimes housing is not ready, sellers need rent backs, and the timing just isn't necessarily in their favor as they show up to do the work that so many of us benefit from. Commenter has also helped nurses and doctors obtain STR housing in a time of crisis when our community is in desperate need of their temporary professional assistance, and refinery specialists, specialty boat and vessel workers from all over the world that need housing in Anacortes, sometimes for less than 30 days.	See response to comment #1.4.
9.3		Commenter owns a vacation rental in HI and is taxed off the top @ an approximate 15% of every stay. Commenter suggests that proper research into the financial benefits of STRs take place, including possible taxing of STRs to fund the building of affordable housing.	Noted, thank you for your comments.
10	Jeff and Stephanie Russell , 2/21/24	Commenter understands that there may be concerns regarding their impact on neighborhoods and housing availability but is in strong support of the continued operation of short-term rentals in the city and urges the careful consideration of the positive impacts that STRs have in the city.	Noted, thank you for your comments.
11	Suzanne Rohner , 2/21/24	Commenter is in vehement opposition to the attempt to place a permanent ban on short term rentals in Anacortes, stating that it represents government overreach at its best. Property owners should not be deprived of the right to use their property as they see fit. Commenter understands there is (what some consider) an urgent need to increase housing in Anacortes and notes that the stated rationale for limiting short term rentals is to increase the supply of long-term rentals and perhaps it will. Commenter is concerned about the overbuilding in Anacortes and feels that an increasing population in a town with limited employment opportunities will not accomplish the goal people living where they work.	Noted, thank you for your comments.
12	Dean Hayes , 2/23/24	Commenter is the owner of three short-term rentals (STR) on Whidbey Island and shares input on what he's seen occur in municipalities that have banned STRs recently and urges consideration of current residents' home values and loss of taxes. Examples provided include South Lake Tahoe, which banned all STRs, resulting in current STR owners listing and selling, reduction in home values due to glut of homes on the market, and 2 nd home	Noted, thank you for your comments.

		buyers buying them. Now the homes are vacant, resulting in a drop in business and loss of revenue to the community and loss of taxes to municipality.	
13	Evergreen Islands , 2/22/24	Commenter notes the mandate from the State Growth Management Act (GMA) for “more housing” and that various approaches to achieve this have been proposed, such as multiple unit homes (triplexes, etc.), high rises, limits on the size of homes being built, accessory dwelling units (ADU’s), co-housing and/or a group of tiny homes with shared amenities like laundry. Commenter agrees with excluding STRs from the list of ways to increase housing.	Noted, thank you for your comments.
13.1		Commenter summarizes the proposed amendments, notes support for the changes, and provides additional reasons for support, including less stringent safety standards for STRs than for hotel/motels, lack of collection of lodging and sales taxes for STRs; impact on local business due to lack of worker housing; parking problems; and loss of the “soul” and character of the community experienced by full time residents as people who are not stakeholders pass through and STRs take over the housing market.	Noted, thank you for your comments.
13.2		Commenter recognizes that there are benefits to visitors, but only when balanced with the issues cited above. In the handout at the Planning Commission meeting of January 24, 2024, it is stated that there may be further regulations proposed around Commenter requests that more effort be devoted to finding out how many B & B’s and STR’s are being operated in the City, including whether they are licensed or not. What are the options for increased revenue generation by the city? Education and enforcement about changes to the AMC code will be key.	Noted, thank you for your comments.
13.3		Commenter suggests consideration of what other cities have done to deal with the issues of STR’s as the issue moves forward: • limited the annual number of days a STR can be used, • banned them entirely, • levied stiff fines for compliance failure, • imposed a cap on the number of STR’s allowed, • prohibited ADU’s from being used as STR’s, • allowed one license per host, • pulled licenses whenever more than 3 complaints about noise, etc. were levied.	Noted, thank you for these suggestions.

Libby Grage

From: Jason Goold <jason@reluty.com>
Sent: Monday, February 12, 2024 3:47 PM
To: CityClerk; City Council; Ryan Walters; Christine Cleland-McGrath; Amanda Hubik; Bruce McDougall; Anthony Young; Carolyn Moulton; Libby Grage; TJ Fantini; Matt Miller; John Hein; Elmira Yekta; Romina Durr; ron wortham; Gregory L. Gilday; April Patterson; James Neilon; Sara Fish; NPSAR Member Services; Amber Soria
Cc: alex.robertson@warealtor.org; bill.clarke@warealtor.org; mary.drury@warealtor.org
Subject: Re: Ordinance 4046 Anacortes WA STR, Please read during Public Comments

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

Esteemed Members of the Anacortes City Council,

I write to express my profound concern regarding the proposed restrictions on short-term rentals (STRs) within our city. With over 14 years of experience managing short-term housing, I've observed firsthand the crucial role that STRs play in providing flexible housing solutions for our community. I implore you to consider the adverse impact that a ban or severe restriction on STRs could have on our city's future, particularly in terms of housing accessibility and economic vitality.

Allow me to present crucial facts:

- **Limited Number of STRs:** Presently, there are only approximately 75 STRs operating within Anacortes city limits, well within the maximum capacity for demand. Many of these properties have already transitioned to longer-term leases due to low demand and lower rental rates caused by recent market conditions. These properties allow for a healthy housing mix, giving our community another option for housing without having to sign a long-term lease or live out of a hotel temporarily while they handle their change of life circumstances.
Market Self-Regulation: The market inherently self-regulates pricing and availability based on supply and demand dynamics. STR owners incur significantly higher expenses, such as utilities, furniture, and landscaping, compared to long-term empty rentals. During periods of low demand, owners naturally switch to mid-term lease options to mitigate losses. The owner's higher level of maintenance enhances the surrounding neighborhood and community. The tenants are able to have an all inclusive rental option without having to buy separate utilities, furniture, decor, maintenance etc., most of the time this is a better cost value to the tenant than traditional rental units.
Alternative Solutions: Rather than targeting STRs, we should address the significant issue of over three times (200+) the number of *vacant homes* compared to STRs in our city. Incentivizing property owners to rent out or sell these vacant properties can alleviate housing shortages without resorting to STR restrictions. STRs offer vital housing inventory to the community.
Diverse Clientele and Needs: Anacortes STRs cater to locals in transition, essential workers, and visitors seeking an immersive city experience. Banning STRs would force these individuals and families into less suitable or more expensive housing options outside the city limits.

Legal Precedent: Washington State Supreme Court rulings have established that STRs are residential in use, not commercial activities. Overly restrictive regulations may expose the city to legal challenges and potential losses. (See case law below)

Economic Impact: Banning STRs would stifle housing flexibility, discourage developers, and reduce overall housing supply. Policies incentivizing developers to build rental properties, including to allow STRs, in suitable locations are imperative and will naturally increase attainable housing. We have already seen over 20+ units disappear due to natural occurring market conditions without the help of any restriction or rule over the last 3 years.

Lessons from Other Regions: STR bans in regions like Arizona led to housing price drops and exacerbated shortages due to out of state 2nd home buyers. Such bans also resulted in empty homes by (snowbirds), reducing economic activity and new hardships in the community. These homes could have been a year-round solution as a temporary housing bridge while permanent housing inventory is created. Some cities have implemented vacant home fees to mitigate these effects, as vacant homes are not only a dangerous safety hazard if unoccupied for fire/water damages and vandalism but reduce temporary housing inventory.

In conclusion, I urge the council to prioritize a free-market approach allowing supply and demand to naturally regulate housing availability. Streamlining the permitting process for developers and incentivizing rental construction can foster a healthier housing market while ensuring quality standards for all rental properties.

Let us learn from other cities and adopt a balanced approach promoting housing accessibility and economic prosperity.

P.S. Seattle City even allows at least 3 STRs units per interest of an owner/LLC/Corp. Can the planning department instead choose to approve uses as STRs in tandem with new building permits to address use conditions on high-rise developments? Restricting all of the city for a few developers reduces the pool of developers willing to risk funds to increase our housing inventory.

In summary, I am readily available to provide my experiences and insights to any members of the city council or the planning department who seek further understanding of the complexities surrounding short-term rentals in Anacortes. With over 14 years of experience managing short/ flexible-term housing, I offer valuable perspectives that can contribute to informed decision-making processes. My commitment to open dialogue and collaboration underscores my dedication to finding sustainable solutions that prioritize the needs of our community. Please feel free to reach out to me at any time for additional information or assistance in navigating this issue.

Wilkinson v. Chiwawa Communities Ass’n. 180 Wn.2d 241, 327 P.3d 614, 616 (2014).

The Supreme Court of Washington held in this case that the short-term vacation rentals of homes were a “residential use” of the home. The Court found that if a vacation renter uses a home “for the purposes of eating, sleeping, and other residential purposes,” this use is residential, not commercial, no matter how short the rental duration.

Another Washington Case

A Washington appellate court made a similar holding in an earlier case, Ross v. Bennett, 148 Wn. App. 40, 51, 203 P.3d 383, 388 (2008), as amended (Jan. 27, 2009). The court in Ross held that a short-term rental is a residential use, and found that the owner's "receipt of rental income either from short or long-term rentals, in no way detracts or changes the residential characteristics of the use by the tenant."

In summary, Washington law has held that a short-term rental of a home is a residential use, and the property may only be used for residential uses, the homeowners are free to rent their property on a short-term basis, as current Washington law supports their decision.

Thank you,



Jason Goold, ABR, AHWD, CRB
Designated Managing Broker

C: [208-703-5978](tel:208-703-5978)

O: 208-333-4434

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From: Jason Goold

Sent: Monday, May 22, 2023 1:34 PM

To: cityclerk@cityofanacortes.org <cityclerk@cityofanacortes.org>; citycouncil@cityofanacortes.org <citycouncil@cityofanacortes.org>; ryanw@cityofanacortes.org <ryanw@cityofanacortes.org>; christinec@cityofanacortes.org <christinec@cityofanacortes.org>; jeremyc@cityofanacortes.org <jeremyc@cityofanacortes.org>; amandah@cityofanacortes.org <amandah@cityofanacortes.org>; brucem@cityofanacortes.org <brucem@cityofanacortes.org>; anthony@cityofanacortes.org <anthony@cityofanacortes.org>; carolynm@cityofanacortes.org <carolynm@cityofanacortes.org>; mattm@cityofanacortes.org <mattm@cityofanacortes.org>

Subject: Ordinance 4046, Please read during Public Comments

To the Honorable Mayor and Anacortes City Council,

Please read the attached, as my statement during Public Comment in tonight's council meeting.

If you have any questions, I am available to assist you with documentation and additional research.

Please vote NO to extend the unwarranted Emergency Moratorium. VOTE NO on Ordinance 4046.

This Ordinance will cause more harm, than create attainable housing which your goal. If you want an emergency, Charge Property owners who leave their properties vacant a tax. Use that tax to build more housing. Vacant properties are more dangerous to public health due to fire, water damage, homeless break ins, squatting etc.

There are more vacant properties in Anacortes than Airbnb's/ short term rentals. There are only about 20 Short-term rental housing units in the Commercial Zone, this is not an Emergency. Please focus on creating more housing not restricting housing.

I am working on collecting additional complaints from the Realtor Association, Government Affairs and Chamber of Commerce Members to show their Nonsupport of this unwarranted Emergency Moratorium, on Short Term Rental Housing.

Thank you,



Jason Goold

Designated Managing Broker

C: 208-703-5978

O: 206-946-9559

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www.Luxsle.com



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Libby Grage

From: Brooks Middleton <brooks@brooksmiddletonarchitect.com>
Sent: Monday, February 12, 2024 12:36 PM
To: Libby Grage
Subject: short term rentals
Attachments: Notice - STRs pub hearing-rev.pdf

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Hi Libby

I just wanted to note that I'm definitely in favor of allowing short term rentals in ALL zones

If the City wants housing built, then building units for short term housing may be a good way do that

Developers may discover that short term rentals will better cover the cost of development and therefore got ahead with construction. But later on they, or a future owner, could decide to change that unit to a longer term rental due to economic factors or ease of management. If a long term rental doesn't pencil out, then the housing unit will never get built in the first place....

Also, it's possible that with the income of a short term rental, lower income home buyers may feel more comfortable purchasing property in town 😊

My two cents

Thank you!

BROOKS MIDDLETON ARCHITECT 2415 T AVENUE SUITE 202 ANACORTES WA 98221 360 293 0106

Libby Grage

From: Kenna Puppe <kenna@reluty.com>
Sent: Wednesday, February 14, 2024 12:27 PM
To: Libby Grage
Subject: Anacortes City Council Proposed Permanent Ban on Short-Term Rentals

**** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. ****

To the Members of the Anacortes City Council,

I write to express my concern regarding the proposed restrictions on short-term rentals (STRs) within our city. In the past nearly two years of managing short term housing, I have witnessed the crucial role that STRs play in providing flexible housing solutions for our community. I strongly encourage you to consider the negative impact that a ban or severe restriction on STRs could have on our city's future, particularly in terms of housing accessibility and economic vitality.

Some crucial facts:

Limited Number of STRs: Presently, there are only approximately 75 STRs operating within Anacortes city limits, well within the maximum capacity for demand. Many of these properties have already transitioned to longer-term leases due to low demand and lower rental rates caused by recent market conditions. These properties allow for a healthy housing mix, giving our community another option for housing without having to sign a long-term lease or live out of a hotel temporarily while they handle their change of life circumstances.

Market Self-Regulation: The market inherently self-regulates pricing and availability based on supply and demand dynamics. STR owners incur significantly higher expenses, such as utilities, furniture, and landscaping, compared to long-term empty rentals. During periods of low demand, owners naturally switch to mid-term lease options to mitigate losses. The owner's higher level of maintenance enhances the surrounding neighborhood and community. The tenants are able to have an all inclusive rental option without having to buy separate utilities, furniture, decor, maintenance etc., most of the time this is a better cost value to the tenant than traditional rental units.

Alternative Solutions: Rather than targeting STRs, we should address the significant issue of over three times (200+) the number of vacant homes compared to STRs in our city. Incentivizing property owners to rent out or sell these vacant properties can alleviate housing shortages without resorting to STR restrictions. STRs offer vital housing inventory to the community.

Diverse Clientele and Needs: Anacortes STRs cater to locals in transition, essential workers, and visitors seeking an immersive city experience. Banning STRs would force these individuals and families into less suitable or more expensive housing options outside the city limits.

Legal Precedent: Washington State Supreme Court rulings have established that STRs are residential in use, not commercial activities. Overly restrictive regulations may expose the city to legal challenges and potential losses. (See case law below)

Economic Impact: Banning STRs would stifle housing flexibility, discourage developers, and reduce overall housing supply. Policies incentivizing developers to build rental properties, including to allow STRs, in suitable locations are imperative and will naturally increase attainable housing. We have already seen over 20+ units disappear due to natural occurring market conditions without the help of any restriction or rule over the last 3 years.

Lessons from Other Regions: STR bans in regions like Arizona led to housing price drops and exacerbated shortages due to out of state 2nd home buyers. Such bans also resulted in empty homes by (snowbirds), reducing economic activity and new hardships in the community. These homes could have been a year-round solution as a temporary housing bridge while permanent housing inventory is created. Some cities have implemented vacant home fees to mitigate these effects, as vacant homes are not only a dangerous safety hazard if unoccupied for fire/water damages and vandalism but reduce temporary housing inventory.

In conclusion, I urge the council to prioritize a free-market approach allowing supply and demand to naturally regulate housing availability. Streamlining the permitting process for developers and incentivizing rental construction can foster a healthier housing market while ensuring quality standards for all rental properties.

Let us learn from other cities and adopt a balanced approach promoting housing accessibility and economic prosperity.

P.S. Seattle City even allows at least 3 STRs units per interest of an owner/LLC/Corp. Can the planning department instead choose to approve uses as STRs in tandem with new building permits to address use conditions on high-rise developments? Restricting all of the city for a few developers reduces the pool of developers willing to risk funds to increase our housing inventory.

Wilkinson v. Chiwawa Communities Ass'n. 180 Wn.2d 241, 327 P.3d 614, 616 (2014).

The Supreme Court of Washington held in this case that the short-term vacation rentals of homes were a "residential use" of the home. The Court found that if a vacation renter uses a home "for the purposes of eating, sleeping, and other residential purposes," this use is residential, not commercial, no matter how short the rental duration.

Another Washington Case

A Washington appellate court made a similar holding in an earlier case, Ross v. Bennett, 148 Wn. App. 40, 51, 203 P.3d 383, 388 (2008), as amended (Jan. 27, 2009). The court in Ross held that a short-term rental is a residential use, and found that the owner's "receipt of rental income either from short or long-term rentals, in no way detracts or changes the residential characteristics of the use by the tenant."

In summary, Washington law has held that a short-term rental of a home is a residential use, and the property may only be used for residential uses, the homeowners are free to rent their property on a short-term basis, as current Washington law supports their decision.

Thank you,

Kenna Puppe
Broker
ReLuTy Corp
360.990.2394
Kenna@ReLuTy.com
ReLuTy.com

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Libby Grage

From: Jennifer Pascual <pascualja643@gmail.com>
Sent: Thursday, February 15, 2024 10:11 AM
To: Libby Grage
Subject: Short term rental ban

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Courts in other states have ruled that residential rentals, no matter how long the term, are a residential use because the renter uses the home for the same purpose as the owner. The courts have also rejected the argument that short-term rentals are not a residential use because the homeowner earns rental income by renting out his or her home. The Maryland Court of Appeals, for example, explained: "While the owner may be receiving rental income, the use of the property is unquestionably 'residential.' The fact that the owner receives rental income is not, in any way, inconsistent with the property being used as a residence."

My stance is keeping with the findings of other courts the homes are still being used as residential properties furthermore they do help to serve the purpose of locale emergent family housing in the event of flooding a not-so-uncommon occurrence in the state of Washington My family personally took advantage of a short-term rental property for over six months while our home was undergoing repairs.

Libby Grage

From: John Coleman
Sent: Thursday, February 22, 2024 5:27 PM
To: Libby Grage
Subject: FW: Short term rentals



*John Coleman, AICP
Director of Planning, Community and
Economic Development
City of Anacortes
360-293-1901*

From: tom flanagan <tomflanagan1@comcast.net>
Sent: Wednesday, February 21, 2024 4:47 PM
To: Luke Currier <lukec@cityofanacortes.org>; Frank Jeretzky <frankj@cityofanacortes.org>; Linda Martin <lindam@cityofanacortes.org>; William McCombs <williamm@cityofanacortes.org>; Mike Mills <mikem@cityofanacortes.org>; Paul Ryan <paulr@cityofanacortes.org>; James Stoneman <jamess@cityofanacortes.org>
Cc: Matt Miller <mattm@cityofanacortes.org>; John Coleman <johnc@cityofanacortes.org>
Subject: Short term rentals

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EVERGREEN ISLANDS

February, 23, 2024

To: Anacortes City Planning Commission

(Michael Mills, Luke Currier, Paul Ryan, Frank Jeretsky,

Linda

Martin, James Stoneman, William McCombs)

Cc: Mayor Matt Miller, John Coleman

Re: Short Term Rentals

Dear Mayor & Commissioners:

With a mandate from the State Growth Management Act (GMA) for “more housing”, the topic has become an oft-repeated mantra. Various approaches are proposed such as multiple unit homes (triplexes, etc.), high rises, limits on the size of homes being built, accessory dwelling units (ADU’s), co-housing and/or a group of tiny homes with shared amenities like laundry.

The City of Anacortes has chosen to exclude short term rentals (STR) from the list – for the simple reason they are not a solution to inadequate housing. Evergreen Islands supports this concept.

With the Proposed Draft Amendments for STR’s, Anacortes is defining and adding them to the list of “Overnight Lodging” in the Anacortes Municipal Code (AMC). Additionally, it is proposing they be disallowed in 4 zones: Commercial (C), Commercial Marine (CM), Central Business District (CBD), Mixed Marine Use (MMU). Again, Evergreen Islands supports these changes. STR’s are already prohibited in all residential zones by omission on the chart in AMC 19.41.040. Bed and Breakfasts (B & B’s), on the other hand, are a permitted use in R4 and R4A; and are “conditionally” allowed in R1, R2, R2A, 3, 3A and OT. The requirements for B & B’s, listed in the AMC, are unaffected by this new amendment. _

Additional reasons for our support of the Draft Amendment are issues with STR’s including:

- safety standards being less stringent than for hotel/motels,
- lodging and sales taxes are not collected to off-set the increased demands on infrastructure (roads, water, sewer) and public safety (police, fire staff, medical facilities),
- commercial businesses are unable to stay open their desired hours due to labor shortages from lack of worker housing,
- parking can become problematic,
- full time residents report losing the “soul” and character of their community as people who are not stakeholders pass through and STR’s take over the housing market.

By the same token, it is recognized there are benefits to visitors, but only when balanced with the issues cited above. In the handout at the Planning Commission meeting of January 24, 2024, it is stated that there may be further regulations proposed around STR's and B & B's. It was also verbally stated the current estimate of licensed B & B's is 10-20 which will be grandfathered in to any new regulations. No number was given for licensed STR's and one wonders why business licensing was even allowed with a ban on STR's in residential areas. Perhaps licensing preceded the ban? In any case, before any future changes are proposed, it is hoped more effort can be devoted to finding out how many actual B & B's and STR's are being operated in the City. Are some currently operating unlicensed? Docked yachts are reportedly being used as STR's. A discussion with the Port of Anacortes might be useful. What are the options for increased revenue generation by the city? Education and enforcement about changes to the AMC code will be key.

The City might consider what other cities have done to deal with the issues of STR's as the issue moves forward:

- limited the annual number of days a STR can be used,
- banned them entirely,
- levied stiff fines for compliance failure,
- imposed a cap on the number of STR's allowed,
- prohibited ADU's from being used as STR's,
- allowed one license per host,
- pulled licenses whenever more than 3 complaints about noise, etc. were levied.

Thank you for the work done by all involved on this Proposed Amendment, as well as for the opportunity to comment on it. Evergreen Island supports it and will continue to follow the issue.

Respectfully yours,

Kathleen Lorence-Flanagan
Evergreen Islands Director

Libby Grage

From: Peter Allen <peter.r.allen@hotmail.com>
Sent: Tuesday, February 20, 2024 1:20 PM
To: Libby Grage
Subject: Proposed Elimination of Short Term Rentals

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As a resident of Anacortes and a real estate broker I do not understand the reason for this proposal. While I do not have the specific revenue figures at hand, I would think that short term rentals will benefit the Anacortes economy. Our city is an attractive location for hikers, boaters, fisherman etc. If people are allowed to arrange short term rentals it will provide not only an influx of cash to local businesses but may, in the longer term, turn those short-term renters into long term residents.

Peter Allen
2002 Kansas Avenue
Anacortes, WA

Libby Grage

From: Nate Scott <nscott@windermere.com>
Sent: Tuesday, February 20, 2024 10:28 AM
To: Libby Grage
Subject: LEG-2023-03

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Planning, Community & Economic Development Department
Attn: Libby Grage

Short Term Rental Prohibition

I do not think the City of Anacortes should prohibit short term rentals in the C, CBD and MMU zones. Short term rentals provide an alternative to hotel stays in a town or area, and can be the only option for some people who travel with pets or items that need garage storage like mountain bikes, kayaks, boats, etc.. Speaking as a frequent traveler, whenever possible we choose short-term rentals as it gives space for our family or friends, without putting kids either in the same room as adults, or in separate spaces that we have no control or oversight over. Short term rentals often times offer a better experience than hotels, and offer the ability to make one's own meals, and hang out as a family or group of friends in ways a hotel cannot accommodate. Our hotels are already overbooked during high season and certainly during festival or event weekends - we need more beds not less.

I understand that loss of available low-income housing is one of the fears. I think this is overblown at best. Entry level housing is not the ideal short-term rental to begin with, and for those investors looking to buy rentals will still buy rentals and just use it for mid-term or long-term rentals. In all of the zones where short-term rentals are currently allowed, the homes can be turned into business use without any City intervention, which of course would completely remove the home from the housing stock - so why penalize homeowners in those areas by removing this use as an option. The affordable housing crisis needs to be solved via more building with less regulation, not more regulation on housing.

If short term rentals are banned in any zone which they are currently allowed if licensed, those currently licensed must be grandfathered in. This by the way will artificially inflate the values of those who are currently licensed.

Respectfully,

Nate Scott

Libby Grage

From: Paul Weisz <paulweisz@windermere.com>
Sent: Tuesday, February 20, 2024 5:10 PM
To: Libby Grage
Subject: Short Term Rentals

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Libby et al,

I am writing to comment and make it know that I am very much against the proposed ban on rental units of less than 30 days (STR's). I think this to be a terrible idea and would encourage strong reconsideration of such. STR's are a benefit to our community and the people who rent them in numerous ways. My family always uses them when we visit other locations throughout the country as it's so much more convenient for families and when friends visit here the option of having a bit more space than a hotel can provide, not to mention the kitchen is a huge benefit. I have many examples of how they have been of benefit to clients through my 17 years of Real Estate in Anacortes. Buyer's have found themselves tremendously helped as we've looked for homes to purchase. A client whose home flooded need an STR, not a hotel, for their children and pets while the damage was remediated.

In addition, I have just sold a STR with city approval and the proper permits to a friend as an investor. Should the city decide to take that option away and or refuse to allow the passing on of this opportunity to future buyers the value of this property I just sold will be severely impacted. I most definitely would support litigation in a case such as this and have been following one at the US Supreme Court that sounds as if the State of Texas would be liable.

I'd love to understand more about the city's thought on this as I do not see it as of any benefit to the city or the housing issue's that we face. I personally am very involved in many of these issues on a local and national level and currently serve as the Vice-chair on the North Puget Sound Association of Realtors Government Affairs Committee. I support private property rights and would not necessarily be against potential taxes etc on such uses. I am however strongly opposed to that which is currently on the table.

Sincerely,

PAUL WEISZ

Real Estate Broker
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WINDERMERE RE/ANACORTES



360.391.7281



paulweisz@windermere.com



www.paulweisz.com

 3018 Commercial Ave / Anacortes WA 98221



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Libby Grage

From: Scott Heiner <scottheiner@hotmail.com>
Sent: Wednesday, February 21, 2024 11:40 PM
To: Libby Grage
Subject: Short term rental ban

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You need to just keep your nose out of it. That's not up to you to determine how long an owner decides to rent their property as long as the laws are being obeyed. It is their investment and it is up to them to determine the best use of it and the best way to get a return. Stop trying to control the use of their property. Keep you nose out if it!
Scott Heiner

Libby Grage

From: Suzanne Rohner <suzannerohner@hotmail.com>
Sent: Wednesday, February 21, 2024 11:35 AM
To: Libby Grage
Subject: permanent ban on short-term rentals

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I would like to voice my vehement opposition to the attempt to place a permanent ban on short term rentals in Anacortes.

This represents government overreach at its best.

Property owners should not be deprived of the right to use their property as they see fit.

I understand there is what some consider an urgent need to increase housing in Anacortes. And perhaps the rational is that limiting short-term rentals will increase the supply of long-term rentals. Perhaps it will. But the bigger issues is that at some point we may have to accept the reality that there just might not be enough room in our town to accommodate everyone who wants to live here.

The rush to overbuild and overdevelop in this community needs to be stopped. Employment opportunities are limited in Anacortes, as is the availability of land. So the "build it and they will come" mentality that is driving this effort needs to be seriously reevaluated. If the intent is to have people live and work in the same community, increasing the population of a town with limited employment opportunities and limited room for growth is not going to accomplish this. Instead it will turn Anacortes into a congested and crowded bedroom community which will be detrimental to this town and to the people who live here.

Thank you,
Suzanne Rohner

Libby Grage

From: Jeff Russell <jrussell0775@yahoo.com>
Sent: Wednesday, February 21, 2024 5:38 PM
To: Libby Grage
Subject: Short term rentals

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Subject: Support for Short-Term Rentals

Dear Members of the City Board,

I am writing to express my strong support for the continued operation of short-term rentals in the city. While I understand that there may be concerns regarding their impact on neighborhoods and housing availability, I firmly believe that short-term rentals offer numerous benefits to both residents and the local economy.

First and foremost, short-term rentals provide an important source of income for homeowners and property investors. Many individuals rely on the rental income generated from short-term rentals to help cover mortgage payments, property taxes, and other expenses. My wife and I have personally invested \$600,000 of our own money pulled from our retirement savings to have the unit we own that was zoned for this purpose. We were careful to follow all city guidelines since we greatly respect the cities need to regulate this market but to shut us down now would be extremely damaging financially.

Furthermore, short-term rentals contribute to the overall economic vitality of this city. Visitors who choose to stay in short-term rentals often spend money at local businesses, restaurants, and attractions, thereby supporting jobs and driving economic growth. Additionally, the presence of short-term rentals can help attract tourists and business travelers to our city, boosting tourism revenues and increasing demand for local services.

It is also worth noting that short-term rentals offer travelers greater flexibility and choice when it comes to accommodations. Many visitors, as well as traveling nurses, prefer the convenience and affordability of staying in a short-term rental, particularly those traveling with families or for extended periods of time I know this being someone that worked for years in the construction industry. The ability to have my family be with me was important and motels are difficult with children. As the needs for temporary workers become more common and remote work increases the demand for short term rentals will be strong. So will regulations that protect neighborhoods while also enhancing the local economy

In conclusion, I urge you to carefully consider the positive impact that short-term rentals have on our city before making any decisions regarding their regulation or discontinuation. By supporting the continued operation of short-term rentals, we can ensure a thriving economy, vibrant neighborhoods, and continued prosperity for all residents.

Thank you for your attention to this important matter.

Sincerely,
Jeff and Stephanie Russell

Libby Grage

From: Amber Soria <amber@soriarealestate.com>
Sent: Wednesday, February 21, 2024 6:37 PM
To: Libby Grage
Subject: Short Term Rental Ban

**** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. ****

Hello Libby,

It has come to my attention that the City of Anacortes is proposing a Permanent Ban on Short Term Rentals & I am writing to you in Opposition of this Proposal. I am a Local Realtor® & I feel this is a determinant not only to our absolute housing crisis we are facing but also to the lack of tax revenue we are missing out on due to such a permanent decision.

I would love to share with you one very important story of a family in need of an STR that would have been completely devastated if there were no opportunities other than a hotel to accommodate. They experienced a house fire, had multiple children, animals, worked in Anacortes proper & had nowhere to go. Thankfully they were able to find a STR that accommodated all of them during the insurance negotiations, etc & were able to turn this horrible situation into something they could all feel comfortable in despite their losses. It saved the family dynamics, allowed the pets to be a part of the healing & gave them hope during their time of need.

I have helped many Military families relocate from different parts of the world with so many obstacles these poor families face with housing & the STR option has been such a blessing & a gift. Sometimes housing is not ready, sellers need rent backs & the timing just isn't necessarily in their favor as they show up to do the work that so many of us benefit from.

I have helped nurses and doctors obtain STR housing in a time of crisis when our Community is in desperate need of their temporary professional assistance.

Refinery specialists & specialty boat & vessel workers from all over the world need housing in our community to bring their line of expertise into our revenue based businesses, sometimes less than 30 days.

Lastly, I own a vacation rental in HI & I get taxed off the top @ an approximate 15% of every stay. I feel like the benefit of proper research into what the benefits are would be so desirable to a City on a revenue basis. I'm not totally sure what the reasoning is behind this ban but if it is an affordable housing issue, why wouldn't we tax properly & build affordable housing which is exactly what we should be doing.

Hope this email finds you well & please reach out if you have any questions at all. Thank you so much for your time & consideration.

All the Best ~ Amber Soria



Amber Soria, Realtor®
Cell: (360) 969-4030

Libby Grage

From: Dean Hayes <dean@deanhayes.com>
Sent: Friday, February 23, 2024 12:56 PM
To: Libby Grage
Subject: RE: Anacortes City Council Proposing Permanent Ban on Short-Term Rentals

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As a current owner of three short-term rentals (STR) on Whidbey Island, I would like to share my input on what I've seen when municipalities have banned STRs recently.

Two other areas have recently banned STRs with the hope of creating more home affordability for new buyers.

South Lake Tahoe banned all STRs, which resulted in current STR owners listing and selling their properties. Home values went down due the glut of new homes on the market, but other buyers came in and bought them as their 2nd homes. Now those homes sit vacant, and there are much fewer people visiting the area which has resulted in a drop in business and loss of revenue to the community, and a loss of taxes to the municipality.

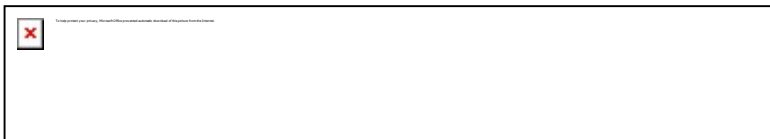
Palm Springs also put in a limit of no more than 20% of the homes in a community that can be an STR, and that resulted in a drop in overall home prices, a reduction in tax revenue of about 13% from 2022 to 2023, and tourism decreased resulting in a loss of business revenue to the community, and a loss of taxes to the municipality.

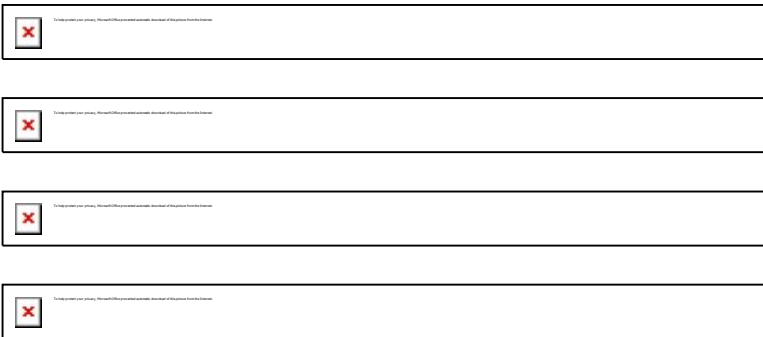
- Source: <https://kevinstanley.net/coachella-valley-short-term-vacation-rental-update/#:~:text=11%2F11%2F22%20Palm%20Springs,short%2Dterm%20vacation%20rental%20rules>

Please consider the impacts to current resident's home values as well as the loss of business income and tax revenue when considering this action.

	Dean Hayes AREA SALES MANAGER MLO-114235	P 360.755.3689 F 360.404.7085 dean@deanhayes.com
		
	 	

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Libby Grage

From: pced
Sent: Wednesday, February 28, 2024 4:13 PM
To: Libby Grage
Subject: FW: Short Term Rentals

For tonight

Cheri Gleichmann
Permit Services Coordinator
cherig@cityofanacortes.org

From: John Prosser <jprosser@windermere.com>
Sent: Wednesday, February 28, 2024 2:35 PM
To: pced <pced@cityofanacortes.org>
Subject: Short Term Rentals

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Anacortes Planning Commission, I believe that the City of Anacortes should allow overnight lodging/STR's to be permitted in the CBD and Commercial Zones. Many visitors to our community look for Short Term Rentals as opposed to hotels and motels for various reasons. I have been involved in the condo units located at 21st and 'Q' Avenue for the past two years and they have been very successful as Short Term Rentals and they have not had any effect on affordable housing in Anacortes. Of the 14 units, 7 of them are either full time or part time owner occupied and the remaining 7 units are being used as Short Term and/or Long Term Rentals. In both the CBD and C zones single family residences are a Conditional Use and not likely to have a single family home constructed on these properties. I also agree with prohibiting SFR's in all residential zones as well as the MMU and CM zones.

Thank you,

John Prosser
Managing Broker, Windermere Real Estate/Anacortes
3018 Commercial Avenue
Anacortes, WA. 98221
(360) 202-3891
jprosser@windermere.com

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ATTACHMENT C: PUBLIC COMMENTS SUMMARY & RESPONSES

Updated March 6, 2024

Comment #	Commenter Name Date rec'd.	Summarized comments (To read the submitted comment letter, click on the commenter name in the 2 nd column)	Staff Response
Written Comments received as of 3/6/24			
1	Jason Goold 2/12/24	Comment suggests that the potential adverse impacts to housing accessibility and economic vitality be considered prior to enacting a ban or severe restrictions on STRs.	The current proposal would allow existing legally established short-term rentals to continue to operate provided they maintain a current Anacortes business license. These businesses would continue to pay lodging taxes and provide flexible short-term lodging options for visitors. Staff's research suggests that current and prospective Anacortes residents' accessibility to long-term housing may increase if short-term rentals are prohibited because future units would be devoted to long-term housing.
1.1		Comment notes that there are only approximately 75 STRs operating in the city currently, and states that this is well within the maximum capacity for demand. These properties allow for a healthy housing mix, providing another option for housing without having to sign a long-term lease or living out of a hotel temporarily.	Noted, thank you for your comment.
1.2		Comment provides information about how the short-term rental market self-regulates based on supply and demand dynamics.	Noted, thank you for your comment.
1.3		Comment suggests that the City address the issue of 200+ vacant homes in the City, including incentivizing property owners to rent out or sell those vacant properties, rather than just targeting STRs.	We are aware of communities that have established a vacancy tax to discourage empty housing units (Vancouver, BC, and some CA

			cities, for example). Additional review and research would need to be conducted to determine City Council interest, and whether this is a viable option under WA state law. SB 5334 is currently working its way through the legislature. This bill would provide local government with an option for funding of essential affordable housing programs through imposing a special excise tax on the sale of short-term rental lodging facilitated through a short-term rental platform.
1.4		Comment identifies the various clients that may utilize short-term rentals, such as locals in transition, essential workers, and visitors seeking an immersive city experience, who would be enforced into less suitable and more expensive options if STRs are banned.	The current proposal would allow existing legally established short-term rentals to continue to operate provided they maintain a current Anacortes business license, maintaining this option for those needing <30 day accommodations; rental of housing for periods exceeding 30 days would also continue to be allowed.
1.5		Comment references to Washington State Supreme Court rulings that have established that STRs are residential in use, not commercial activities, and notes that overly restrictive regulations may expose the city to legal challenges and potential losses.	Existing legally established short-term rentals could continue to operate under the proposal. Our understanding of the case referenced is that it is related to the interpretation of private covenants restricting use of property. The City attorney will review the proposed regulations to ensure they are consistent with all relevant constitutional and statutory requirements.
1.6		Comment suggests that banning STRs would stifle housing flexibility, discourage developers, and reduce overall housing supply. Notes that policies incentivizing developers to build rental properties, including to all STRs, in suitable locations is imperative and will naturally increase attainable housing.	Staff's research suggests that current and prospective Anacortes residents' accessibility to long-term housing may increase if short-term rentals are prohibited because future units would be devoted to long-term housing.

			Long-term housing construction has been incentivized through changes in development regulations allowing for more residential development in the C, CBD, MMU and CM zones.
1.7		Comment relays that STR bans in other regions have led to housing price drops and exacerbated shortages due to out-of-state 2 nd home buyers; in addition, such bans have resulted in empty homes (snowbirds), reducing economic activity and introducing new hardship in the community. Notes that some cities have implemented vacant home fees to mitigate these effects, including safety hazards that may arise due to vacant homes.	Noted, thank you for your comments. Also see response to comment #1.3.
1.8		Commenter urges the council to prioritize a free-market approach allowing supply and demand to naturally regulate housing availability and adopt a balanced approach in promoting housing accessibility and economic prosperity.	Noted, thank you for your comments.
1.9		Final note from commenter states that Seattle even allows at least 3 STRs units per interest of an owner/LLC/Corp, and asks whether the planning department can instead choose to approve uses as STRs in tandem with new building permits to address use conditions on high-rise developments. Restricting all of the city for a few developers reduces the pool of developers willing to risk funds to increase our housing inventory.	Noted, thank you for your comments.
2	Brooks Middleton 2/12/24	Commenter is in favor of allowing short term rentals in ALL zones. If the city wants housing built, then building units for short term housing may be a good way to do that. Developers may discover that short term rentals will better cover the cost of development and therefore go ahead with construction. But later on, or a future owner, could decide to change that unit to a longer-term rental due to economic factors or ease of management. If a long-term rental doesn't pencil out, then the housing unit will never get built in the first place. Also, it's possible that with the income of a short-term rental, lower income home buyers may feel more comfortable purchasing property in town.	Noted, thank you for your comments.
3	Jennifer Pascual 2/15/24	Commenter notes that Courts in other states have ruled that residential rentals, no matter how long the term, are a residential use because the renter uses the home for the same purpose as the owner. The courts have also rejected the argument that	See response to comment #1.5.

		short-term rentals are not a residential use because the homeowner earns rental income by renting out his or her home.	
3.1		Commenter explains that STRs help serve the purpose of local emergent family housing in the event of flooding and states that her family personally took advantage of a short-term rental property for over six months while their home was undergoing repairs.	See response to comment #1.4.
4	Kenna Puppe , 2/14/24	Commenter expresses concern regarding the proposed restrictions on short-term rentals (STRs), noting the crucial role that STRs play in providing flexible housing for the community, and urging consideration of the negative impact that a ban or severe restriction on STRs could have on our city's future, particularly in terms of housing accessibility and economic vitality. <i>(Note: The remaining text of this letter is identical to the comments provided in comment letter #1. See staff responses above.)</i>	See responses to comments #1-1.9.
5	Nate Scott , 2/20/24	Commenter does not think the City of Anacortes should prohibit short term rentals in the C, CBD, and MMU zones, noting that short term rentals provide an alternative to hotel stays in a town or area, and can be the only option for some people who travel with pets or items that need garage storage like mountain bikes, kayaks, boats, etc. Commenter relays personal experience of use of STRs when traveling because it provides space for family and friends, allows separate rooms for kids and adults, allows for making meals, and hanging out as a family or group in a way that hotels cannot accommodate. Commenter states that Anacortes' hotels are already overbooked during high season and that more beds are needed, not less.	Noted, thank you for your comments.
5.1		Commenter understands that loss of available low-income housing is one of the fears, which is overblown at best, because entry level housing is not the ideal short-term rental to begin with. Those investors looking to buy rentals will still buy rentals and just use them for mid-term or long-term rentals. In all of the zones where short-term rentals are currently allowed, the homes can be turned into business use without any City intervention, which of course would completely remove the home from the housing stock – so why penalize homeowners in those areas by removing this use as an option. The affordable housing crisis needs to be solved via more building with less regulation, not more regulation on housing.	Noted, thank you for your comments.

5.2		Commenter believes that if short term rentals are banned in any zone which they are currently allowed if licensed, those currently licensed must be grandfathered in, and notes that this will artificially inflate the values of those who are currently licensed.	See response to comment #1.4.
6	Peter Allen , 2/20/4	The commenter, as a resident of Anacortes and a real estate broker, does not understand the reason for this proposal, and thinks that short term rentals will benefit the Anacortes economy through providing an influx in cash from visitors, including hikers, boaters, fisherman, etc. Commenter also notes that hose short-term renters may turn into long term residents.	Noted, thank you for your comments.
7	Paul Weisz , 2/20/24	Commenter is very much against the proposed ban on rental units of less than 30 days (STR's), thinks it is a terrible idea, and encourages strong reconsideration of such. Commenter notes the ways in which STR's are a benefit to the community and the people who rent them, including: convenience for families or for visiting friends to have a bit more space than a hotel can provide, including the kitchen. Commenter notes many examples of how STRs have been a benefit to clients through 17 years of Real Estate experience in Anacortes, including clients that used STRs for temporary homes while looking for home to purchase, and a client whose home flooded who was able to use an STR to keep their children and pets together while the damage was remediated.	Noted, thank you for your comments.
7.1		Commenter also note the recent sale of a STR with city approval and the proper permits to a friend as an investor and would support litigation in a case where the city should decide to take that option away and or refuse to allow the passing on of this opportunity to future buyers, as the value of the value of the property would be severely impacted.	The current proposal would allow continued operation of legally established STRs, provided they maintain a current business license.
7.2		Commenter wants to understand more about the city's thought on this and does not see it as of any benefit to the city or the housing issues that we face. Commenter is very involved in many of these issues on a local and national level and currently serves as the Vice-chair on the North Puget Sound Association of Realtors Government Affairs Committee. Commenter supports private property rights and would not necessarily be against potential taxes etc on such uses, but is strongly opposed to that which is currently on the table.	Noted, thank you for your comments.

8	Scott Heiner , 2/21/24	Commenter would like the city to just keep its nose out of it and to stop trying to control the use of private property.	Noted, thank you for your comments.
9	Amber Soria , 2/21/24	Commenter feels the proposal to prohibit short term rentals in certain zones is a detriment to the housing crisis and will cause loss in tax revenue.	Noted, thank you for your comments.
9.1		Commenter shares a story of a family that experienced a house fire, had multiple children, animals, worked in Anacortes property and had nowhere to go. The family was able to find a STR that accommodated all of them during the insurance negotiation, saved the family dynamics, allowed the pets to be a part of the healing and gave them hope during their time of need.	See response to comment #1.4.
9.2		Commenter has helped many Military families relocate from different parts of the world with so many obstacles these families face with housing and the STR option has been such a blessing and a gift. Sometimes housing is not ready, sellers need rent backs, and the timing just isn't necessarily in their favor as they show up to do the work that so many of us benefit from. Commenter has also helped nurses and doctors obtain STR housing in a time of crisis when our community is in desperate need of their temporary professional assistance, and refinery specialists, specialty boat and vessel workers from all over the world that need housing in Anacortes, sometimes for less than 30 days.	See response to comment #1.4.
9.3		Commenter owns a vacation rental in HI and is taxed off the top @ an approximate 15% of every stay. Commenter suggests that proper research into the financial benefits of STRs take place, including possible taxing of STRs to fund the building of affordable housing.	Noted, thank you for your comments.
10	Jeff and Stephanie Russell , 2/21/24	Commenter understands that there may be concerns regarding their impact on neighborhoods and housing availability but is in strong support of the continued operation of short-term rentals in the city and urges the careful consideration of the positive impacts that STRs have in the city.	Noted, thank you for your comments.
11	Suzanne Rohner , 2/21/24	Commenter is in vehement opposition to the attempt to place a permanent ban on short term rentals in Anacortes, stating that it represents government overreach at its best. Property owners should not be deprived of the right to use their property as they see fit.	Noted, thank you for your comments.

		Commenter understands there is (what some consider) an urgent need to increase housing in Anacortes and notes that the stated rationale for limiting short term rentals is to increase the supply of long-term rentals and perhaps it will. Commenter is concerned about the overbuilding in Anacortes and feels that an increasing population in a town with limited employment opportunities will not accomplish the goal people living where they work.	
12	Dean Hayes , 2/23/24	Commenter is the owner of three short-term rentals (STR) on Whidbey Island and shares input on what he's seen occur in municipalities that have banned STRs recently and urges consideration of current residents' home values and loss of taxes. Examples provided include South Lake Tahoe, which banned all STRs, resulting in current STR owners listing and selling, reduction in home values due to glut of homes on the market, and 2 nd home buyers buying them. Now the homes are vacant, resulting in a drop in business and loss of revenue to the community and loss of taxes to municipality.	Noted, thank you for your comments.
13	Evergreen Islands , 2/22/24	Commenter notes the mandate from the State Growth Management Act (GMA) for "more housing" and that various approaches to achieve this have been proposed, such as multiple unit homes (triplexes, etc.), high rises, limits on the size of homes being built, accessory dwelling units (ADU's), co-housing and/or a group of tiny homes with shared amenities like laundry. Commenter agrees with excluding STRs from the list of ways to increase housing.	Noted, thank you for your comments.
13.1		Commenter summarizes the proposed amendments, notes support for the changes, and provides additional reasons for support, including less stringent safety standards for STRs than for hotel/motels, lack of collection of lodging and sales taxes for STRs; impact on local business due to lack of worker housing; parking problems; and loss of the "soul" and character of the community experienced by full time residents as people who are not stakeholders pass through and STRs take over the housing market.	Noted, thank you for your comments.
13.2		Commenter recognizes that there are benefits to visitors, but only when balanced with the issues cited above. In the handout at the Planning Commission meeting of January 24, 2024, it is stated that there may be further regulations proposed around Commenter requests that more effort be devoted to finding out how many B & B's and STR's are being operated in the City, including whether they are licensed or	Noted, thank you for your comments.

		not. What are the options for increased revenue generation by the city? Education and enforcement about changes to the AMC code will be key.	
13.3		Commenter suggests consideration of what other cities have done to deal with the issues of STR's as the issue moves forward: • limited the annual number of days a STR can be used, • banned them entirely, • levied stiff fines for compliance failure, • imposed a cap on the number of STR's allowed, • prohibited ADU's from being used as STR's, • allowed one license per host, • pulled licenses whenever more than 3 complaints about noise, etc. were levied.	Noted, thank you for these suggestions.
14	John Prosser, Managing Broker, Windermere Real Estate 2/28/24	Commenter believes Anacortes should allow overnight lodging/STRs to be permitted in the CBD and Commercial zones. The condo units at 21st and Q Ave. have been very successful as short-term rentals and they have not had any effect on affordable housing in Anacortes. Agrees with prohibiting STRs in all residential zones as well as the MMU and CM zones.	Noted, thank you for your comments.
February 28, 2024 Public Hearing (Link to Video)			
15	Ron Wortham, Government Affairs Director for the Realtors Association 2/28/24 Public Hearing	Very few cities in U.S. outright ban short-term rentals. Causes issues with property rights. Anacortes is a destination city. Our members come in to visit for the weekend, merchants encourage people to come in during festivals. Hotel/motel capacity is not large. People will go out of city if they can't find space in Anacortes. Doesn't think there are any other bans on STRs in the county. STRs provide housing diversity. Regulate it, tax it. Create regulations so if there is a problem you can shut it down. Haven't heard that there is a problem right now – maybe you are projecting that there is a problem. We have consultants in DC that can come give suggestions to the city to help regulate.	Noted, thank you for your comments. The intent of the draft regulations is to prevent additional housing from being converted to short-term rental use in the future.

16	Joshua Blee, Broker, Windemere 2/28/24 Public Hearing	When we came to Anacortes, we needed a place to stay while we were looking for housing. There were not STRs around. We had three children and hotels don't accommodate well for that portion of the population. Idea that STRs are taking away from affordable housing. Finding statistics is difficult – it's kind of an assumption. There are other benefits. There's a market for STRs – and there's a percentage of people that will use them, once that market is saturated, it doesn't affect the rest of the housing market. When STRs are not available in appropriate locations (CBD, etc.), it creates more pressure on those STRs that are not in compliance right now, or outside City limits. Creates jobs – hospitality, maintenance workers, etc. Flexibility for travelers. Downtown revitalization. Permitting STRs in the Commercial district allows property owners to use space that is there. Opens up more opportunity for owners, additional benefits. When it's in appropriate areas, and you can tax it, etc. it will ease pressure on residential areas, where you would prefer to not have STRs.	Noted, thank you for your comments.								
17	_____ [name not discernable] 2/28/24 Public Hearing	You should consider the benefits of STRs. Air BNB is a lifeline for many individuals seeking safe and affordable housing in Anacortes. Caters to a diverse area of needs. By banning, you risk depriving individuals of essential accommodation options. We risk stunting growth of local economy, deny homeowners the ability to generate supplemental income. STRs are proven to increase the value of homes and contribute positively to the fabric of our neighborhoods. STRs provide builders confidence to invest in affordable housing projects, knowing that if the properties don't sell immediately, they can be rented on the STR market. Let's not punish part of our economy that is not causing any harm. Let's work together to find solutions to benefit all residents of Anacortes.	Noted, thank you for your comments.								
18	Jason Goold, Designated Managing Broker, Reluty Real Estate 2/28/24 Public Hearing	Owns three STR units in Anacortes. Supreme court has already ruled that STRs are residential use in nature. They are not commercial use. In the current Anacortes housing market, you have 11,523 housing units. Of that, 29% (3,342) are rentals. Of that 1,142 are vacant homes (12%). They are hurting affordable housing. 82 STRs are in Anacortes city limits that is only .06% of the total housing units in Anacortes in all zones. We are standing here talking about 20 units, with a possibility of up to 400 units. I feel like we are almost wasting our time. STRs are not the problem. More housing is what the problem is. Allowing builders to have confidence to build properties, city giving permits, and allowing them to do STRs, intermediately while	The 2022 American Community Survey 5-Year Estimates Table DP04 provides the following data: Anacortes City: <table><tr><td>Housing Occupancy</td><td>Estimate</td></tr><tr><td>Total housing units</td><td>8,522</td></tr><tr><td>Occupied housing units</td><td>7,799 (91.5%)</td></tr><tr><td>Vacant housing units</td><td>723 (8.5%)</td></tr></table>	Housing Occupancy	Estimate	Total housing units	8,522	Occupied housing units	7,799 (91.5%)	Vacant housing units	723 (8.5%)
Housing Occupancy	Estimate										
Total housing units	8,522										
Occupied housing units	7,799 (91.5%)										
Vacant housing units	723 (8.5%)										

		people are looking for places to live. People that rent these homes are all walks of life. They are looking for long-term solutions, STRs allow short-term flexibility. It's harder to use a hotel with a family or a large groups. They need a kitchen – they don't want to go out to dinner every day. Maybe they are showing their house and they can't be there every day. STRs will automatically supply and demand. Supply and demand is already capped. There isn't demand for 400 units. I believe you should remove the ban in residential zones. People want to be closer to the city, restaurants, etc. Allowing STRs will enhance ability for flexible housing, will naturally adjust based on demand. We just need more housing. Figure out how to incentivize builders to build more housing. Sense of community – STRs clients are new neighbors – they are testing out Anacortes, may want to come live here for 20-30 years. STRs allow flexible housing mix. Suggest you open up the residential zones and not ban them in the commercial zones. There's not a problem, there's not an emergency.	<table><tr><td>Homeowner vacancy rate</td><td>1.2%</td></tr><tr><td>Rental vacancy rate</td><td>1.8%</td></tr><tr><td></td><td></td></tr><tr><td>Housing Tenure</td><td>Estimate</td></tr><tr><td>Occupied housing units</td><td>7,799</td></tr><tr><td>Owner-occupied</td><td>5,345 (68.5%)</td></tr><tr><td>Renter-occupied</td><td>2,454 (31.5%)</td></tr></table> The intent of the draft regulations is to prevent additional housing units (either existing or future) from being converted to short-term rental use.	Homeowner vacancy rate	1.2%	Rental vacancy rate	1.8%			Housing Tenure	Estimate	Occupied housing units	7,799	Owner-occupied	5,345 (68.5%)	Renter-occupied	2,454 (31.5%)
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19	Kathleen Lorence-Flanigan, Evergreen Islands 2/28/24 Public Hearing	Voiced support for the draft regulations. It's in line with the current housing goals of the city and will allay fears of housing units taken off long-term market. About a dozen letters have been submitted in opposition of the ban, in which half are from realtors, which represents a very specific group of stakeholders. When the city submitted the proposal, they provided context about the history, regulatory framework, status of STRs in Anacortes. A myriad of issues was included, including issues presented by those opposed to the ban. The City really did their homework, I applaud the city for that and want to voice my support for the ban.	Noted, thank you for your comments.														

From: [Jason Goold](#)
To: [CityClerk](#); [City Council](#); [Ryan Walters](#); [Christine Cleland-McGrath](#); [Amanda Hubik](#); [Bruce McDougall](#); [Anthony Young](#); [Carolyn Moulton](#); [Libby Grage](#); [TJ Fantini](#); [Matt Miller](#); [John Hein](#); [Elmira Yekta](#); [Romina Durr](#); [ron wortham](#); [April Patterson](#); [James Neilon](#); [Sara Fish](#); [NPSAR Member Services](#); [Ryan Walters](#); [Mike Mills](#); [Luke Currier](#); [Paul Ryan](#); [Frank Jeretzky](#); [Linda Martin](#); [James Stoneman](#); [William McCombs](#); [Amber Soria](#)
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Subject: Re: Ordinance 4075 Anacortes WA STR REVERSE the BAN, also Please read attached letter during Public Comments on March 18th 2024
Date: Friday, March 15, 2024 12:51:12 AM
Attachments: [Please make motions to remove the banned use of short term rentals, in the name of affordable housing.pdf](#)
[VRMA Housing Affordability One Pager-new.pdf](#)
Importance: High

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

Thank you, John Coleman, for the updated data.

This is very helpful, but sadly shows similar percentages to those I presented to the planning commission and city council during public comment testimony in the last few weeks. I was using the 2020 census data vs this newer 2022 census data that now narrows only into the Anacortes city limits. My pleading for **NOT BANNING short term rentals** is now stronger with this new data. The Planning Commission, City Council, should reconsider their uniformed recommendation from planning commissions meeting, and vote to not ban short term rentals after reviewing the updated data below. During the planning meeting many questions were asked but very few answers were given. The vote to recommend a ban from the planning commission was based on a lot of "feelings" and not on "facts" or data proving / disproving that short term housing has anything correlation with affordable housing. Please also read this at the March 18th meeting during public comments.

Please make motions to **remove** the banned use of short-term leasing and allow this use in all zones. It only makes since, in the name of affordable housing, allow free market supply and demand to naturally assist in increasing of the affordability and available housing mix. Developers will gain confidence and build for the needed future housing demand.

Dear Planning Commission and Council Members,

Recent data analysis By Planning director John Coleman reveals that there is a total of **8,522 housing units** in our city limits, **2,454 are rental units, making up 28.77%** of the housing market. Out of these, 2,342 are currently rented (27.48% of the total housing

units), with 112 units (1.31%) not collecting rent due/ that may be for rent/vacant or being for sale. Notably, short-term rentals such as Airbnb properties constitute only a minimal fraction, with fewer than **73 active units within city limits**, accounting for merely 0.8% of the total housing units. The commercial zones make up only 10 to 15 short term rental units that are active, that is **only .17% (STRS) of the total housing units in the city limits**. It is absurd to spend so much time creating an emergency moratorium for less than .17% of housing units, in the name of affordable housing.

In Anacortes city limits, there are currently 723 vacant housing units, which could be utilized to mitigate the housing shortages. Additionally, there are 112 rental units that remain unoccupied, they might be in repair/ being sold/ for rent bringing the total to **835 vacant housing units** that contribute to exacerbating the housing crisis, accounting for **9.80% of the total potential housing stock is just sitting vacant**. This situation is significantly 500% more impactful on affordable housing than offering short term leases for housing. It's imperative to question the council why there isn't an emergency order addressing this issue that affects 9.51% of the housing stock but there is an emergency order for .17% of the housing stock. Who on council has special interests? Reverse the ban on short-term rentals across all zones and allow Individual's affordable housing!

This statistical overview underscores that short-term rental units, contrary to popular belief, are not a significant factor in our housing landscape. Instead, these rentals offer a unique blend of tax income for the city, affordability, flexibility, and are crucial for community members in transition that are seeking permanent housing.

Recent city planning projections indicate a need for a 26+% increase in new housing to accommodate future growth, with 85% of this demand aimed at supporting lower-income individuals and families. This significant requirement underscores the necessity for a diverse housing strategy that includes both long-term and short-term options (FULL FLEX TERM LEASES) to ensure a broad spectrum of needs are met.

Consider the financial implications for individuals or families in need of a two-month housing. Traditional rentals may demand upfront costs including the first and last month's rent, alongside damage deposits, culminating in expenses exceeding (\$7,500+ upfront) and you still need furnishings etc. In contrast, short-term rentals can offer a more economical furnished alternative, reducing costs to around (\$1,500 upfront) paid biweekly, for a similar duration. This affordability aspect is pivotal for those relocating or in search of permanent housing, allowing them to allocate resources more effectively

towards the search for long-term housing solutions. Hotels are more expensive, on average 2x the cost, offer 75% less space and no kitchen. The statement that some city officials have declared that individuals and families should reside in hotels if needing housing for less than 30 days, is truly inhumane and inconsiderate. Have you ever lived out of a motel for 29 nights? Imagine yourself living out of an Anacortes motel with your family of 2 adults and 3 children aged 6 to 15. How many hotel rooms do you need? How do you spend family time and prepare food? The cost is 2-3X more cost minimum.

Moreover, short-term rentals contribute positively to our local economy and community fabric. Property owners often invest significantly more into their properties than long-term rental owners, enhancing neighborhood aesthetics and, consequently, property values. This, in turn, can lead to increased property tax revenues, which the city can harness to fund affordable housing initiatives. Our local businesses are supported and allow them to hire quality workers and support better products.

It is essential to consider policies that respect property rights and encourage the development of diverse housing options, including short-term rentals. Restrictive measures, such as leasing length limitations, inadvertently exacerbates the affordable housing crisis by diminishing the availability of flexible housing solutions over time. The real issue at hand is there are over **835 vacant units**, which represents a more substantial issue in the goal of affordable housing than short-term rentals.

I urge the council to adopt grants, reduce zone restrictions and assist builders with firms that can help plan the building of affordable housing projects while recognizing the multifaceted role of short-term rentals in our housing ecosystem. By fostering an environment that supports diverse housing solutions, we can address the affordable housing challenge more effectively, benefiting both residents and property owners alike. Short term and long-term housing are simply regulated by supply and demand. The demand for short-term rentals has substantially been met and now has more demand for the long-term rentals. Many short-term rentals have transitioned into long term rentals due to high interest and low demand. This occurs naturally without government intervention.

Please remember, in 2019 the main arguments for banning short-term rentals in residential zones were centered on their purported idea that they were "commercial use". Which was the main reason the city council banned the residential zones and left the Commercial zone alone. However, recent rulings by the Washington Supreme Court clarify that short-term rentals, regardless of the lease length, are **residential in use**. This decision challenges the foundation of the residential zone bans and calls for a

reconsideration of our approach to housing policy, in the name of affordable housing.

In light of this legal context and the pressing need for more affordable housing, I urge the council to reverse the ban on short-term rentals in all zones including the residential zones. Restoring the property rights of all owners is not only constitutionally sound but is also essential for fostering a diverse and adaptable housing market capable of meeting our city's growth and affordability challenges.

Let us focus our efforts on constructive solutions that respect property rights and address the broader issue of housing affordability, particularly for our low-income residents. By embracing a more inclusive and flexible housing policy, we can work towards a thriving, diverse community that meets the needs of all its members. Please make motions to remove the banned use of short-term renting and allow the use in all zones.

<https://data.census.gov/table?q=dp04&g=160XX00US5301990>

Attached are screen shots showing the same dates and costs for Airbnb whole homes vs local single room hotels and motels. The value is 3x more affordable with multiple bedroom Airbnb's with kitchens than the smaller 1 room/ no kitchen motels.

Many licensed Real Estate Firms, Brokers, NPSAR, Real Estate Committees are in support of **removing** the ban in all zones to allow short term rentals, as an unrestricted right of real property ownership.

Thank you,



Jason Goold, ABR, AHWD, CRB
Designated Managing Broker

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From: Jason Goold <jason@reluty.com>

Sent: Monday, February 12, 2024 3:46 PM

To: cityclerk@cityofanacortes.org <cityclerk@cityofanacortes.org>; citycouncil@cityofanacortes.org <citycouncil@cityofanacortes.org>; ryanw@cityofanacortes.org <ryanw@cityofanacortes.org>; christinec@cityofanacortes.org <christinec@cityofanacortes.org>; amandah@cityofanacortes.org <amandah@cityofanacortes.org>; brucem@cityofanacortes.org <brucem@cityofanacortes.org>; anthony@cityofanacortes.org <anthony@cityofanacortes.org>; carolynm@cityofanacortes.org <carolynm@cityofanacortes.org>; libbyb@cityofanacortes.org <libbyb@cityofanacortes.org>; thomasf@cityofanacortes.org <thomasf@cityofanacortes.org>; mattm@cityofanacortes.org <mattm@cityofanacortes.org>; John Hein <johnhein@reluty.com>; Elmira Yekta <elmira@luxsle.com>; Romina Durr <romina@reluty.com>; ron wortham <rlwortham@gmail.com>; Gregory L. Gilday <cole-gilday@stanwoodlaw.net>; April Patterson <april.patterson@yahoo.com>; James Neilon <jimneilon@me.com>; Sara Fish <sarafishrealestate@gmail.com>; NPSAR Member Services <molly@npsar.realtor>; Amber Soria <amber@soriarealestate.com>

Cc: alex.robertson@warealtor.org <alex.robertson@warealtor.org>; bill.clarke@warealtor.org <bill.clarke@warealtor.org>; mary.drury@warealtor.org <mary.drury@warealtor.org>

Subject: Re: Ordinance 4046 Anacortes WA STR, Please read during Public Comments

Esteemed Members of the Anacortes City Council,

I write to express my profound concern regarding the proposed restrictions on short-term rentals (STRs) within our city. With over 14 years of experience managing short-term housing, I've observed firsthand the crucial role that STRs play in providing flexible housing solutions for our community. I implore you to consider the adverse impact that a ban or severe restriction on STRs could have on our city's future, particularly in terms of housing accessibility and economic vitality.

Allow me to present crucial facts:

Limited Number of STRs: Presently, there are only approximately 75 STRs operating within Anacortes city limits, well within the maximum capacity for demand. Many of these properties have already transitioned to longer-term leases due to low demand and lower rental rates caused by recent market conditions. These properties allow for a healthy housing mix, giving our community another option for housing without having to sign a long-term lease or live out of a hotel temporarily while they handle their change of life circumstances.

Market Self-Regulation: The market inherently self-regulates pricing and availability based on supply and demand dynamics. STR owners incur significantly higher expenses, such as utilities, furniture, and landscaping, compared to long-term empty rentals. During periods of low demand, owners naturally switch to mid-term lease options to mitigate losses. The owner's higher level of maintenance enhances the surrounding neighborhood and community. The tenants are able to have an all inclusive rental option without having to buy separate utilities, furniture, decor, maintenance etc., most of the time this is a better cost value to the tenant than traditional rental units.

Alternative Solutions: Rather than targeting STRs, we should address the significant issue of over three times (200+) the number of *vacant homes* compared to STRs in our city. Incentivizing property owners to rent out or sell these vacant properties can alleviate housing shortages without resorting to STR restrictions. STRs offer vital housing inventory to the community.

Diverse Clientele and Needs: Anacortes STRs cater to locals in transition, essential workers, and visitors seeking an immersive city experience. Banning STRs would force these individuals and families into less suitable or more expensive housing options outside the city limits.

Legal Precedent: Washington State Supreme Court rulings have established that STRs are residential in use, not commercial activities. Overly restrictive regulations may expose the city to legal challenges and potential losses. (See case law below)

Economic Impact: Banning STRs would stifle housing flexibility, discourage developers, and reduce overall housing supply. Policies incentivizing developers to build rental properties, including to allow STRs, in suitable locations are imperative and will naturally increase attainable housing. We have already seen over 20+ units disappear due to natural occurring market conditions without the help of any restriction or rule over the last 3 years.

Lessons from Other Regions: STR bans in regions like Arizona led to housing price drops and exacerbated shortages due to out of state 2nd home buyers. Such bans also resulted in empty homes by (snowbirds), reducing economic activity and new hardships in the community. These homes could have been a year-round solution as a temporary housing bridge while permanent housing inventory is created. Some cities have implemented vacant home fees to mitigate these effects, as vacant homes are not only a

dangerous safety hazard if unoccupied for fire/water damages and vandalism but reduce temporary housing inventory.

In conclusion, I urge the council to prioritize a free-market approach allowing supply and demand to naturally regulate housing availability. Streamlining the permitting process for developers and incentivizing rental construction can foster a healthier housing market while ensuring quality standards for all rental properties.

Let us learn from other cities and adopt a balanced approach promoting housing accessibility and economic prosperity.

P.S. Seattle City even allows at least 3 STRs units per interest of an owner/LLC/Corp. Can the planning department instead choose to approve uses as STRs in tandem with new building permits to address use conditions on high-rise developments? Restricting all of the city for a few developers reduces the pool of developers willing to risk funds to increase our housing inventory.

In summary, I am readily available to provide my experiences and insights to any members of the city council or the planning department who seek further understanding of the complexities surrounding short-term rentals in Anacortes. With over 14 years of experience managing short/ flexible-term housing, I offer valuable perspectives that can contribute to informed decision-making processes. My commitment to open dialogue and collaboration underscores my dedication to finding sustainable solutions that prioritize the needs of our community. Please feel free to reach out to me at any time for additional information or assistance in navigating this issue.

Wilkinson v. Chiwawa Communities Ass'n. 180 Wn.2d 241, 327 P.3d 614, 616 (2014).

The Supreme Court of Washington held in this case that the short-term vacation rentals of homes were a "residential use" of the home. The Court found that if a vacation renter uses a home "for the purposes of eating, sleeping, and other residential purposes," this use is residential, not commercial, no matter how short the rental duration.

Another Washington Case

A Washington appellate court made a similar holding in an earlier case, Ross v. Bennett, 148 Wn. App. 40, 51, 203 P.3d 383, 388 (2008), as amended (Jan. 27, 2009). The court in Ross held that a short-term rental is a residential use, and found that the owner's "receipt of rental income either from short or long-term rentals, in no way detracts or changes the residential characteristics of the use by the tenant."

In summary, Washington law has held that a short-term rental of a home is a residential use, and the property may only be used for residential uses, the homeowners are free to rent their property on a short-term basis, as current Washington law supports their decision.

Thank you,



Jason Goold, ABR, AHWD, CRB

Designated Managing Broker

C: [208-703-5978](tel:208-703-5978)

O: 208-333-4434

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From: Jason Goold

Sent: Monday, May 22, 2023 1:34 PM

To: cityclerk@cityofanacortes.org <cityclerk@cityofanacortes.org>; citycouncil@cityofanacortes.org <citycouncil@cityofanacortes.org>; ryanw@cityofanacortes.org <ryanw@cityofanacortes.org>; christinec@cityofanacortes.org <christinec@cityofanacortes.org>; jeremyc@cityofanacortes.org <jeremyc@cityofanacortes.org>; amandah@cityofanacortes.org <amandah@cityofanacortes.org>; brucem@cityofanacortes.org <brucem@cityofanacortes.org>; anthony@cityofanacortes.org <anthony@cityofanacortes.org>; carolynm@cityofanacortes.org <carolynm@cityofanacortes.org>; mattm@cityofanacortes.org <mattm@cityofanacortes.org>

Subject: Ordinance 4046, Please read during Public Comments

To the Honorable Mayor and Anacortes City Council,

Please read the attached, as my statement during Public Comment in tonight's council meeting.

If you have any questions, I am available to assist you with documentation and additional research.

Please vote NO to extend the unwarranted Emergency Moratorium. VOTE NO on Ordinance 4046.

This Ordinance will cause more harm, than create attainable housing which your goal. If you want an emergency, Charge Property owners who leave their properties vacant a tax. Use that tax to build more housing. Vacant properties are more dangerous to public health due to fire, water damage, homeless break ins, squatting etc.

There are more vacant properties in Anacortes than Airbnb's/ short term rentals. There are only about 20 Short-term rental housing units in the Commercial Zone, this is not an Emergency. Please focus on creating more housing not restricting housing.

I am working on collecting additional complaints from the Realtor Association, Government Affairs and Chamber of Commerce Members to show their Nonsupport of this unwarranted Emergency Moratorium, on Short Term Rental Housing.

Thank you,



Jason Goold

Designated Managing Broker

C: 208-703-5978

O: 206-946-9559

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Please make motions to remove the banned use of short-term renting and allow the use in all zones. It only makes sense, in the name of affordable housing, allow free market supply and demand to naturally assist in increasing the available housing mix. Developers will gain confidence and build for the future demand.

Dear Council Members,

Recent data analysis By Planning Director John Coleman reveals that there is a total of **8,522 housing units** in our city limits, **2,454 are rental units, making up 28.77%** of the total housing market. Out of these, 2,342 are currently rented (27.48% of the total housing units), with 88 units (1.03%) not collecting rent due/ that may be for rent/vacant or being for sale. Notably, short-term rentals such as Airbnb properties constitute only a minimal fraction, with fewer than **73 active units within city limits**, accounting for **merely 0.8% of the total housing units**. The commercial zones make up only 10 to 15 short term rental units that are active, that is **only .17% (STRS) of the total housing units in the commercial zones of the city limits**. It is absurd to spend so much time creating an emergency moratorium for less than .17% of housing in the name of affordable housing.

In Anacortes city limits, there are currently 723 vacant housing units, which could be utilized to mitigate the housing shortages. Additionally, there are 88 rental units that remain unoccupied, they might be in repair/ being sold/ for rent bringing the total to **811 vacant housing units** that contribute to exacerbating the housing crisis, accounting for **9.51% of the total potential housing stock is just sitting vacant**. This situation is significantly 500% more impactful on affordable housing than offering short term leases for housing. It's imperative to ask the council why there isn't an emergency order addressing this issue that affects 9.51% of the housing stock but there is an emergency order for .17% of the housing stock. Who on council has special interests? Reverse the ban on short-term rentals across all zones and allow Individual's affordable housing!

This statistical overview underscores that short-term rental units, contrary to popular belief, are not a significant factor in our housing landscape. Instead, these rentals offer a unique blend of tax income for the city, affordability, flexibility, and are crucial for community members in transition that are seeking permanent housing.

Recent city planning projections indicate a need for a 26+% increase in new housing to accommodate future growth, with 85% of this demand aimed at supporting lower-income individuals and families. This significant requirement underscores the necessity for a diverse housing strategy that includes both long-term and short-term options (FULL FLEX TERM LEASES) to ensure a broad spectrum of needs are met.

Consider the financial implications for individuals or families in need of two-month housing. Traditional rentals may demand upfront costs including the first and last month's rent, alongside damage deposits, culminating in expenses exceeding (\$7,500+ upfront) and you still need furnishings etc. In contrast, short-term rentals can offer a more economical furnished alternative, reducing costs to around (\$1,500 upfront) paid biweekly, for a similar duration. This affordability aspect is pivotal for those relocating or in search of permanent housing, allowing them to allocate resources more effectively towards the search for long-term housing solutions. Hotels are more expensive, on average 2x the cost, offer 75% less space and no kitchen. The statement that some city officials have declared that individuals and families should reside in hotels if needing housing for less than 30 days, is truly inhumane and inconsiderate. Have you ever lived out of a motel for 29 nights? Imagine yourself living out of an Anacortes motel with your family of 2 adults and 3 children aged 6 to 15. How many hotel rooms do you need? How do you spend family time and prepare food? The cost is 2-3X more cost minimum.

Moreover, short-term rentals contribute positively to our local economy and community fabric. Property owners often invest significantly more into their properties than long-term rental owners, enhancing neighborhood aesthetics and, consequently, property values. This, in turn, can lead to increased property tax revenues, which the city can harness to fund affordable housing initiatives. Our local businesses are supported and allow them to hire quality workers and support better products.

It is essential to consider policies that respect property rights and encourage the development of diverse housing options, including short-term rentals. Restrictive measures, such as leasing length limitations, inadvertently exacerbates the affordable housing crisis by diminishing the availability of flexible housing solutions over time. The real issue at hand is there are over 811 vacant units, which represents a more substantial issue in the goal of affordable housing than short-term rentals.

I urge the council to adopt grants, reduce zone restrictions and assist builders with firms that can help plan the building of affordable housing projects while recognizing the multifaceted role of short-term rentals in our housing ecosystem. By fostering an environment that supports diverse housing solutions, we can address the affordable housing challenge more effectively, benefiting both residents and property owners alike. Short term and long-term housing are simply regulated by supply and demand. The demand for short-term rentals has substantially been met and now is more demand for long-term rentals. Many short-term rentals have transitioned into long term rentals due to high interest and low demand. This occurs naturally without government intervention.

Please remember, in 2019 the main arguments for banning short-term rentals in residential zones were centered on their purported commercial use. Which was the main reason the city council banned the residential zones and left the Commercial zone alone. However, recent rulings by the Washington Supreme Court clarify that short-term rentals, regardless of the lease length, are residential in use. This decision challenges the foundation of the residential zone bans and calls for a reconsideration of our approach to housing policy.

Considering this legal context and the pressing need for more affordable housing, I urge the council to reverse the ban on short-term rentals in all zones including the residential zones. Restoring the property rights of owners is not only constitutionally sound but is also essential for fostering a diverse and adaptable housing market capable of meeting our city's growth and affordability challenges.

Let us focus our efforts on constructive solutions that respect property rights and address the broader issue of housing affordability, particularly for our low-income residents. By embracing a more inclusive and flexible housing policy, we can work towards a thriving, diverse community that meets the needs of all its members. Please make motions to remove the banned use of short-term renting and allow the use in all zones.

<https://data.census.gov/table?q=dp04&g=160XX00US5301990>.

Attached are screen shots showing the same dates and costs for Airbnb whole homes vs local hotels and motels. The value is 3x more affordable with Airbnb than the smaller no kitchen motels.

Thank You

Jason Goold, ABR, AHWD, CRB

Designated Managing Broker

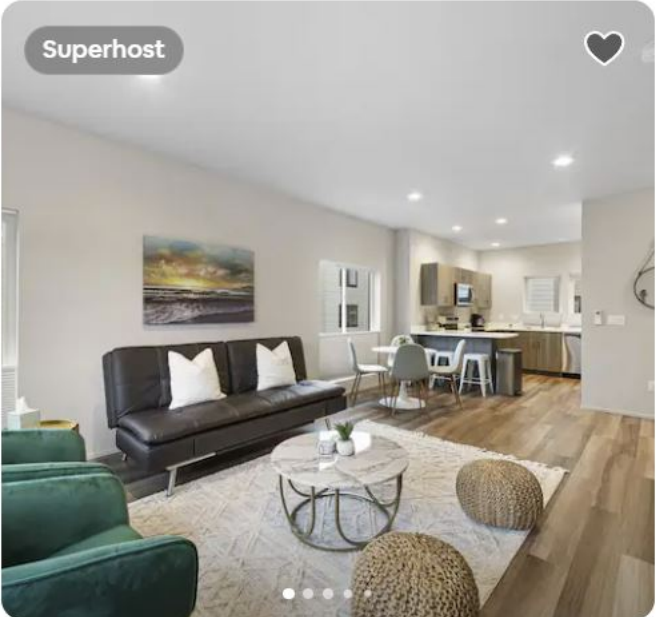
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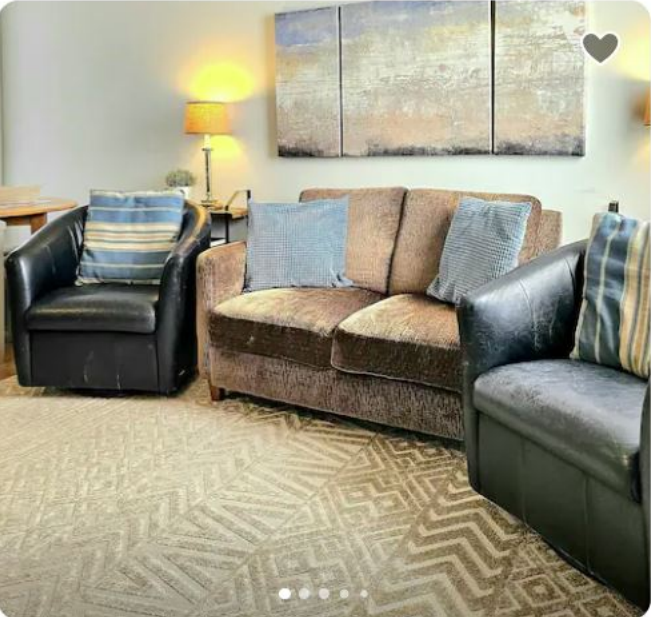
Map area | May 22 – 26 | Add guests

- Your search
- National parks
- Amazing views
- Cabins
- Lake
- Rooms
- Countryside
- Beachfront
- Farms
- Amazing pools
- Tiny homes
- Lakefront
- Vineyards
- Play
- Skating
- Chef's kitchens
- Trending
- New
- Camping
- Bed & breakfasts
- Design
- Golfing
- Surfing
- Gran

25 places within map area



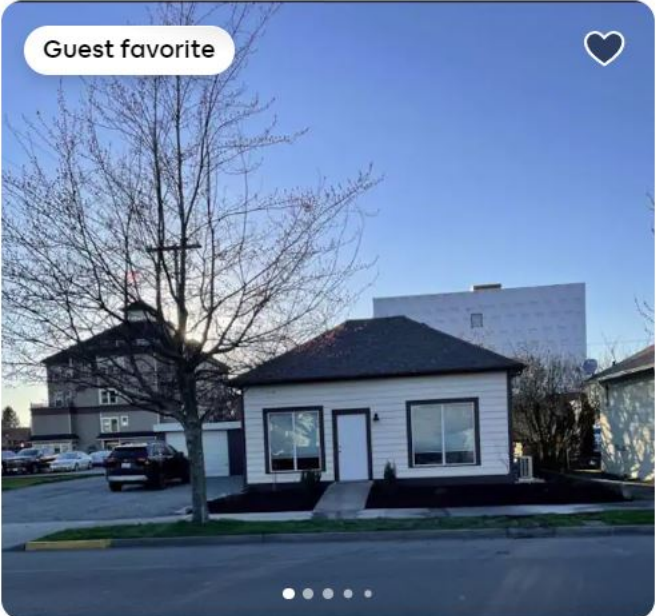
Home in Anacortes ★ 5.0 (17)
Brand New Fully Updated Condo 914 in Anacortes
3 beds
\$174 night · [\\$1,000 total](#)



Home in Anacortes ★ 4.38 (64)
Downtown 2BR Dog Friendly | Patio
4 beds
\$252 night · [\\$1,252 total](#)



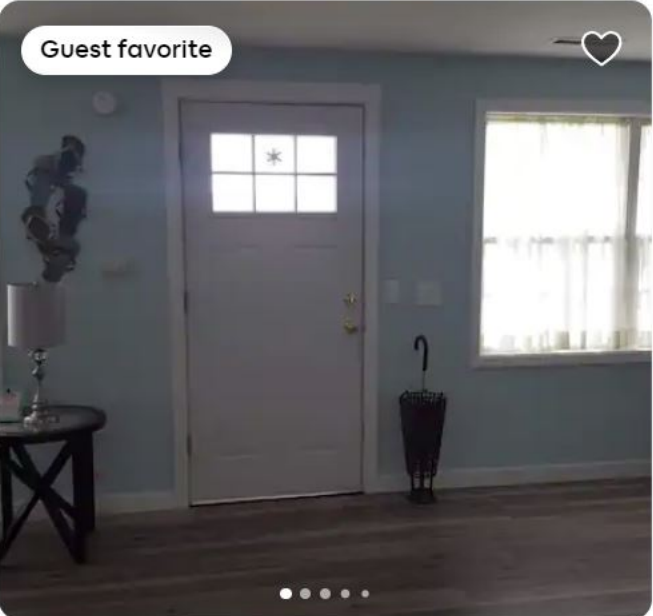
Apartment in Anacortes ★ 4.6 (10)
Central Apt: Private Fireplace & Patio Access
1 queen bed
\$145 night · [\\$763 total](#)



Home in Anacortes ★ 5.0 (7)
Majestic Guest House
2 beds
\$250 night · [\\$1,244 total](#)



Guesthouse in Anacortes ★ 4.91 (79)
Anchor Cove Guesthouse in Old Town Anacortes
1 double bed
\$170 night · [\\$850 total](#)



Home in Anacortes ★ 4.81 (52)
Anacortes Island Getaway
3 beds
\$121 night · [\\$639 total](#)



hotels anacortes wa

All filters Expand

Anacortes · 486 results

Sponsored · Holiday Inn Express & Suites Burlington, an IHG Hotel

\$154 · 4.2 (478)
2-star hotel · Hot tub

Sponsored · Comfort Suites Burlington near I-5

\$154 · 4.5 (353)
3-star hotel · Pool

BRAND NEW Fully Updated Condo 914 in Anacortes

\$129 · 4.5 (11)
Vacation rental · Air conditioning

Island Artist Studio

\$59 · 4.5 (142)
Vacation rental · Balcony

Sunrise Inn Villas and Suites

\$122 DEAL 4.1 (183)
2-star hotel · Free Wi-Fi

The Chalet on Lopez

\$99 · 4.4 (79)
Vacation rental · Balcony

Majestic Inn & Spa

\$203 · 4.5 (633)
4-star hotel · Breakfast (\$)

Cozy Cedar Cabin

\$95 · 4.4 (30)
Vacation rental · Balcony

Emerald Sea View Cabin

\$190
Vacation rental · Balcony

Ship Harbor Inn

\$174 · 4.2 (394)
3-star hotel · Free breakfast

Sponsored · Best Western Plus Oak ...

Marina Inn

Overview Prices Reviews Photos About

Check-in Wed, May 22 Check-out Sun, May 26 2

Nightly price Free cancellation only

Sponsored · Featured options

- Expedia.com \$162 Visit site
Free cancellation until May 21 · 2 guests
Compare hotels nearby · Save on the app
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All options

- Expedia.com \$162 Visit site
Free cancellation until May 21 · 2 guests
- Tripadvisor.com \$162 Visit site
2 guests

View more options from \$162

8 top things to know · Guests praised the kitchenettes and the beds +7 more

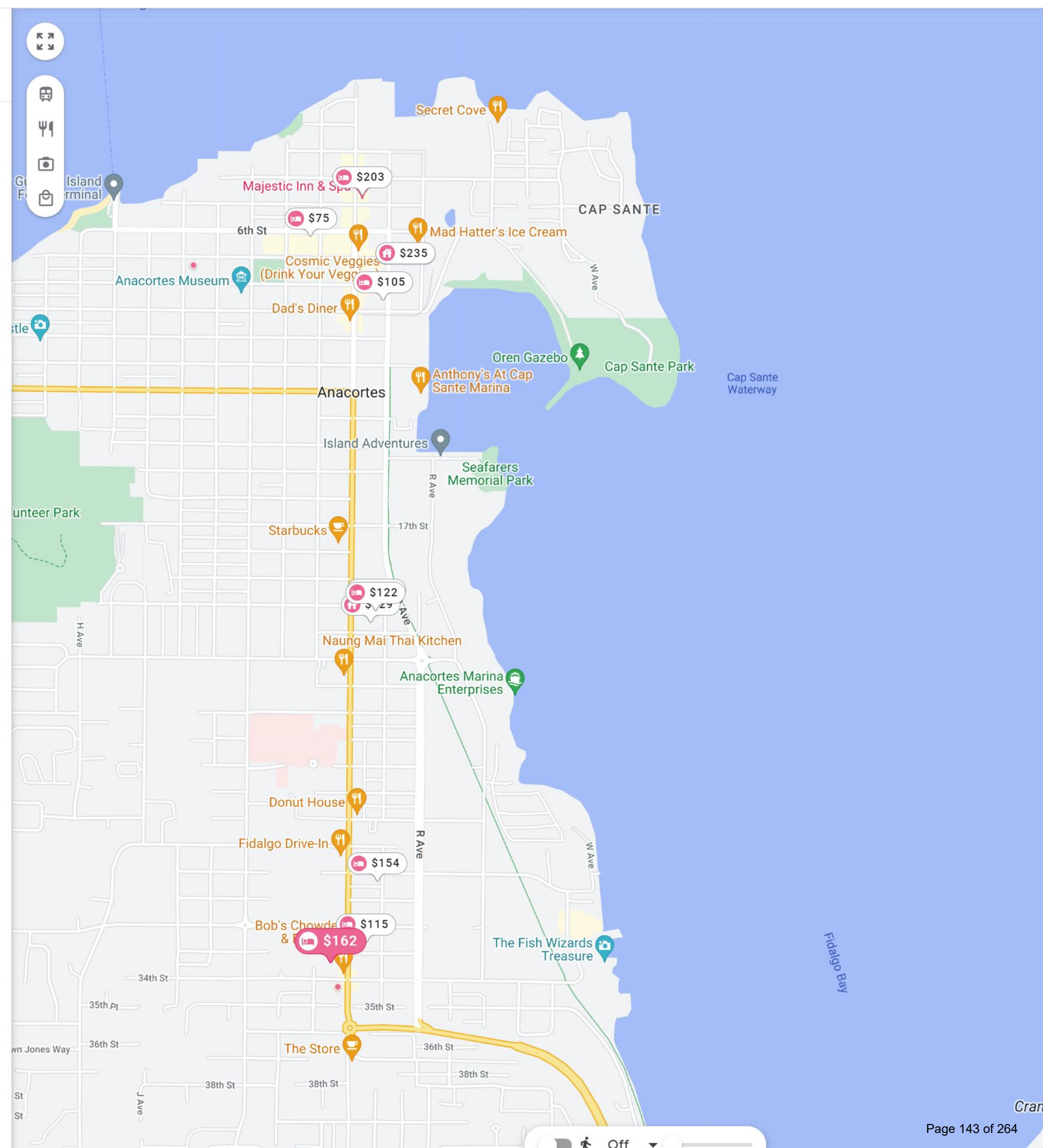
Prices are currently high for your trip. Show price range

Nearby places

3.9 Great for visitors

This straightforward inn is 1.2 miles from the center of Anacortes, 4.9 miles from Anacortes Ferry Terminal and 14 miles from Interstate 5.

Top sights Restaurants Airports Transit



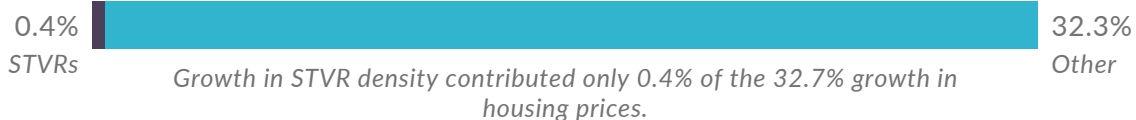
UNDERSTANDING THE REAL DRIVERS OF HOUSING AFFORDABILITY

An assessment of the role of short-term vacation rentals

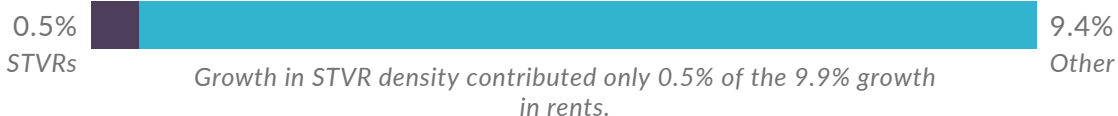
About the Study

VRMA partnered with Oxford Economics to conduct a study that aims to understand the real drivers of housing affordability. Results show that short-term vacation rentals had a minimal impact on both US housing prices and rents.

Drivers of growth in US housing prices (2014-2021, inflation adjusted)



Drivers of growth in US rents (2014-2021, inflation adjusted)



\$800

Housing prices would have been only \$800 lower if STVR density had not increased between 2015 and 2021.

\$5

Rent prices would only be \$5 lower if STVR density had not increased between 2015 and 2021.

Other Factors

The study indicates other factors play important roles in housing affordability, including:

- Low unemployment and high wages;
- Changes in housing preferences due to pandemic;
- Changes in zoning laws and building codes;
- Differences in property taxes;
- And others.

From: [Cheryl Reid](#)
To: [CityClerk](#)
Subject: Short Term Rentals
Date: Saturday, March 16, 2024 12:13:00 PM

**** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. ****

It is my understanding that the City Council will be discussing short term rentals at the next meeting. We are out of town right now or would certainly attend.

We rent a room in our house through Airbnb. It is part of our main residence and does not have a separate kitchen. It is a living room, bedroom and bathroom only and not suitable for a long term rental.

We are retired and pay taxes on this income. The extra money helps us pay the ever increasing property taxes and insurance on our limited finances so we can remain in our home.

Taking away our Airbnb would not improve the rental situation in Anacortes.

Sincerely, Cheryl Reid and Bill Rutledge

From: [Nancy Jones](#)
To: [CityClerk](#)
Subject: My opinion on short term rentals
Date: Sunday, March 17, 2024 1:52:31 PM

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

I am Nancy Jones. Since I will be abroad during the Monday meeting, I would like to speak in favor of short term rentals. I own a cottage that was built in 1901. I remodeled both the house and the garden shed and did much of the work myself with contractors. I did this because I probably will have to live closer to medical care when I am older. In the meanwhile I have used Airbnb for four years to recoup some of my costs. The neighbors have not been disturbed and guests have been polite. There is little to no rentals between October and spring. The income is used to keep the property and buildings in very good condition and to pay the property tax which has increased greatly.

I am a retired landscape gardener, building an asset is important for my retirement income.

Thank you for listening.

Furthermore, I would not rent full time as we need this to layover when ferries are cancelled and appointments/errands run overtime.

Sincerely, Nancy Jones, owner
Sent from my iPhone

From: [Ashley Farley](#)
To: [CityClerk](#)
Subject: Opposed to City of Anacortes STR Regulations
Date: Monday, March 18, 2024 8:10:58 AM

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

Dear City of Anacortes,

I am writing in opposition to proposed regulations on Short Term Rentals (STR) in the City of Anacortes. My husband and I currently own and run a STR on Guemes Island. This has given us a unique opportunity to build equity in a home while investing in our future and retirement. Guemes Island is such a special location and community and we are grateful for the opportunity to share this with our guests. Having guests in town supports the local economy. We pay property taxes and donate to the community.

We are seeing in cities that have strongly regulated STR a negative effect on the local economy and the problems these regulations set to fix only worsened. Especially on Guemes Island STR are family-owned and operated - it's difficult to make ends meet now and additional regulations could increase this difficulty.

Thank you for considering my perspective.

Best,

Ashley Farley
The Dragonfly on Guemes Island

From: [Matt Miller](#)
To: [Greg Francioch](#); [John Coleman](#)
Cc: [Libby Grage](#)
Subject: FW: short term rentals
Date: Monday, March 18, 2024 11:59:49 AM

From: Patti Pattee <pattipattee@gmail.com>
Sent: Monday, March 18, 2024 11:55 AM
To: City Council <citycouncil@cityofanacortes.org>
Subject: short term rentals

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

At a time when thoughtful towns are struggling to construct affordable housing units we should not be undoing that effort by lifting the moratorium.. As stated at almost every meeting, we need housing in this town. All kinds of housing. I yearn for a town that has a mix of ages and incomes. We sorely lack the capacity to house even middle-income people, much less low-income. Please consider the various workers that are forced to live off island. These folks are teachers, nurses, clerks, baristas, and other essential workers who are invested in our community. Let's work to include them in our long term plans. It's time to provide housing for all income levels, not just the rich. Let's strive to be an inclusive community where a family can afford to put down roots. You can help make that happen.

Thank you for your difficult and often complicated public service.
Sincerely,
Patti Pattee

From: [William Turner](#)
To: [CityClerk](#); [John Coleman](#)
Cc: [City Council](#)
Subject: Comments for City Council meeting of March 18
Date: Monday, March 18, 2024 12:59:13 PM

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

Dear John Coleman,

It would be very helpful if planning could provide myself and the public 2 things. One, a proposed schedule for this year regarding public hearings etc. for the new 2025 Comp plan, and two, an analysis of the effects of new ordinance 4075, I.e. the potential additional new living units in Anacortes you might anticipate.

The schedule would be easily accessible and easy to modify as things change. The development of a new comp plan will be complex and take some time and we citizens need time to prepare.

I ask for the analysis to better judge the effects on affordable housing. It appears that the City Council may think more units translate into affordability. I disagree. The market in Anacortes will only drive up costs. I suggest you might reduce the impact fees on some ADUs because of their size etc. but you should charge an impact fee to develop more affordable housing here, perhaps as much as \$10,000. Got to start somewhere! By allowing so many ADUs a lot of people will be charging rent and avoiding some taxes. The ADUs are intended to increase the availability of affordable housing, not enrich owners and developers.

Sincerely,

Bill Turner

2012 I Ave, Anacortes

Sent from my iPad

From: [Ian Munce](#)
To: [William Turner](#)
Cc: [CityClerk](#); [John Coleman](#); [City Council](#)
Subject: Re: Comments for City Council meeting of March 18
Date: Monday, March 18, 2024 1:10:31 PM

***** This email is from outside the City of Anacortes network. Please use caution when clicking on links, opening attachments, or replying. *****

Great letter!

> On Mar 18, 2024, at 12:59 PM, William Turner <bill.h.turner@gmail.com> wrote:

>

> Dear John Coleman,

> It would be very helpful if planning could provide myself and the public 2 things. One, a proposed schedule for this year regarding public hearings etc. for the new 2025 Comp plan, and two, an analysis of the effects of new ordinance 4075, I.e. the potential additional new living units in Anacortes you might anticipate.

> The schedule would be easily accessible and easy to modify as things change. The development of a new comp plan will be complex and take some time and we citizens need time to prepare.

> I ask for the analysis to better judge the effects on affordable housing. It appears that the City Council may think more units translate into affordability. I disagree. The market in Anacortes will only drive up costs. I suggest you might reduce the impact fees on some ADUs because of their size etc. but you should charge an impact fee to develop more affordable housing here, perhaps as much as \$10,000. Got to start somewhere! By allowing so many ADUs a lot of people will be charging rent and avoiding some taxes. The ADUs are intended to increase the availability of affordable housing, not enrich owners and developers.

> Sincerely,

> Bill Turner

> 2012 I Ave, Anacortes

>

> Sent from my iPad



Item 4a.

Public Hearing:

Permanent regulations for
overnight lodging use of residential dwelling units
in the CBD, C, MMU and CM zones

Planning Commission
February 28, 2024





Agenda



1. Background
2. Proposed Regulations
3. Outstanding PC Questions & Public Comments
4. Public Hearing
5. Deliberation & Recommendation



Agenda



1. Background
2. Proposed Regulations
3. Outstanding PC Questions & Public Comments
4. Public Hearing
5. Deliberation & Recommendation

Background: Timeline



- March 2, 2023 - City Council adopted Ord. 4046
 - Enacted a moratorium on overnight lodging use (short-term rental) of residential dwelling units in the C, CBD, MMU and CM zones
- May 22, 2023 - City Council adopted Ord. 4052
 - Held a public hearing, extended the moratorium to 3/27/24, and adopted a work plan for developing permanent regulations
- June – December 2023 - Research and Council Planning Committee input
- January 14, 2024 - Draft regulations released
 - PC workshop to discuss draft regulations (1/24/24)
 - Notice of intent sent to Commerce; SEPA DNS issued (2/7/24); public notice of comment period & public hearing published (1/7/24)
- February 28, 2024 - PC public hearing (tonight)



Background: Ordinances 4046 & 4052

Ordinance No. 4046

An Interim Ordinance Declaring an Emergency and Adopting a Moratorium on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas the City of Anacortes adopted new development regulations in 2019 (Ordinance 3040) that, among other things, created new regulations governing permitted uses in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas AMC 19.44.050 defines "overnight lodging" as rental of lodging for a period less than 30 days;

Whereas the Commercial Use, Central Business District, Marine Mixed Use and Commercial Marine Use zones allow both residential development and overnight lodging;

Whereas use of residential dwelling units as overnight lodging in residential zones is already prohibited by AMC 19.41.040;

Whereas use of residential dwelling units as overnight lodging in these commercial zones has been the subject of development;

Whereas the connection and impacts from

Whereas the District, Marine

Whereas the interim zoning

Whereas the regulations and planning ordinance

Whereas, as not subject to

Ordinance No. 4052

An Interim Ordinance Adopting a Work Plan and Extending the Moratorium Adopted by Ordinance 4046 on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas on March 27, 2023 the City of Anacortes City Council adopted Ordinance 4046, declaring a moratorium on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period of less than 30 days, or establishment of any such use, within a residential dwelling unit, within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas RCW 36.70A.390 and RCW 35A.63.220 requires the city to hold a public hearing within 60 days of the adoption of the moratorium and a public hearing was held on May 22, 2023;

City Council findings, Ord. 4046:

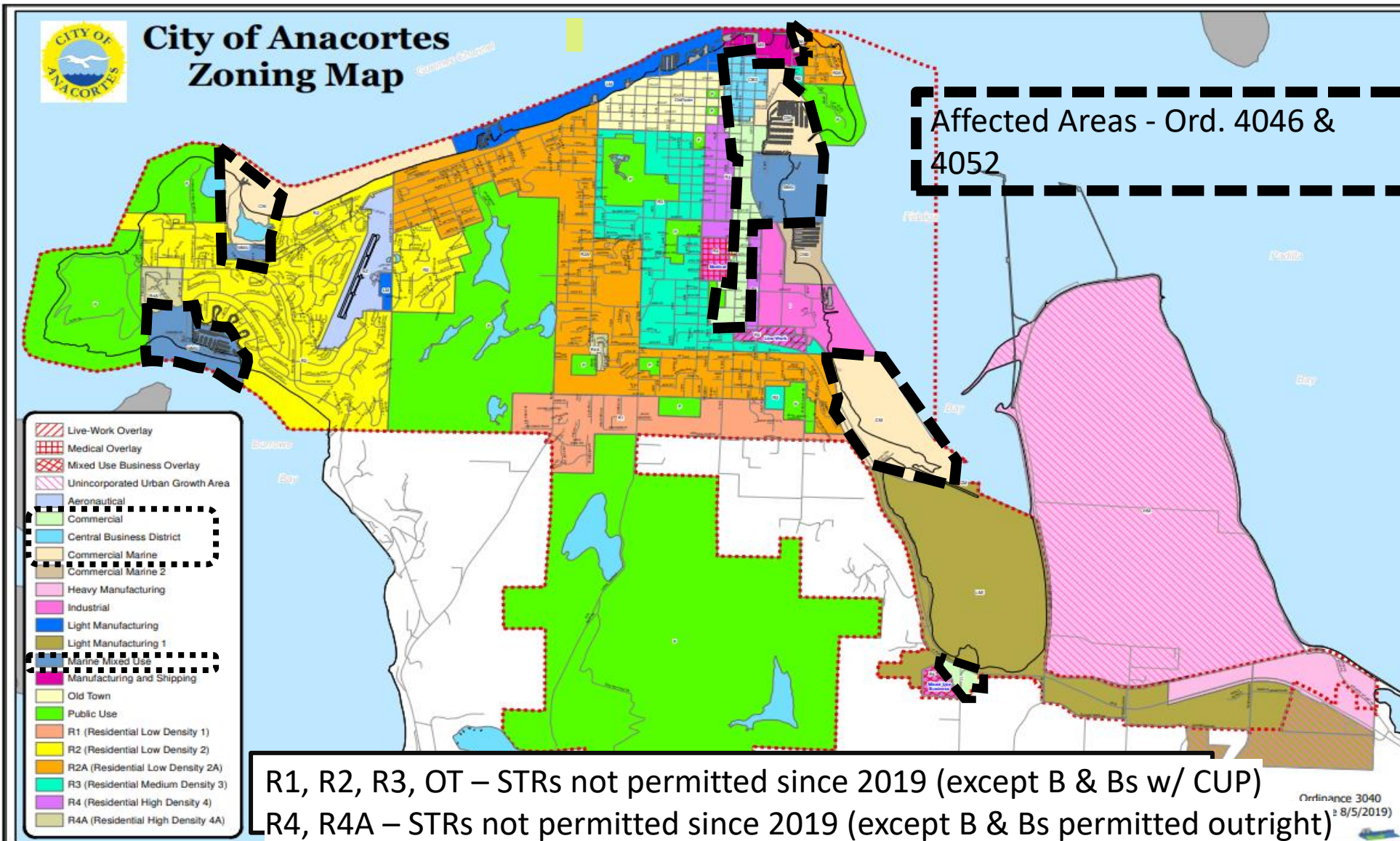
"...the use of residential dwelling units as overnight lodging... has been the subject of community concern and is contrary to the City's goals of promoting housing development for people who live and work in Anacortes..."



Background: Identified Concerns

- Removal of existing housing from the long-term housing stock reduces supply available to meet existing and future residents' needs
- Increasing demand + Reduced supply = Higher overall housing costs (HAP)
- 2016 Comp Plan goals/policies directed 2019 dev regs changes to encourage additional housing development in C, CBD, MMU and CM zones. New housing units that are converted to STR in these areas is contrary City housing goals.
- Concern that allowing new multifamily units to be converted to STR may impact community feel and livability of new neighborhoods

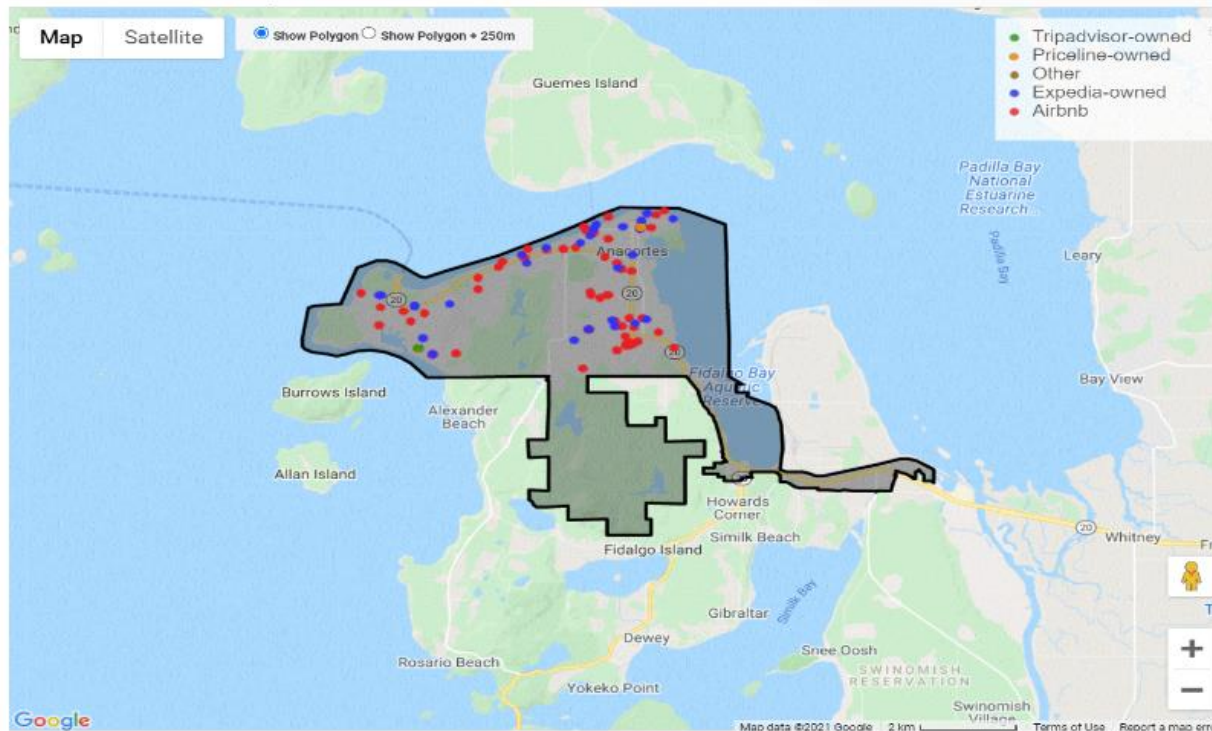
Background: Zones Affected



Background: STR Landscape (2021)

...and in Anacortes we have identified 93 listings, representing 82 unique rental units*

Short-term rentals in Anacortes as of April 2021

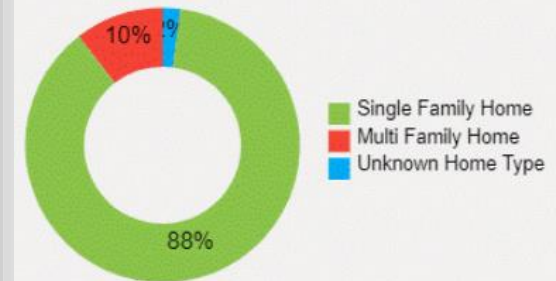


* Granicus Host Compliance's pricing is based on the count of listings and rental units that would need to be analyzed and monitored for compliance. In terms of listings, this number is 96 as we will expand our search area by several hundred yards beyond the borders of Anacortes to capture all relevant listings. Source: Granicus Host Compliance Proprietary Data

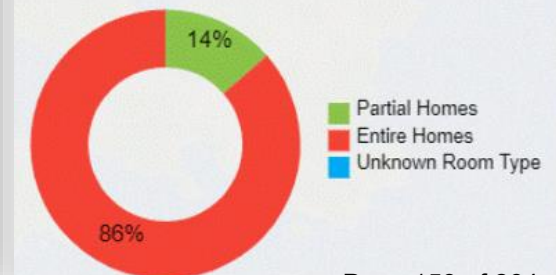
Median Nightly Rate (USD)

\$156

Listing Types



Unit Types





Agenda



1. Background
- 2. Proposed Regulations**
3. Outstanding PC Questions & Public Comments
4. Public Hearing
5. Deliberation & Recommendation

••• Proposed Regulations: **Key Goals**



1. Prevent housing from being taken off the long-term housing market.
2. Preserve the sense of community within existing and future neighborhoods.
3. All for economic gain by owners /residents.



••• Proposed Regulations: Other Considerations

1. Staff resource requirements to administer and enforce new regulations.
2. Impacts on existing short-term rental owners.
3. Consistency with GMA housing requirements.
4. 2023 Housing Action Plan recommendations.



Proposed Regulations: Summary



- Add new Overnight Lodging **type and definition** – “Short-Term Rental”
- **Prohibit** new Short-Term Rentals in the C, CBD, MMU and CM zones.
- **Allow** existing, legally-established short-term rentals with a current business license **to continue operation**

Still permitted in C, CBD, MMU and CM zones:

- ✓ Rental of dwelling units for 30+ days
- ✓ Bed and Breakfast (Existing SFRs, owner-occupied, up to 6 rooms)
- ✓ Hotel/motel



Proposed Regulations: Definitions



Existing AMC

19.44.050 Overnight lodging category

“Accommodations arranged for short-term stays (less than 30 days)”
Includes, but is not limited to:

- Bed & Breakfast
- Hotel/Motels
- Hostels



Bed & Breakfast

- “A single-family residential unit which provides transient lodging, for compensation, by renting up to 6 sleeping room accommodations”.
- Owner must be operator and reside on premises.
- Off-street parking required.



Hotel/Motel

- “A building or portion thereof designed for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities and meeting facilities.”



Hostel

- “Relatively affordable overnight lodging with shared dormitory-style facilities.”



Proposed new

Short-Term Rental

- “an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive days”.

Proposed Regulations



2. Add Short Term Rentals definition to Commercial Use standards

Amend AMC Ch. 19.44 Commercial Uses as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category.* Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.
2. Hotel/motel.

3. Short-term rentals.

~~3-4.~~ Youth hostel.

B. *Bed and Breakfast.*

Proposed Regulations



1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.
2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.
3. *Requirements.*
 - a. The owner must be the operator of the facility and must reside on the premises.
 - b. The owner's quarters and guest rooms must all be in the main building.
 - c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
 - d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter 19.64 in addition to one parking space per guest room.

C. Hotel/Motel.

1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. Short-Term Rental

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.
2. *C, CBD, MMU and CM Zone standards.*
 - a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. Youth Hostel.

1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.

D. Short-Term Rental

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.
2. *C, CBD, MMU and CM Zone standards.*
 - a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.



Proposed Regulations: Permissions

1. Prohibit new short-term rentals in the CBD, C, MMU, and CM zones

Amend AMC Ch. 19.41 Allowed Uses as follows:

Table 19.41.050

Principal uses permitted in mixed-use and industrial zones.

Principal Use	CBD	C	MMU	CM	CM2	LM	MS	I	HM	P	AZ	Reference

Overnight Lodging, except as listed below	P	P	P	P		C						AMC 19.44.050(A)
Short-Term Rental												AMC 19.44.050(D)

Blank =
Not Permitted



Proposed Regulations: Future



Types of STRs



Not Owner-Occupied

- Owner does not live in unit
- Entire unit rented out
- Removes unit from long-term housing market



Owner-Occupied

- Owner or long-term tenant lives in the unit as principal residence
- Rents out spare rooms or sometimes the entire house for a limited time
- Does not remove unit from long-term housing market (become owner/tenant resides there)

Future considerations:

- Evaluate B&B requirements to see if they should be modified to streamline the permit process and provide more flexibility
- Should a new STR type be established to allow STR of owner-occupied units?



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1. Background
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PC Questions



- How do STRs affect the community? What is the problem with them?
 - In Anacortes, the primary concern has been with STRs impacts on long-term housing availability and affordability
- Has city looked at any other method to manage the STR market other than just banning it outright? Maybe tax it, level the playing field?
 - Prohibiting certain types – non-owner/resident-occupied STRs; caps on the number per neighborhood/city; fees or taxes; limits on frequency of rental
 - Currently in the House - SB 5334 – Legislative authority of a county or city can impose an excise tax on the sale of lodging of short-term rentals through a short-term rental platform at a rate of up to 10%.
 - Revenue from the tax would be used for providing affordable or workforce housing, supportive housing services, rental assistance, etc.
 - Excludes owner-occupied dwellings where all rented rooms share a common entryway
 - Requires city/county imposing the tax to publish annual report

••• PC Questions, continued



- Is a (legally established) STR business license transferrable?
 - Yes
- How many units have already been established?
 - 10-20 units in the C, CBD, MMU, CM zones; around 83 city-wide (not all are licensed)
- Do we have any data showing the impacts of STR on housing costs?
 - We don't have Anacortes-specific data, but multiple studies* have found that an increase in short-term rentals contributed to higher asking rents for long-term rentals and a reduction in the number of available long-term rentals

*

<https://mrsc.org/stay-informed/mrsc-insight/december-2021/affordable-housing-and-the-impact-of-short-term-re>
<https://localhousingsolutions.org/housing-policy-library/regulating-short-term-rentals/>
<https://hbr.org/2024/02/what-does-banning-short-term-rentals-really-accomplish>

PC Questions, continued



- How many dwelling units are in the zones we are talking about?
 - Existing dwelling units (estimated)
 - C – 213 units
 - CBD – 124 units
 - MMU – 77 units
 - CM – 11 units
- Rental registration for existing STRs?
 - Existing legally established STRs will have a current business license for such a use. At this time, staff is not recommending establishing a registration requirement.

••• What We've Heard



- *STRs provide temporary housing options to accommodate:*
 - *households with changing life circumstances or in emergency situations such as during restoration of a fire or flood damaged home*
 - *temporary workers, relocating military families, traveling nurses, and prospective residents*
- *STRs provide an alternative experience to hotels*
- *STRs benefit the community through increased tourism and taxes*
- *STRs provide a source of income for homeowners and property investors*
- *Existing STRs should be 'grandfathered'*



Agenda



1. Background
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Agenda



1. Background
2. Proposed Regulations
3. Outstanding PC Questions & Public Comments
4. Public Hearing
- 5. Deliberation & Recommendation**

SEPA
Determination of Non-Significance

DESCRIPTION OF PROPOSAL: The City of Anacortes is considering adoption of amendments to the Anacortes Municipal Code (AMC) to add a definition for short-term rentals and change the uses allowed within the Commercial, Central Business District, Marine Mixed Use and Commercial Marine zones to prohibit short-term rental of residential dwelling units.

LOCATION: This is a non-project action that would apply city-wide.

PROPONENT & LEAD AGENCY: City of Anacortes, Planning, Community and Economic Development (PCED) Department.

CONTACT PERSON: Libby Grage, Planning Manager; libbyb@cityofanacortes.org; 360-299-1986; PO Box 547, Anacortes, WA 98221

The lead agency for this proposal has determined that the proposed amendments will not have a probable adverse impact on the environment. An environmental impact statement (EIS) is not required under RCW 43.21C.030(2)(c). This decision was made after review of a completed environmental checklist and other information on file with the lead agency. This information is available to the public upon request.

ENVIRONMENTAL DETERMINATION COMMENTS: This DNS is issued under WAC 197-11-340(2); the lead agency will not act on this proposal for 14 days from the date below. Comments on the environmental determination must be received in writing on or before 5:00 PM **February 21, 2024** (14 days from the date of issuance). Comments received within the 14 days will be reviewed and considered by the PCED Department.

Responsible Official: John Coleman, AICP
Position and Title: Director of Planning, Community & Economic Development
Phone/Email: 360-299-1942; johnc@cityofanacortes.org
Address: P.O. Box 547, Anacortes, WA 98221

Date: 2-7-24

Signature 

ENVIRONMENTAL DETERMINATION APPEAL PROCESS: You may appeal this determination to the Hearing Examiner. Appeals must be on forms provided by the Department and delivered, along with the appeal fee, to the City Clerk no later than 5:00 PM **December 6, 2023**. You should be prepared to make specific factual objections. Contact the PCED Department to read or ask about the procedures for SEPA appeals (AMC 19.20.180).

ISSUED AND PUBLISHED: February 7, 2024

SENT TO: SEPA Register, Corps of Engineers, DAHP, WDFW, WA Health, DNR, WSDOT, DOE, NW Clean Air, Skagit Transit, Skagit County PDS, County Assessor, Port of Anacortes, Anacortes School District, Skagit Coop, Swinomish and Samish Tribes, PSE, Frontier, CNG and Comcast

SEPA¹ Environmental Checklist

Purpose of checklist

Governmental agencies use this checklist to help determine whether the environmental impacts of your proposal are significant. This information is also helpful to determine if available avoidance, minimization, or compensatory mitigation measures will address the probable significant impacts or if an environmental impact statement will be prepared to further analyze the proposal.

Instructions for applicants

This environmental checklist asks you to describe some basic information about your proposal. Please answer each question accurately and carefully, to the best of your knowledge. You may need to consult with an agency specialist or private consultant for some questions. **You may use “not applicable” or “does not apply” only when you can explain why it does not apply and not when the answer is unknown.** You may also attach or incorporate by reference additional studies reports. Complete and accurate answers to these questions often avoid delays with the SEPA process as well as later in the decision-making process.

The checklist questions apply to **all parts of your proposal**, even if you plan to do them over a period of time or on different parcels of land. Attach any additional information that will help describe your proposal or its environmental effects. The agency to which you submit this checklist may ask you to explain your answers or provide additional information reasonably related to determining if there may be significant adverse impact.

Instructions for lead agencies

Please adjust the format of this template as needed. Additional information may be necessary to evaluate the existing environment, all interrelated aspects of the proposal and an analysis of adverse impacts. The checklist is considered the first but not necessarily the only source of information needed to make an adequate threshold determination. Once a threshold determination is made, the lead agency is responsible for the completeness and accuracy of the checklist and other supporting documents.

Use of checklist for nonproject proposals

For nonproject proposals (such as ordinances, regulations, plans and programs), complete the applicable parts of sections A and B, plus the Supplemental Sheet for Nonproject Actions (Part D). Please completely answer all questions that apply and note that the words "project," "applicant," and "property or site" should be read as "proposal," "proponent," and "affected geographic area," respectively. The lead agency may exclude (for non-projects) questions in “Part B: Environmental Elements” that do not contribute meaningfully to the analysis of the proposal.

¹ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/Checklist-guidance>

A. Background

[Find help answering background questions²](https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-A-Background)

1. Name of proposed project, if applicable:

LEG-2023-03: Short term rental regulations for the C, CBD, MMU and CM zones

2. Name of applicant:

City of Anacortes Planning, Community & Economic Development Department

3. Address and phone number of applicant and contact person:

Libby Grage, Planning Manager, 360-299-1986; libbyb@cityofanacortes.org; P.O. Box 547;
Anacortes, WA 98221

4. Date checklist prepared:

January 25, 2024

5. Agency requesting checklist:

City of Anacortes Planning, Community & Economic Development Department

6. Proposed timing of schedule (including phasing, if applicable):

Planning Commission review, public hearing, and recommendation – February 2024

City Council review and adoption – March 2024

7. Do you have any plans for future additions, expansion, or further activity related to or connected with this proposal? If yes, explain.

No

8. List any environmental information you know about that has been prepared, or will be prepared, directly related to this proposal.

None

9. Do you know whether applications are pending for governmental approvals of other proposals directly affecting the property covered by your proposal? If yes, explain.

This is a non-project action affecting multiple parcels in the City of Anacortes.

10. List any government approvals or permits that will be needed for your proposal, if known.

The City of Anacortes City Council would need to approve the proposed amendments and adopt them by ordinance.

11. Give brief, complete description of your proposal, including the proposed uses and the size of the project and site. There are several questions later in this checklist that ask you to describe certain aspects of your proposal. You do not need to repeat those answers on this page. (Lead agencies may modify this form to include additional specific information on project description.)

² <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-A-Background>

The City of Anacortes is considering adoption of amendments to the Anacortes Municipal Code (AMC) to add a definition for short-term rentals and change the uses allowed within the Commercial, Central Business District, Marine Mixed Use and Commercial Marine zones to prohibit short-term rental of residential dwelling units.

The proposal has been developed in response to the Ordinances 4046 and 4052, which, in 2023, enacted and extended a moratorium on the short-term rental of residential dwelling units in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones.

- 12. Location of the proposal. Give sufficient information for a person to understand the precise location of your proposed project, including a street address, if any, and section, township, and range, if known. If a proposal would occur over a range of area, provide the range or boundaries of the site(s). Provide a legal description, site plan, vicinity map, and topographic map, if reasonably available. While you should submit any plans required by the agency, you are not required to duplicate maps or detailed plans submitted with any permit applications related to this checklist.**

The definition for ‘short-term rentals’ would apply city-wide and changes to permitted uses in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones would apply only in those zones.

B.Environmental Elements

1. Earth

[Find help answering earth questions³](https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-earth)

a. General description of the site:

The City of Anacortes includes a variety of terrain, including flat, rolling, hilly, and steep slopes.

Circle or highlight one: Flat, rolling, hilly, steep slopes, mountainous, other:

b. What is the steepest slope on the site (approximate percent slope)?

Anacortes includes a variety of slopes throughout the city, including certain areas with up to 100% slope. The steepest slopes are primarily located along the marine shoreline and Mount Erie.

c. What general types of soils are found on the site (for example, clay, sand, gravel, peat, muck)? If you know the classification of agricultural soils, specify them, and note any agricultural land of long-term commercial significance and whether the proposal results in removing any of these soils.

³ <https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-earth>

Soils within the city Bellingham silt loam, Bow gravelly loam, Bow-Urban land complex, Catla gravelly fine sandy loam, Clallam gravelly loam, Coveland gravelly loam, Coveland-Bow complex, Dystric Xerochrepts, Fidalgo-Lithic Xerochrepts Rock outcrop complex, Guemes very stony loam, Guemes very gravelly loam, sandy substratum, Hydraquents, tidal, Keystone loamy sand, Laconner very gravelly loamy sand, Lithic Haploxerolls – Rock outcrop complex, Mukilteo muck, Norma silt loam, Pits, Swinomish gravelly loam, Swinomish-Fidalgo Rock outcrop complex, Tacoma silt, Tacoma silt loam, Terric Medisaprists, Whistle-Fidalgo-Rock outcrop complex, and Xerorthents.

There are no known agricultural lands of long-term commercial significance.

Because this proposal is non-project in nature, it will not directly result in any soil removal.

d. Are there surface indications or history of unstable soils in the immediate vicinity? If so, describe.

Geologically hazardous areas within the City include steep slopes, landslide and erosion hazards, and seismic hazards (liquefaction prone areas). These hazard areas are concentrated along the northern portion of Anacortes near Guemes Channel and Burrows Bay near Washington Park. Liquefaction prone areas are located in areas of modified shorelines near Skyline and the eastern part of the city along Fidalgo Bay.

e. Describe the purpose, type, total area, and approximate quantities and total affected area of any filling, excavation, and grading proposed. Indicate source of fill.

This non-project proposal will not directly result in any filling, excavation, or grading.

f. Could erosion occur because of clearing, construction, or use? If so, generally describe.

Because this proposal is non-project in nature, it will not directly result in any erosion.

g. About what percent of the site will be covered with impervious surfaces after project construction (for example, asphalt or buildings)?

This non-project proposal will not directly result in the addition of any impervious surface.

h. Proposed measures to reduce or control erosion, or other impacts to the earth, if any.

This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements relating to impacts to the earth.

2. Air

[Find help answering air questions](#)⁴

- a. **What types of emissions to the air would result from the proposal during construction, operation, and maintenance when the project is completed? If any, generally describe and give approximate quantities if known.**

This non-project proposal will not directly result in any emissions to the air.

- b. **Are there any off-site sources of emissions or odor that may affect your proposal? If so, generally describe.**

This non-project proposal will not be affected by emissions or odor.

- c. **Proposed measures to reduce or control emissions or other impacts to air, if any:**

- d. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements relating to emissions that are in place at that time.

3. Water

[Find help answering water questions](#)⁵

- a. **Surface:**

[Find help answering surface water questions](#)⁶

1. **Is there any surface water body on or in the immediate vicinity of the site (including year-round and seasonal streams, saltwater, lakes, ponds, wetlands)? If yes, describe type and provide names. If appropriate, state what stream or river it flows into.**

Anacortes is surrounded on three sides by marine shorelines including Guemes Channel, Burrows Bay, Fidalgo Bay, and a portion of Padilla Bay, with lakes including Little Cranberry, Heart, Whistle, and a portion of Lake Erie.

There are multiple streams located within city limits including Whistle Creek, Happy Valley Stream, Ace of Hearts Creek, Beaver Brook, Cranberry Creek, Clyde Creek, Anaco Bourn, Morrison Run, Cedar Springs, Weaverling Rill, Miller Creek, Aqua Creek, Howard Creek, Summit Creek, and March's Run.

⁴ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-Air>

⁵ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water>

⁶ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water/Environmental-elements-Surface-water>

2. **Will the project require any work over, in, or adjacent to (within 200 feet) the described waters? If yes, please describe and attach available plans.**

No, this is a non-project action.

3. **Estimate the amount of fill and dredge material that would be placed in or removed from surface water or wetlands and indicate the area of the site that would be affected. Indicate the source of fill material.**

This non-project proposal will not directly result in any fill or dredging of surface waters or wetlands.

- a. **Will the proposal require surface water withdrawals or diversions? Give a general description, purpose, and approximate quantities if known.**

This non-project proposal will not directly result in surface water withdrawals or diversions.

4. **Does the proposal lie within a 100-year floodplain? If so, note location on the site plan.**

Parts of Anacortes are located within the 100-year floodplain as mapped by the Federal Emergency Management Agency (FEMA) flood insurance rate maps (FIRMs). Some areas within the zones affected may be located within the 100-year flood plain.

5. **Does the proposal involve any discharges of waste materials to surface waters? If so, describe the type of waste and anticipated volume of discharge.**

This non-project proposal will not directly result in any discharges of waste materials to surface waters.

b. Ground:

[Find help answering ground water questions](https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water/Environmental-elements-Groundwater)⁷

1. **Will groundwater be withdrawn from a well for drinking water or other purposes? If so, give a general description of the well, proposed uses and approximate quantities withdrawn from the well. Will water be discharged to groundwater? Give a general description, purpose, and approximate quantities if known.**

This non-project proposal will not directly result in withdrawal of groundwater from a well for drinking water or any other purpose, nor will it involve discharges to groundwater.

2. **Describe waste material that will be discharged into the ground from septic tanks or other sources, if any (domestic sewage; industrial, containing the following chemicals...; agricultural; etc.). Describe the general size of the system, the number of such systems, the number of houses to be served (if applicable), or the number of animals or humans the system(s) are expected to serve.**

⁷ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-3-Water/Environmental-elements-Groundwater>

This non-project proposal will not directly result in discharge of waste into the ground.

c. Water Runoff (including stormwater):

- 1. Describe the source of runoff (including storm water) and method of collection and disposal, if any (include quantities, if known). Where will this water flow? Will this water flow into other waters? If so, describe.**

This non-project proposal will not generate stormwater.

- 2. Could waste materials enter ground or surface waters? If so, generally describe.**

This non-project proposal will not involve waste materials entering the ground or surface waters.

- 3. Does the proposal alter or otherwise affect drainage patterns in the vicinity of the site? If so, describe.**

This non-project proposal will not affect drainage patterns.

e. Proposed measures to reduce or control surface, ground, and runoff water, and drainage pattern impacts, if any:

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to surface and ground water, and water run-off.

4. Plants

[Find help answering plants questions](#)

a. Check the types of vegetation found on the site:

- ☒ **deciduous tree: alder, maple, aspen, other**
- ☒ **evergreen tree: fir, cedar, pine, other**
- ☒ **shrubs**
- ☒ **grass**
- ☒ **pasture**
- ☐ **crop or grain**
- ☒ **orchards, vineyards, or other permanent crops.**
- ☒ **wet soil plants: cattail, buttercup, bullrush, skunk cabbage, other**
- ☒ **water plants: water lily, eelgrass, milfoil, other**
- ☒ **other types of vegetation**

b. What kind and amount of vegetation will be removed or altered?

This non-project proposal will not result in vegetation removal or alteration.

c. List threatened and endangered species known to be on or near the site.

Various species of rare plants, listed by the Washington Natural Heritage Program, may occur within the city.

d. Proposed landscaping, use of native plants, or other measures to preserve or enhance vegetation on the site, if any.

None.

e. List all noxious weeds and invasive species known to be on or near the site.

Various species of noxious weeds and invasive species are known to occur throughout Anacortes.

5. Animals

[Find help answering animal questions](#)⁸

a. List any birds and other animals that have been observed on or near the site or are known to be on or near the site.

Examples include:

- **Birds:** hawk, heron, eagle, songbirds, other:
- **Mammals:** deer, bear, elk, beaver, other:
- **Fish:** bass, salmon, trout, herring, shellfish, other:

Many species of birds, mammals, and fish are known to occur throughout Anacortes.

b. List any threatened and endangered species known to be on or near the site.

Bull trout, Puget Sound Chinook, Puget Sound Steelhead, Southern Resident Killer Whale, Yelloweye Rockfish, Bocaccio Rockfish and Marbled Murrelet are known to occur along the marine shoreline of Anacortes.

c. Is the site part of a migration route? If so, explain.

Anacortes is within located within the Pacific Flyway migration route utilized by waterfowl migrating north into Alaska and northern Canada.

d. Proposed measures to preserve or enhance wildlife, if any.

- e. None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to wildlife protection.

⁸ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-5-Animals>

- f. **List any invasive animal species known to be on or near the site.**

None known.

6. Energy and natural resources

[Find help answering energy and natural resource questions](#)⁹

- a. **What kinds of energy (electric, natural gas, oil, wood stove, solar) will be used to meet the completed project's energy needs? Describe whether it will be used for heating, manufacturing, etc.**

This non-project proposal will not result in any energy use.

- b. **Would your project affect the potential use of solar energy by adjacent properties? If so, generally describe.**

This non-project proposal will not affect the potential use of solar energy by adjacent properties.

- c. **What kinds of energy conservation features are included in the plans of this proposal? List other proposed measures to reduce or control energy impacts, if any.**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to energy.

7. Environmental health

[Health Find help with answering environmental health questions](#)¹⁰

- a. **Are there any environmental health hazards, including exposure to toxic chemicals, risk of fire and explosion, spill, or hazardous waste, that could occur because of this proposal? If so, describe.**

This non-project proposal will not result in any environmental health hazards.

1. **Describe any known or possible contamination at the site from present or past uses.**

Anacortes has various sites that have known or possible contamination from present or past uses.

2. **Describe existing hazardous chemicals/conditions that might affect project development and design. This includes underground hazardous liquid and gas transmission pipelines located within the project area and in the vicinity.**

This non-project proposal is not expected to be affected by hazardous chemicals/conditions.

⁹ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-6-Energy-natural-resou>

¹⁰ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-7-Environmental-health>

- 3. Describe any toxic or hazardous chemicals that might be stored, used, or produced during the project's development or construction, or at any time during the operating life of the project.**

This non-project proposal will not result in storage, use or production of hazardous chemicals.

- 4. Describe special emergency services that might be required.**

This non-project proposal will not result in the need for any special emergency services.

- 5. Proposed measures to reduce or control environmental health hazards, if any.**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to reduction or control of environmental health hazards.

b. Noise

- 1. What types of noise exist in the area which may affect your project (for example: traffic, equipment, operation, other)?**

This non-project proposal will not be affected by noise in the area.

- 2. What types and levels of noise would be created by or associated with the project on a short-term or a long-term basis (for example: traffic, construction, operation, other)? Indicate what hours noise would come from the site)?**

This non-project proposal would not create any noise.

- 3. Proposed measures to reduce or control noise impacts, if any:**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to noise.

8. Land and shoreline use

[Find help answering land and shoreline use questions](https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-8-Land-shoreline-use)¹¹

- a. What is the current use of the site and adjacent properties? Will the proposal affect current land uses on nearby or adjacent properties? If so, describe.**

Land uses throughout the city include residential, recreational, industrial, multi-family, public and institutional uses, and vacant land. Because the proposal is non-project in nature, it will not affect current land uses on properties in the city.

- b. Has the project site been used as working farmlands or working forest lands? If so, describe. How much agricultural or forest land of long-term commercial significance will be converted to other uses because of the proposal, if any? If resource lands have**

¹¹ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-8-Land-shoreline-use>

not been designated, how many acres in farmland or forest land tax status will be converted to nonfarm or nonforest use?

There are no known working farmlands or working forest lands within the Anacortes city limits.

- 1. Will the proposal affect or be affected by surrounding working farm or forest land normal business operations, such as oversize equipment access, the application of pesticides, tilling, and harvesting? If so, how?**

No.

- c. Describe any structures on the site.**

There are a variety of structures located throughout city limits.

- d. Will any structures be demolished? If so, what?**

This non-project proposal will not result in the demolition of any structures.

- e. What is the current zoning classification of the site?**

Anacortes includes a variety of zoning designations city-wide.

- f. What is the current comprehensive plan designation of the site?**

Anacortes includes a variety of comprehensive plan designations.

- g. If applicable, what is the current shoreline master program designation of the site?**

Anacortes includes a variety of shoreline master program designations along its marine shoreline and freshwater lakes.

- h. Has any part of the site been classified as a critical area by the city or county? If so, specify.**

A variety of classified critical areas are known to be located within the city, including wetlands, fish and wildlife habitat conservation areas, geologically hazardous areas, critical aquifer recharge areas, and frequently flooded areas.

- i. Approximately how many people would reside or work in the completed project?**

Because this is a non-project proposal, this question is not applicable.

- j. Approximately how many people would the completed project displace?**

Because this proposal is non-project in nature, zero people would be displaced as part of the project.

- k. Proposed measures to avoid or reduce displacement impacts, if any.**

None.

- l. Proposed measures to ensure the proposal is compatible with existing and projected land uses and plans, if any.**

This non-project proposal is not anticipated to result in any incompatibility issues.

- m. **Proposed measures to reduce or control impacts to agricultural and forest lands of long-term commercial significance, if any:**

None.

9. Housing

[Find help answering housing questions](#)¹²

- a. **Approximately how many units would be provided, if any? Indicate whether high, middle, or low-income housing.**

Because this is a non-project proposal, no new housing units would be provided. However, the amendments may result in additional housing units being made available and maintained for long-term rental.

- b. **Approximately how many units, if any, would be eliminated? Indicate whether high, middle, or low-income housing.**

Because this is a non-project proposal, no housing units would be eliminated.

- c. **Proposed measures to reduce or control housing impacts, if any:**

A primary purpose of the proposal is to stop the conversion to short-term rentals of residential dwelling units in certain zones. This is intended to ensure housing remains available to those that want to live and work in Anacortes.

10. Aesthetics

[Find help answering aesthetics questions](#)¹³

- a. **What is the tallest height of any proposed structure(s), not including antennas; what is the principal exterior building material(s) proposed?**

This non-project proposal will not directly result in any structures being built.

- b. **What views in the immediate vicinity would be altered or obstructed?**

None – this is a non-project proposal.

- c. **Proposed measures to reduce or control aesthetic impacts, if any:**

Future project actions that are proposed under the adopted regulations will be required to comply with the Anacortes Municipal Code and any other standards related to aesthetics that are in place at that time.

¹² <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-9-Housing>

¹³ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-10-Aesthetics>

11. Light and glare

[Find help answering light and glare questions](#)¹⁴

- b. What type of light or glare will the proposal produce? What time of day would it mainly occur?**

This non-project proposal would not produce any light or glare.

- c. Could light or glare from the finished project be a safety hazard or interfere with views?**

No.

- d. What existing off-site sources of light or glare may affect your proposal?**

None.

- e. Proposed measures to reduce or control light and glare impacts, if any:**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to light and glare.

12. Recreation

[Find help answering recreation questions](#)

- a. What designated and informal recreational opportunities are in the immediate vicinity?**

Anacortes contains many designated and informal recreational opportunities, including city parks, the Anacortes Community Forest Lands, beaches, trails, boating, and more.

- b. Would the proposed project displace any existing recreational uses? If so, describe.**

No.

- c. Proposed measures to reduce or control impacts on recreation, including recreation opportunities to be provided by the project or applicant, if any:**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related recreation.

13. Historic and cultural preservation

[Find help answering historic and cultural preservation questions](#)¹⁵

- a. Are there any buildings, structures, or sites, located on or near the site that are over 45 years old listed in or eligible for listing in national, state, or local preservation registers? If so, specifically describe.**

¹⁴ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-11-Light-glare>

¹⁵ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-13-Historic-cultural-p>

There are many buildings in Anacortes that are over 45 years old. Some of them are eligible for listing, or are listed, in national, state, or local preservation registers.

- b. Are there any landmarks, features, or other evidence of Indian or historic use or occupation? This may include human burials or old cemeteries. Are there any material evidence, artifacts, or areas of cultural importance on or near the site? Please list any professional studies conducted at the site to identify such resources.**

There are landmarks, features, or other evidence of Indian or historic use or occupation in various locations throughout Anacortes.

- c. Describe the methods used to assess the potential impacts to cultural and historic resources on or near the project site. Examples include consultation with tribes and the department of archeology and historic preservation, archaeological surveys, historic maps, GIS data, etc.**

Staff referred to the department of archaeology and historic preservation and the Anacortes register of historic places, but because the proposal is non-project in nature, it will not have a direct impact on any cultural or historic resources.

- d. Proposed measures to avoid, minimize, or compensate for loss, changes to, and disturbance to resources. Please include plans for the above and any permits that may be required.**

Future project actions that are proposed under the adopted regulations will be required to comply with the Anacortes Municipal Code and any other standards related to historic resources protection that are in place at that time.

14. Transportation

[Find help with answering transportation questions](#)¹⁶

- a. Identify public streets and highways serving the site or affected geographic area and describe proposed access to the existing street system. Show on site plans, if any.**

There are a variety of public streets and highways in Anacortes.

- b. Is the site or affected geographic area currently served by public transit? If so, generally describe. If not, what is the approximate distance to the nearest transit stop?**

Skagit Transit provides public transit service throughout Anacortes.

- c. Will the proposal require any new or improvements to existing roads, streets, pedestrian, bicycle, or state transportation facilities, not including driveways? If so, generally describe (indicate whether public or private).**

Because this proposal is non-project in nature, it will not require any new or improvements to existing roads, streets, pedestrian, bicycle, or state transportation facilities.

¹⁶ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-B-Environmental-elements/Environmental-elements-14-Transportation>

- d. **Will the project or proposal use (or occur in the immediate vicinity of) water, rail, or air transportation? If so, generally describe.**

This non-project proposal will not use water, rail or air transportation.

- e. **How many vehicular trips per day would be generated by the completed project or proposal? If known, indicate when peak volumes would occur and what percentage of the volume would be trucks (such as commercial and nonpassenger vehicles). What data or transportation models were used to make these estimates?**

This non-project proposal will not generate any vehicular trips.

- f. **Will the proposal interfere with, affect, or be affected by the movement of agricultural and forest products on roads or streets in the area? If so, generally describe.**

This non-project proposal will not affect or be affected by movement of agricultural and forest products on roads or streets.

- g. **Proposed measures to reduce or control transportation impacts, if any:**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to transportation.

15. Public services

[Find help answering public service questions¹⁷](#)

- a. **Would the project result in an increased need for public services (for example: fire protection, police protection, public transit, health care, schools, other)? If so, generally describe.**

This non-project proposal will not result in an increased need for public services.

- b. **Proposed measures to reduce or control direct impacts on public services, if any.**

None. This is a non-project action. Development that is authorized consistent with the City's development regulations following the adoption of the amendments will be required to comply with City, State, and Federal requirements related to public services.

16. Utilities

[Find help answering utilities questions¹⁸](#)

- a. **Circle utilities currently available at the site: electricity, natural gas, water, refuse service, telephone, sanitary sewer, septic system, other:**

All of the above utilities are available within the Anacortes city limits.

¹⁷ <https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-15-public-services>

¹⁸ <https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-b-environmental-elements/environmental-elements-16-utilities>

- b. Describe the utilities that are proposed for the project, the utility providing the service, and the general construction activities on the site or in the immediate vicinity which might be needed.

This non-project proposal will not result in the need for any utility services.

C. Signature

[Find help about who should sign](#)¹⁹

The above answers are true and complete to the best of my knowledge. I understand that the lead agency is relying on them to make its decision.



Type name of signee: Libby Grage

Position and agency/organization: Planning Manager, PCED Department, City of Anacortes

Date submitted: February 6, 2024

D. Supplemental sheet for nonproject actions

[Find help for the nonproject actions worksheet](#)²⁰

Do not use this section for project actions.

Because these questions are very general, it may be helpful to read them in conjunction with the list of the elements of the environment.

When answering these questions, be aware of the extent the proposal, or the types of activities likely to result from the proposal, would affect the item at a greater intensity or at a faster rate than if the proposal were not implemented. Respond briefly and in general terms.

1. How would the proposal be likely to increase discharge to water; emissions to air; production, storage, or release of toxic or hazardous substances; or production of noise?

The proposed amendments are not anticipated to result in an increase in discharge to water; emissions to air; production, storage, or release of toxic or hazardous substances; or production of noise as compared to existing land use plans.

- Proposed measures to avoid or reduce such increases are:

None.

2. How would the proposal be likely to affect plants, animals, fish, or marine life?

¹⁹ <https://ecology.wa.gov/Regulations-Permits/SEPA/Environmental-review/SEPA-guidance/SEPA-checklist-guidance/SEPA-Checklist-Section-C-Signature>

²⁰ <https://ecology.wa.gov/regulations-permits/sepa/environmental-review/sepa-guidance/sepa-checklist-guidance/sepa-checklist-section-d-non-project-actions>

The proposed amendments are not likely to affect plants, animals, fish, or marine life.

- **Proposed measures to protect or conserve plants, animals, fish, or marine life are:**
None.

3. How would the proposal be likely to deplete energy or natural resources?

The proposed amendments are not likely to deplete energy or natural resources.

- **Proposed measures to protect or conserve energy and natural resources are:**
None.

4. How would the proposal be likely to use or affect environmentally sensitive areas or areas designated (or eligible or under study) for governmental protection, such as parks, wilderness, wild and scenic rivers, threatened or endangered species habitat, historic or cultural sites, wetlands, floodplains, or prime farmlands?

The proposed amendments are not likely to affect environmentally sensitive areas or areas designated for governmental protection.

- **Proposed measures to protect such resources or to avoid or reduce impacts are:**
None.

5. How would the proposal be likely to affect land and shoreline use, including whether it would allow or encourage land or shoreline uses incompatible with existing plans?

The proposed amendments are intended to promote compatibility with existing city goals and policies related to housing.

- **Proposed measures to avoid or reduce shoreline and land use impacts are:**
None.

6. How would the proposal be likely to increase demands on transportation or public services and utilities?

The proposed amendments are not likely to increase demands on transportation or public services and utilities.

- **Proposed measures to reduce or respond to such demand(s) are:**
None.

7. Identify, if possible, whether the proposal may conflict with local, state, or federal laws or requirements for the protection of the environment.

The proposed amendments are not anticipated to conflict with local, state, or federal laws, or requirements for protection of the environment.

Ordinance No. 4052

An Interim Ordinance Adopting a Work Plan and Extending the Moratorium Adopted by Ordinance 4046 on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas on March 27, 2023 the City of Anacortes City Council adopted Ordinance 4046, declaring a moratorium on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period of less than 30 days, or establishment of any such use, within a residential dwelling unit, within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas RCW 36.70A.390 and RCW 35A.63.220 requires the city to hold a public hearing within 60 days of the adoption of the moratorium and a public hearing was held on May 22, 2023;

Whereas a moratorium adopted under RCW 36.70A.390 may be effective for not longer than six months, but may be effective for up to one year if a work plan is developed for related studies providing for such a longer period;

Whereas a work plan has been developed providing for a period longer than six months;

Whereas, as an interim ordinance, pursuant to WAC 197-11-880, the adoption of this ordinance is not subject to review under the State Environmental Act;

Now, therefore, the City Council of the City of Anacortes does ordain as follows and adopts the following as findings of fact:

- Section 1. The above recitals are incorporated by reference as findings of fact.
- Section 2. The City Council finds that an emergency exists under RCW 35A.12.130 and this ordinance is necessary for the protection of public health, public safety, public property, or the public peace, and with adoption by a majority plus one of the entire membership of the City Council (i.e., 5 members) is effective immediately.
- Section 3. The moratorium declared by Ordinance 4046 is hereby extended for an additional 6 months.
- Section 4. The moratorium is effective through March 27, 2024, but may be renewed for an additional six-month period if a subsequent public hearing is held and findings of fact are made prior to renewal.
- Section 5. The attached Work Plan (Exhibit A) is hereby adopted.

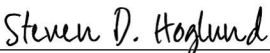
PASSED and APPROVED this 22nd day of May 2023.

APPROVED:



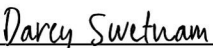
Matt Miller, Mayor

Attest:



Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:



Darcy Swetnam, City Attorney

Work Plan Regulating short term rental of dwelling units in Commercial, Commercial Business District, Commercial Marine and Marine Mixed Use zones	
Date	Actions
March 27, 2023	City Council adopted Ordinance 4046, a moratorium on the acceptance of certain land use, building permit, and business licenses applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use zones for short term rentals in residential dwelling units
May 22, 2023	- City Council hold a public hearing on Ord. 4046 - Adopt Ord. 4052, reaffirming Ord. 4046, adopting a work plan, and extending the moratorium for one year from the effective date of Or. 4046
May – August 2023	- Research ways to implement Council’s intended outcomes - Draft a preliminary code amendment proposal
September 2023	- Brief City Council and the public on the preliminary draft proposal - Incorporate preliminary feedback into the draft amendment proposal - Submit 60-day notice of intent to adopt regulations to WA Dept. of Commerce
October 2023 – January 2024	- Planning Commission work session; incorporate PC recommendations into the draft code amendments - Written public comment period and SEPA determination - Planning Commission public hearing, deliberations, and recommendation
February 2024 – March 2024	- City Council consider Planning Commission’s recommendation, deliberation on the proposed code amendments - Council Adoption by ordinance

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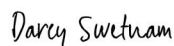
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Signer Events**Signature****Timestamp**

Darcy Swetnam

darcys@cityofanacortes.org

City Attorney

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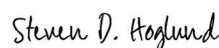
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Steven D. Hoglund

steveh@cityofanacortes.org

City Clerk/Treasurer

City of Anacortes

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Matt Miller

mattm@cityofanacortes.org

Mayor

City of Anacortes

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Ordinance No. 4046

An Interim Ordinance Declaring an Emergency and Adopting a Moratorium on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use Zones Regarding Short Term Rentals in Residential Dwelling Units

Whereas the City of Anacortes adopted new development regulations in 2019 (Ordinance 3040) that, among other things, created new regulations governing permitted uses in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas AMC 19.44.050 defines “overnight lodging” as rental of lodging for a period less than 30 days;

Whereas the Commercial Use, Central Business District, Marine Mixed Use and Commercial Marine Use zones allow both residential development and overnight lodging;

Whereas use of residential dwelling units as overnight lodging in residential zones is already prohibited by AMC 19.41.040;

Whereas use of residential dwelling units as overnight lodging in these commercial zones has been the subject of community concern and is contrary to the City’s goals of promoting housing development for people who live and work in Anacortes;

Whereas development of residential dwelling units entitles the developer to lower impact and connection and utility fees than required for commercial development due to the expected lower impacts from bona fide residential occupancy;

Whereas the City Council desires to review the permitted uses in the Commercial , Central Business District, Marine Mixed Use, and Commercial Marine zones;

Whereas RCW 36.70A.390 and AMC 19.16.110 authorize the City Council to adopt moratoriums, interim zoning ordinances and interim official controls;

Whereas a moratorium is a recognized technique to preserve the status quo while new plans and regulations are developed and avoid a rush for permits when a community desires to change its planning ordinances;

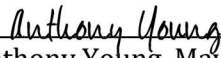
Whereas, as an interim ordinance, pursuant to WAC 197-11-880, the adoption of this ordinance is not subject to review under the State Environmental Act;

Now, therefore, the City Council of the City of Anacortes does ordain as follows and adopts the following as findings of fact:

- Section 1. The above recitals are incorporated by reference as findings of fact.
- Section 2. A moratorium is hereby declared on the acceptance of any land use, building permit, or business license application for any use constituting rental of lodging for a period less than 30 days, or establishment of any such use, within a residential dwelling unit within the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine zones.
- Section 3. The City Council finds that an emergency exists under RCW 35A.12.130 and this ordinance is necessary for the protection of public health, public safety, public property, or the public peace, and with adoption by a majority plus one of the entire membership of the City Council is effective immediately.
- Section 4. Pursuant to RCW 36.70A.390, the City Council will hold a public hearing on this interim ordinance within 60 days of adoption and adopt findings of fact immediately after that public hearing.
- Section 5. Pursuant to 36.70A.390 this moratorium is effective for six months and may be renewed for one or more six-month periods if a subsequent public hearing is held and findings of fact are made prior to each renewal.

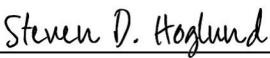
PASSED and APPROVED this 27th day of March 2023.

APPROVED:



Anthony Young, Mayor Pro Tempore

Attest:



Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:



Darcy Swetnam, City Attorney

Certificate Of Completion

Envelope Id: C2931573BB7B43E49F0DEDF3B75B1B8B

Status: Completed

Subject: SIGNATURE REQUIRED: Approved Ordinance 4046

Source Envelope:

Document Pages: 2

Signatures: 3

Envelope Originator:

Certificate Pages: 5

Initials: 0

City Clerk

AutoNav: Enabled

PO Box 547

Enveloped Stamping: Enabled

904 6th St

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Anacortes, WA 98221

cityclerk@cityofanacortes.org

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Record Tracking

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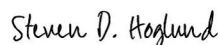
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Steven D. Hoglund

steveh@cityofanacortes.org

City Clerk/Treasurer

City of Anacortes

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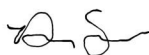
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Darcy Swetnam

darcys@cityofanacortes.org

City Attorney

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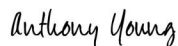
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Anthony Young

anthony@cityofanacortes.org

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Electronic Record and Signature Disclosure		



Item 6d.

ORDINANCE 4075

Permanent regulations for
overnight lodging use of residential dwelling units
(short-term rentals)
in the CBD, C, MMU and CM zones

City Council

March 18, 2024





Agenda



1. Introduction and Context
2. Proposed Regulations
3. Community Input and PC Recommendation
4. Council Action Requested



Terms and Definitions



- “Short-Term Rental”
 - NOT currently defined in the AMC
 - Generally - *rental of all or part of a home for a fee on a temporary basis*
- “Overnight lodging” category
 - AMC 19.44.050: *Accommodations arranged for short-term stays (less than 30 days). Includes, but not limited to:*
 - *Bed & Breakfast; Hotel/Motel; Youth Hostel*





AMC - Current Regulations



19.41.040 Principal uses permitted in residential zones.



Principal Use	R1	R2	R2A	R3	R3A	R4	R4A	OT	Reference
Overnight Lodging, except as listed below									AMC 19.44.050(A)
Bed and breakfast	C	C	C	C	C	P	P	C	AMC 19.44.050(B)

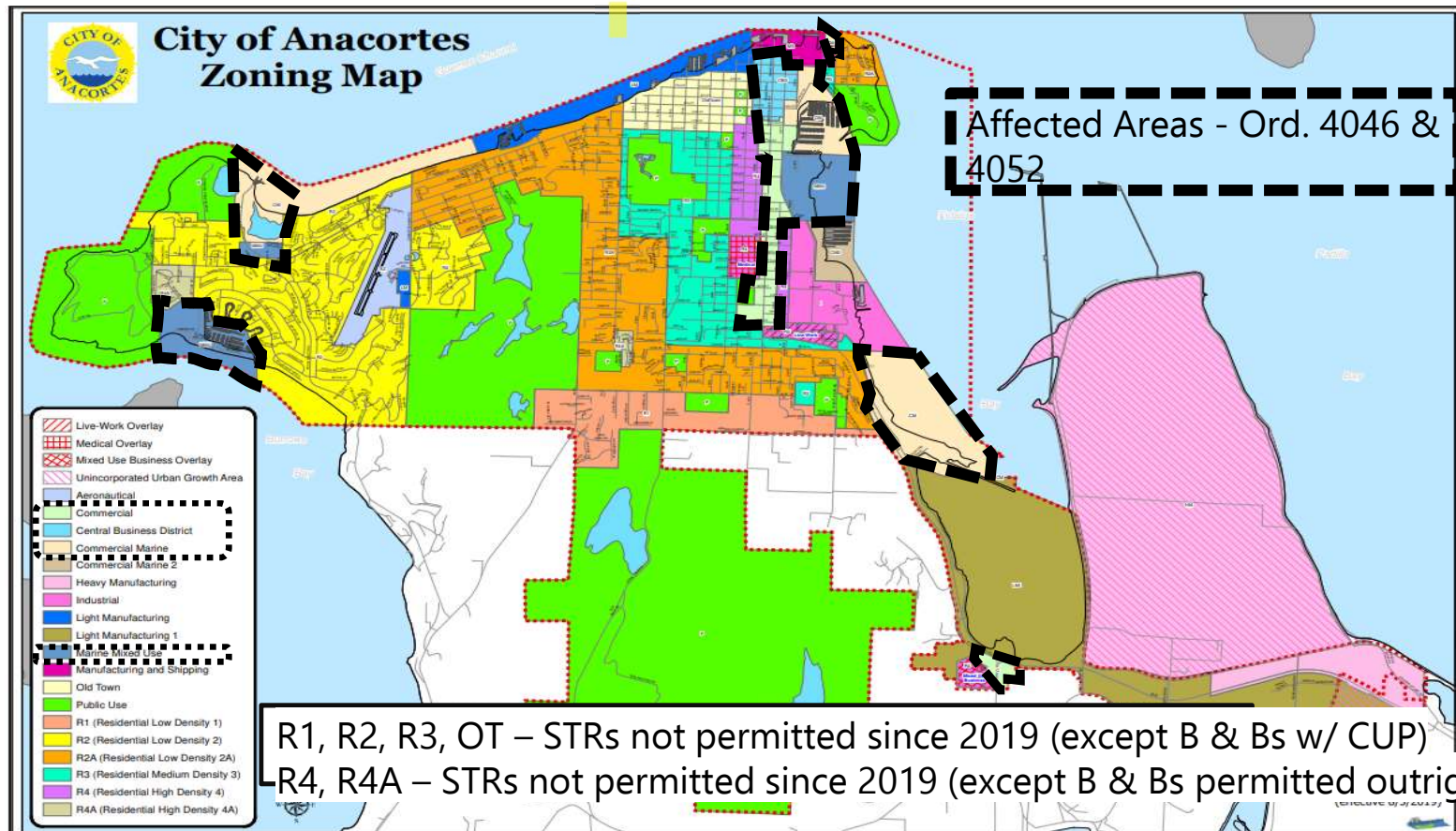
19.41.050 Principal uses permitted in mixed-use and industrial zones.



Principal Use	CBD	C	MMU	CM	CM2	LM	LM1	MS	I	HM	Reference
Hospital											AMC 19.44.050(C)
Office	P	P	P	P	P(X)						
Overnight Lodging	P	P	P	P							

Ordinance 4046 (adopted 3/27/23)
Moratorium on new overnight lodging use of
residential dwelling units

Zones Affected by Moratorium





Past Legislative Activity



Ordinance No. 4046

An Interim Ordinance Declaring an Emergency and Adopting a Moratorium on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine Use Zones

Whereas that, among Central Business District, Marine Mixed Use, and Commercial Marine Use Zones

Whereas All days;

Whereas the Use zones are

Whereas use prohibited by

Whereas use the subject of development

Whereas the connection impacts from

Whereas the District, Marine

Whereas the interim zoning

Whereas the regulations planning ordinance

Whereas, as not subject to

Ordinance No. 4052

An Interim Ordinance Adopting a Work Plan and Extending the Moratorium on the Acceptance of Certain Land Use, Building Permit, and Business License Applications in the Commercial, Central Business District, Marine Mixed Use, and Commercial Marine Use Zones

Work Plan		
Regulating short term rental of dwelling units in Commercial, Commercial Business District, Commercial Marine and Marine Mixed Use zones		
Date	Actions	
March 27, 2023	• City Council adopted Ordinance 4046, a moratorium on the acceptance of certain land use, building permit, and business licenses applications in the Commercial, Central Business District, Marine Mixed Use and Commercial Marine Use zones for short term rentals in residential dwelling units	
May 22, 2023	• City Council hold a public hearing on Ord. 4046 • Adopt Ord. 4052, reaffirming Ord. 4046, adopting a work plan, and extending the moratorium for one year from the effective date of Ord. 4046	
May – August 2023	• Research ways to implement Council's intended outcomes • Draft a preliminary code amendment proposal	
September 2023	• Brief City Council and the public on the preliminary draft proposal • Incorporate preliminary feedback into the draft amendment proposal • Submit 60-day notice of intent to adopt regulations to WA Dept. of Commerce	
October 2023 – January 2024	• Planning Commission work session; incorporate PC recommendations into the draft code amendments • Written public comment period and SEPA determination • Planning Commission public hearing, deliberations, and recommendation	
February 2024 – March 2024	• City Council consider Planning Commission's recommendation, deliberation on the proposed code amendments • Council Adoption by ordinance	

Ordinance 3040 (2019)

- Development regulation updates to implement 2016 Comp Plan

Ordinance 4046 (3/27/23)

- Moratorium on new overnight lodging use of residential dwellings in Mixed-Use zones
 - Rationale:
 - Community concerns - contrary to City's goals and policies promoting housing development for people who live and work in Anacortes

Ordinance 4052 (5/22/23)

- Extended moratorium and adopted work plan to develop permanent regulations

••• Code Proposal Development



- Review of existing City plans, goals and policies
- Review of available research
- Consider existing conditions & future needs
- City Council Planning Committee feedback
- Community feedback

Existing Plans – Comp. Plan



Goals & Policies

Goal H-1. Housing Supply and Variety. Provide for a sufficient quantity and variety of housing to meet community needs.

Policy H-1.1. Provide for an adequate supply of appropriately zoned land to accommodate the city's housing growth targets.

Policy H-1.2. Promote a variety of residential densities and housing types in all price ranges to meet a range of housing needs and respond to changing needs and preferences.

Policy H-1.3. Integrate smaller housing types, such as cottages, duplexes, townhouses, and accessory dwelling units, into residential neighborhoods.

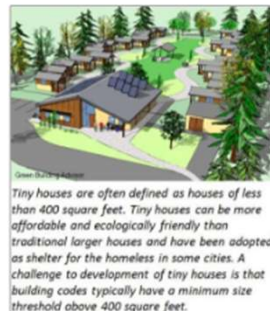
Policy H-1.4. Consider the potential for development of tiny houses in selected areas of the city.

Policy H-1.5. Encourage infill development on vacant or under-utilized land.

Policy H-1.6. Evaluate barriers to achieving increased density in multifamily residential and mixed use zones and revise regulations if appropriate.

Policy H-1.7. Provide for development of multifamily housing in areas close to shopping, employment, services and public transportation.

Policy H-1.8. Provide for flexibility in subdivision development in order to promote environmental protection, encourage infill development, enhance

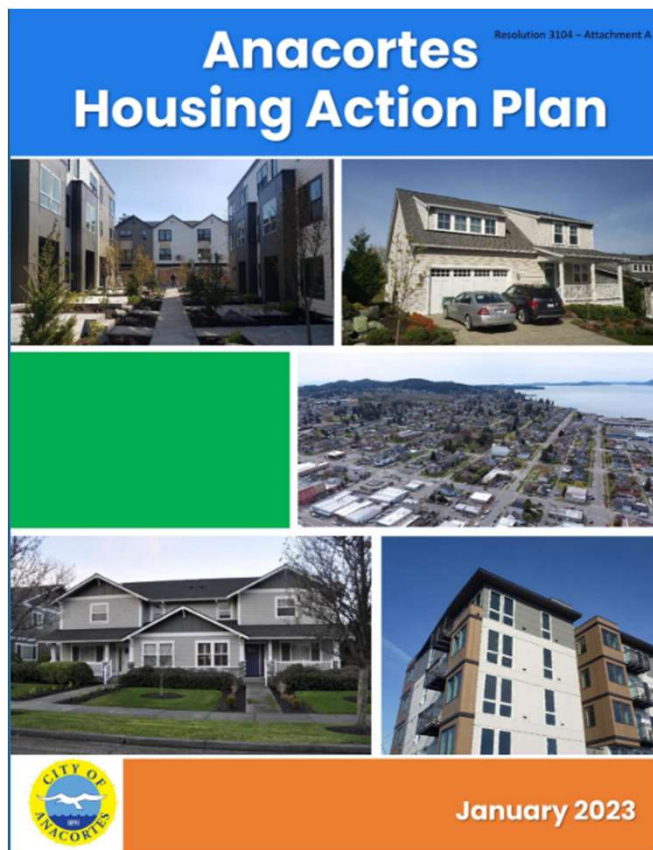


Tiny houses are often defined as houses of less than 400 square feet. Tiny houses can be more affordable and ecologically friendly than traditional larger houses and have been adopted as shelter for the homeless in some cities. A challenge to development of tiny houses is that building codes typically have a minimum size threshold above 400 square feet.

Potentially competing housing and economic development goals and policies:

- Promoting housing development to accommodate projected growth and removing barriers to achieving housing development
- Preserving existing affordable housing
- Expand lodging options and enhancing tourism opportunities

Existing Plans - HAP



Action: Balance the positive and negative impacts of short-term rentals by implementing basic standards and additional regulations as needed.

HAP recommends relatively light measures, and included examples:

- Define STRs, possible with differences between accessory, temporary and commercial types
- Prohibit-short term rentals in multi-family buildings
- Cap the number of STR business licenses
- Provide performance standards – cap number of guests, person to respond to complaints
- Require display of placards
- Provide resources for enforcing business license and registration requirements and enforcing penalties for failure to comply

●●● Research and Data



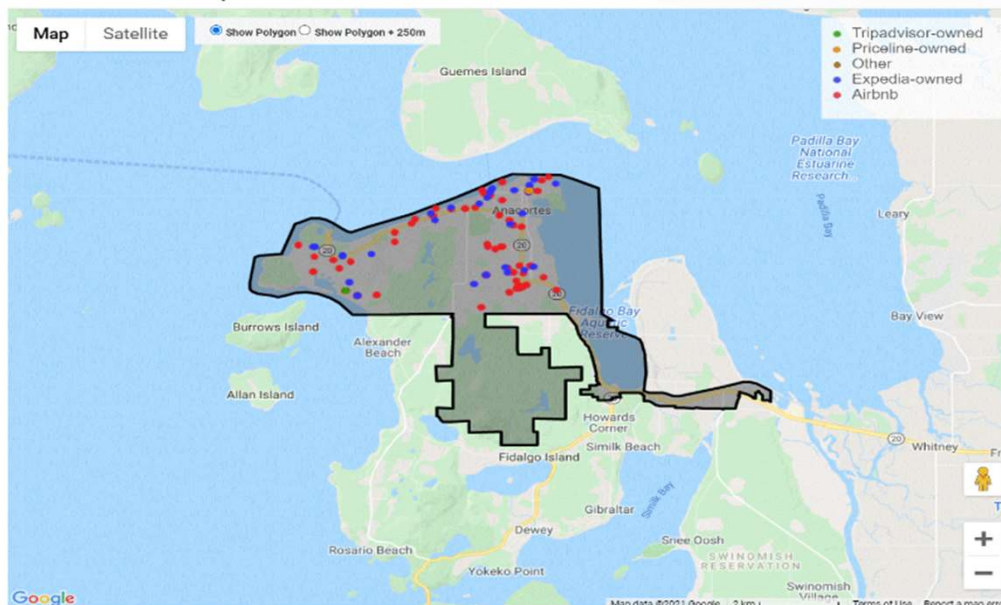
- While not the primary cause of affordable housing problems, many experts believe that STRs do have a negative impact on affordable housing at the local level, especially in high-tourism communities
 - Owners are incentivized to move their properties out of the long-term rental market and for-sale markets and into the short-term rental market
 - As absentee landlords reduce the housing supply, it increases the housing cost for local renters
 - “Owner-occupiers” who rent out their spare rooms or even an entire house (when they are away for a set periodic of time) to short-term visitors do not impact the long-term rental market

Existing Conditions (2021) - STRs

...and in **Anacortes** we have identified 93 listings, representing 82 unique rental units*

Short-term rentals in Anacortes as of April 2021

Fewer than 20 STRs in C, CBD, MMU, CM zones



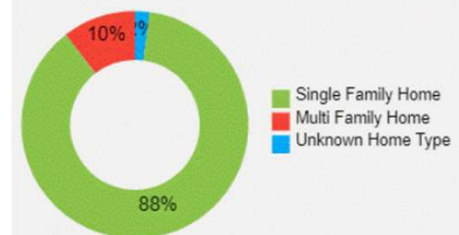
* Granicus Host Compliance's pricing is based on the count of listings and rental units that would need to be analyzed and monitored for compliance. In terms of listings, this number is 96 as we will expand our search area by several hundred yards beyond the borders of Anacortes to capture all relevant listings. Source: Granicus Host Compliance Proprietary Data



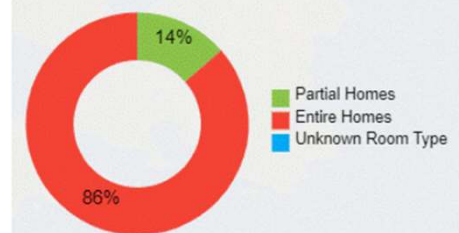
Median Nightly Rate (USD)

\$156

Listing Types



Unit Types



7



Existing Conditions - Housing



Total housing units – 8,522*

- (appx. 400 in C, CBD, MMU, CM zones)

Occupied housing units – 7,799

Vacant housing units – 723

- Includes second homes and seasonal units, units where occupants are staying 2 months or less are 'temporarily occupied', and are classified as 'vacant'**

Homeowner vacancy rate – 1.2%

Rental vacancy rate – 1.8%

- Does not include second homes and seasonal units
- 5% for rentals and 7-8% for owner occupied is typically considered the 'natural vacancy rate, or equilibrium, where supply and demand are relatively equal

*2022 ACS 5-Year Estimates

<https://data.census.gov/table?q=dp04&g=160XX00US5301990>

Future Housing Needs



INITIAL 2045 HOUSING ALLOCATIONS IN SKAGIT COUNTY

Urban Growth Areas	Initial Allocation of Net New Housing Needed (2020-2045)						Total
	0-30% AMI*	31-50% AMI	51-80% AMI	81-100% AMI	101-120% AMI	Above 120% AMI	
Anacortes	924	592	422	226	201	577	2,942

- Housing that is likely to be affordable to <80% AMI households includes multifamily types
- There are limited areas in Anacortes that multi-family can currently be built

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Agenda



1. Introduction and Context
- 2. Proposed Regulations**
3. Community Input and PC Recommendation
4. Council Action Requested

Objectives



1. Prevent housing from being taken off the long-term housing market.
2. Preserve the sense of community within existing and future neighborhoods.
3. Allow for economic gain by owners /residents.



••• Key Provisions



What the amendments would change:

- Add new Overnight Lodging **type and definition** – “Short-Term Rental”
- **Prohibit** new Short-Term Rentals in the C, CBD, MMU and CM zones.
- **Allow** existing, legally-established short-term rentals with a current business license **to continue operation**

Short-term rental means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30

••• Key Provisions



What the amendments **WOULD NOT change:**

Still permitted in C, CBD, MMU and CM zones:

- ✓ Rental of dwelling units for 30+ days
- ✓ Bed and Breakfast (Existing SFRs, owner-occupied, up to 6 rooms)
- ✓ Hotel/motel

••• Proposed Regulations



2. Add Short Term Rentals definition to Commercial Use standards

Amend AMC Ch. 19.44 Commercial Uses as follows:

19.44.050 Overnight lodging.

A. *Overnight Lodging Category.* Accommodations arranged for short-term stays (less than 30 days). Overnight lodging includes, but is not limited to:

1. Bed and breakfast.
2. Hotel/motel.

3. Short-term rentals.

~~3-4.~~ Youth hostel.

B. *Bed and Breakfast.*

Proposed Regulations



1. *Definition.* A single-family residential unit which provides transient lodging, for compensation, by renting up to six sleeping room accommodations.
2. *Purpose.* This section is intended to ensure parking, impact on surrounding neighbors, health and safety, and other considerations limit any adverse impacts of bed and breakfasts on the surrounding neighborhood.
3. *Requirements.*

- a. The owner must be the operator of the facility and must reside on the premises.
- b. The owner's quarters and guest rooms must all be in the main building.
- c. If located in a residential zone, the facility must be operated in such a manner as not to give the outward appearance of a business in the ordinary meaning of the term.
- d. The use must provide off-street parking, including parking for the primary residence per AMC Chapter 19.64 in addition to one parking space per guest room.

C. *Hotel/Motel.*

1. *Definition.* A building or portion thereof designed or used for short-term rental of units for sleeping purposes, with or without cooking facilities, and which may include related accessory uses such as shared dining facilities, recreation facilities, and meeting facilities.

D. *Short-Term Rental*

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.

2. *C, CBD, MMU and CM Zone standards:*

- a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.

E. *Youth Hostel.*

1. *Definition.* Relatively affordable overnight lodging with shared dormitory-style facilities.

D. *Short-Term Rental*

1. *Definition.* "Short-Term Rental" means an overnight lodging use, that is not a hotel or motel, or a bed and breakfast, in which a dwelling unit, or portion thereof, is offered or provided to a guest for a fee for fewer than 30 consecutive nights.

2. C, CBD, MMU and CM Zone standards.

- a. Short-term rentals in the C, CBD, MMU and CM zones that were lawfully established and obtained a city business license prior to the date of adoption of Ordinance 4046 (May 22, 2023) may continue to operate so long as the short-term rental maintains a current city business license and complies with all applicable local and state regulations.



Agenda



1. Introduction and Context
2. Proposed Regulations
- 3. Community Input and PC Recommendation**
4. Council Action Requested



Community Input



Written public comments

- 15 written comment letters



PC Public hearing

- 5 commenters



Community Input Themes



Data showing impact of STRs on affordable housing?

Let the free market regulate STRs via supply/demand

STRs community benefits:

- Temporary housing options for individuals/ families in transition and traveling workers
- Flexibility /better fit for families
- Increased tourism and taxes for the city
- Source of income for homeowners and investors

Existing STRs should be 'grandfathered'



Planning Commission Recommendation



- Recommended City Council adopt the proposed amendments
 - Vote of 3:2
- Bonus recommendation:
 - Allow owner/resident-occupied short-term rentals in all zones



Agenda



1. Introduction and Context
2. Proposed Regulations
3. Community Input and PC Recommendation
- 4. Council Action Requested**



Council Action Requested – Ord. 4075



3/18/24 Meeting (Tonight):

- No action requested – 1st read
- Address moratorium expiration (3/27/24)
 - Possible options:
 - 3/25/24 public hearing and extend the moratorium to fill gap between Ord. 4052 expiration date and Ord. 4075 effective date
 - Let the moratorium expire

3/25/24 Meeting:

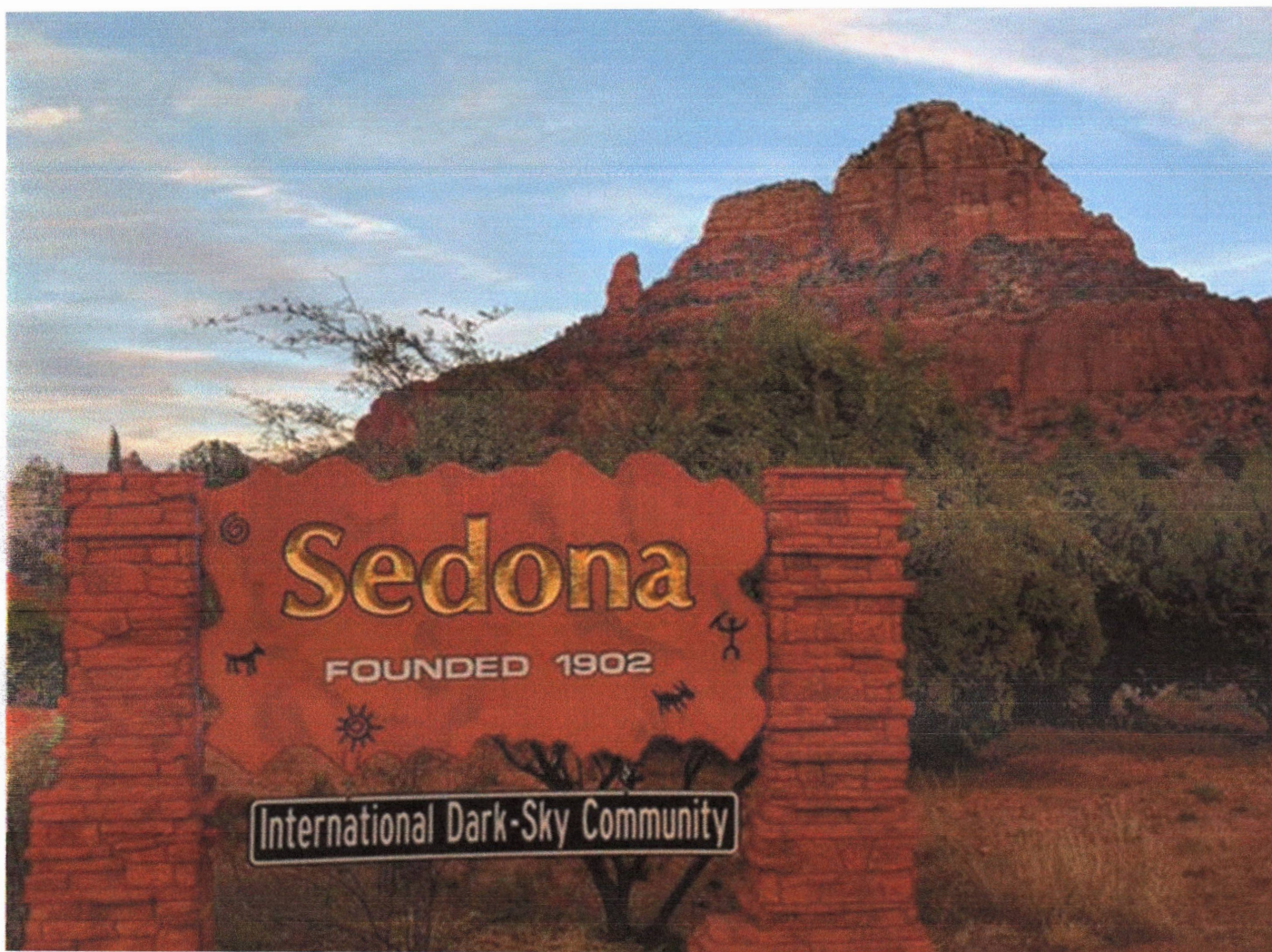
- Adoption of Ord. 4075 (effective 4/10/24)



- Thank you.
- Questions?

Sedona's housing woes threaten its sense of community. Some blame vacation rentals

Lorraine Longhi, The Republic | azcentral.com Published 6:00 a.m. MT Jan. 29, 2019 | Updated 4:06 p.m. MT Feb. 4, 2020



Residents in Sedona are struggling to find long-term housing in the city after a state law prohibited the city from regulating short-term rentals. Arizona Republic

Robin Kelley moved back to Sedona in 2018 and spent months on waiting lists before she found a home to rent.

The experience was a far cry from when she originally moved to Sedona a decade

earlier, when it only took her two days to rent a furnished home.

Kelley and her dog eventually found an unfurnished home for \$1,600 per month, which she says is \$400 more than she would have paid for the same property three years ago.

Kelley's story is increasingly common, which has city leaders concerned. Affordable housing has long been an issue in the city with million-dollar homes and few apartments. But city leaders say [a 2-year-old state law](#) is exacerbating the problem.

The law prohibits cities and towns from regulating short-term home rentals, allowing people to rent their homes to tourists and others via websites such as Airbnb or VRBO.

And there are plenty of visitors to the red-rock country.

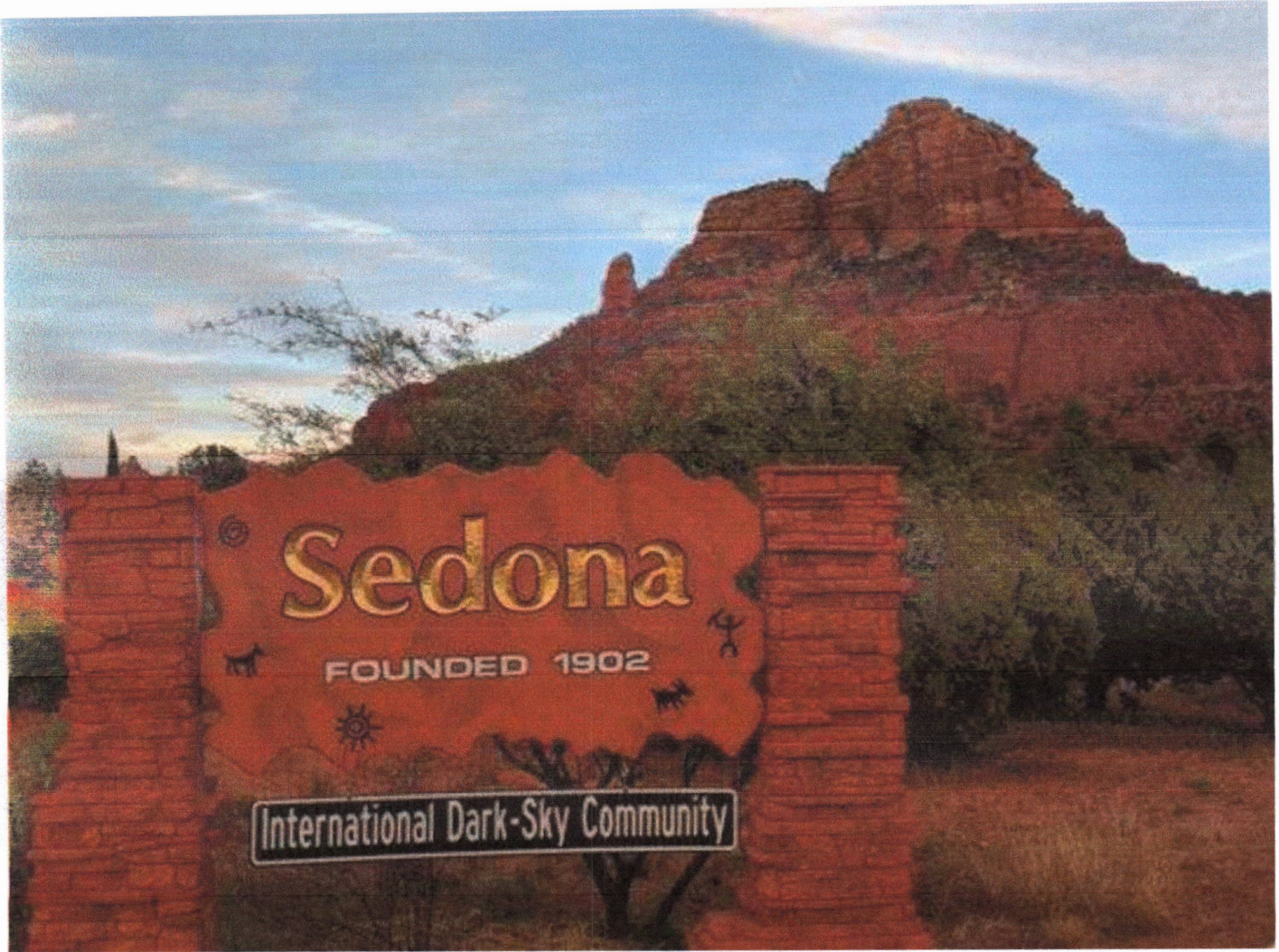
Sedona attracts some 3 million visitors annually. In the high season, tourists can outnumber the city of 10,500 residents by a 3-to-1 ratio, according to City Manager Justin Clifton.

Sedona had an estimated 200 to 300 vacation rentals before the new law took effect. Today, vacation rentals have grown to more than 1,000 homes, or 20% of Sedona's total housing inventory, Clifton said.

The result? In one of Arizona's most beautiful places, many can't find a place to live.

The situation has Clifton concerned.

"At what point are the community's residents so outnumbered that there's no real community left?" he wonders.



Sedona is grappling with a state law that has prohibited cities and towns from regulating home rentals took effect. Before the new law took effect, there were an estimated 200-300 homes available in Sedona as vacation rentals. Today, rentals have grown to more than 1,000, or 20% of Sedona's total housing. *(Photo: Lorraine Longhi/Special for The Republic)*

Affordable-housing shortage in Sedona

Sedona's median home price is \$555,000, among the highest in the state, according to Clifton, but only 4% of Sedona's current housing is apartments, well below the national average of 20%.

The lack of affordable housing didn't just happen because of the growth in vacation rentals. Sedona's zoning made it difficult for apartments to be built in the city, until the rules were changed last year.

"The rules were still a product of the old priorities," Clifton said, noting the area's more rural way of life. "It's only been just recently that we figured out that one of the ways

"Multiple factors are behind the city's housing challenges, including a lack of development of affordable-housing units,"

Laura Rillos, Airbnb spokeswoman.

That's what an Airbnb spokeswoman pointed out.

She also said short-term rentals can help many families afford to stay in their Sedona homes.

Brenda Mendel is a Sedona resident who rents a room in her house on Airbnb. The extra income helps her pay the mortgage, she said.

"People expect and seem to demand cheap housing in the most beautiful place in America," Mendel said. "These are people that have never gotten a mortgage and don't realize the costs to pay taxes, insurance and mortgage every month."

Investors have also gotten into the game though, swooping in to buy up four or five homes at a time, Sedona City Councilman Scott Jablow said.

Jablow said that some landlords have begun evicting long-term tenants because they can make more money on short-term vacation rentals.

Nowhere to live

The problem is where to look for a rental long term if you work in Sedona.

More than 40% of Sedona's business workforce lives outside of the city. Clifton estimates it's double that for city workers. Some suggest that's because many of them have families or don't want to have roommates, something that many renting in Sedona are forced to do.

The housing issue has made it hard to fill key city positions. Applicants for chief of police and assistant city attorney were unable to accept the jobs after they couldn't find housing in the city, Clifton said.

"It's very difficult to retain people," he said. "If the city offered me a position at the same salary today, I don't know that I could make it work."

Sedona has a turnover rate of 20% among city employees, well above the average of 5%, Clifton said.

Other residents say that renters looking for affordable housing should look outside the city, to communities such as Cottonwood, Cornville or Jerome.

But Clifton said that as housing prices increase in Sedona, so do prices in neighboring communities.

RELATED: [These neighbors fought an Airbnb rental in their area — and won](#)

Hotels impacted

The rise in short-term rentals has also created competition for boutique hotels and bed and breakfasts that have long been staples of the tourist town.

Steve Segner, owner of the boutique hotel El Portal in Sedona, said the increase in short-term rentals has increased traffic, noise and competition in the city.

"I get that a lot of people want to stay here but a lot of people also have to work here and take care of those visitors."

Ann Perkins,
concierge at El
Portal

"I'm inspected by the health and fire department, yet somebody can go right around the corner from my hotel, buy a five-bedroom house and be open tomorrow," Segner said.

Segner said occupancy has been a little flat since the new law took effect, but he's managed to combat the problem by increasing room rates.

However, he's still concerned about housing for his employees, who have an increasingly difficult time finding housing in the city.

With few long-term rentals left in town, hotel owners are going into neighboring towns such as Cottonwood to rent apartments as corporate units so that they have a space for employees, Segner

said.

Ann Perkins, a concierge at El Portal, rents three properties exclusively to Sedona employees because of the shortage.

"I get that a lot of people want to stay here but a lot of people also have to work here and take care of those visitors," Perkins said. "I want to know who my neighbors are."



El Portal is just one establishment in Sedona that has been impacted by the rise in short-term rentals that has created competition for boutique hotels and bed and breakfasts that have long been a staple of the tourist town. *(Photo: Lorraine Longhi/The Republic)*

Return local control

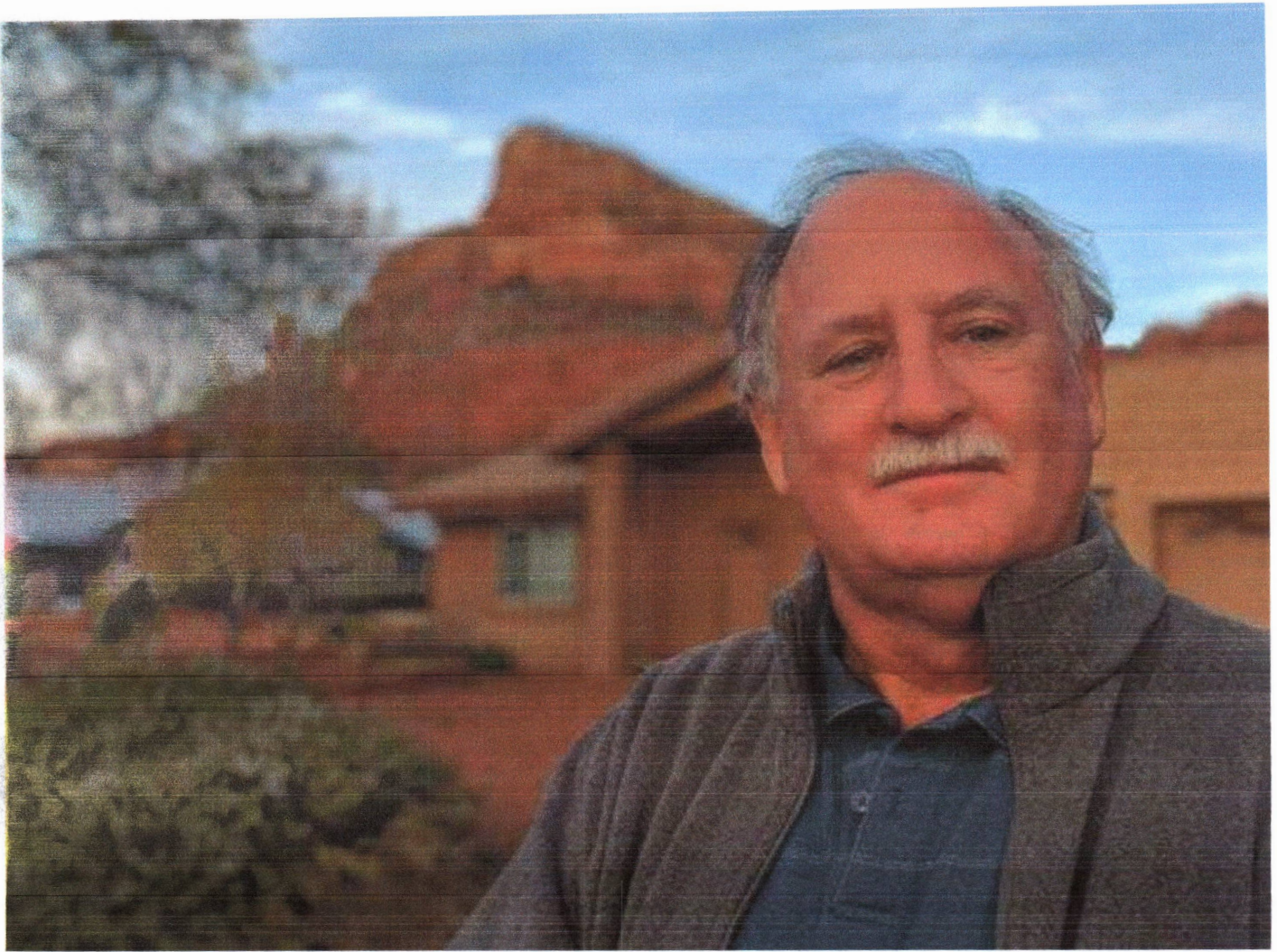
Jablow, the councilman, is concerned there is little oversight of short-term rental companies when tourists stay in homes and don't know the surrounding area.

He mentioned a situation at a vacation rental on his own street where renters were smoking on the deck and caught the home on fire.

"You have people coming and going and they don't know what they're walking into," Jablow said. "Is it safe?"

Airbnb says they partner with local government authorities and relief organizations to email hosts and guests about potential disasters, as well as providing a tool for neighbors to share concerns about listings in their communities.

"We want to do everything we can to help our community members be good neighbors in the places they too call home," Rillos said.



Sedona City Councilmember Scott Jablow stands in front of a home being operated as a short-term rental. City officials and residents say the law has exacerbated a growing problem of unavailable housing that could have far-reaching consequences for their city. *(Photo: Lorraine Longhi/The Republic)*

Is a legislative fix coming?

One thing seems clear: Any fix will be up to the state.

Before the law was passed, Sedona prohibited all residential rentals of fewer than 30 days in the city. After the new state law was passed, the city amended its ordinance to require that all short-term rentals pay \$50 for a city business license. The Arizona Attorney General's Office determined the move [violated state law](#).

Republican state Rep. John Kavanagh, who represents Scottsdale and Fountain Hills, has [drafted House Bill 2087 to address some of the issues created by the original short-term rental bill](#).

The bill proposes banning [party and special-event rentals](#), where houses are rented out and occupied by 20-30 people at a time.

Kavanagh is also exploring how to ease concerns about investor-owned, short-term rentals.

Jablow said Sedona does not have the problem with party houses that Scottsdale and Paradise Valley are experiencing, but said that cities should have local control over rentals to decide what's best for them.

"They seem to think they know what's best for us," Jablow said. "How could they possibly?"

RELATED: [Sun City grapples with young renters from Airbnb](#)

A city struggling with identity

Less than 2% of Sedona residents were born and raised in the city, according to Clifton.

The issue of housing has only compounded an existing problem of getting people to continue living in the tourist town.

Where residents used to pay \$800 to \$900 a month for rent in the city, they're now paying \$1,800 to \$1,900 a month, according to Jablow.

"How are people supposed to afford that?" Jablow said. "They can't, so they're leaving the region."



Sedona closed one of its two elementary schools last year after a slow decline in enrollment over the last decade. (Photo: Lorraine Longhi/The Republic)

The city closed one of its two elementary schools last year after a slow decline in enrollment over the last decade, according to Jennifer Clifton, director of operational services for the Sedona-Oak Creek Unified School District.

"When you walk down the street and you're not seeing neighbors who you can establish some kind of relationship and a sense of place, that's a real threat."

Justin Clifton,
Sedona city manager

Enrollment in the district dropped from 1,300 students in 2009 to 766 students today.

Clifton calls it a "downward spiral" of families fleeing for more affordable areas. "Point out to me a vibrant community that has no school."

Still, the question of how to make Sedona sustainable beyond tourism has some officials worried.

"When you walk down the street and you're not seeing neighbors who you can establish some kind of relationship and a sense of place, that's a real threat," Clifton said. "It comes across as kind of a fluffy idea, until you're living it."



City Council Agenda Bill

Meeting Date: March 18, 2024 **Agenda Item:** 6.e.

Agenda Item Title: Contract Award: Manage Detection and Response (MDR) Service #24-016-ITS-001

Staff Contact(s): Jose Cervantes, Emily Schuh

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

Item Summary: City staff seek City Council consent to award a contract in the amount of \$111,133.53 to Critical Insight, Inc. for ongoing support of the Manage Detection and Response (MDR) software and services for On-Premises environments through the CI Collector appliance, which analyzes records packet capture and logs.

Background:

1. **History:** The hardware and software for this service has been installed and in use by the City since 2020. The service provides continuous network monitoring that is vital for protecting our data and critical infrastructure. Trained analysts monitor, detect, investigate, confirm, and act with tools that allow for deep packet inspection.
2. **Key Terms:**
 - Contract is split into 3 yearly payments of \$37,044.51, which includes sales tax for line items 3 & 4, for a total of \$111,133.53.
 - The period of performance is from January 1, 2024, through December 31, 2026.
 - The Legal Department negotiated an updated Master Services Agreement, #24-106-ITS-001, which controls the terms and conditions of this Statement of Services.
3. **Competitive Bidding:** This work is considered a personal service and therefore not subject to any competitive bidding requirements.

Budget Impact:

Consultant	Critical Insight, Inc.
Contract Amount	\$111,133.53
Earmarked Funds	\$38,080.00 has been budgeted for 2024
BARS #	001.220.518.80.41
Budget Amendment Required?	No
Start Date	1/1/2024
End Date	12/31/2026

Previous Action: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign contract 24-016-ITS-001 with Critical Insight, Inc. in the amount of \$111,133.53 to provide the Manage Detection and Response (MDR) Service.

Alternative Actions: Not award the contract.

Attachments (listed in order presented):

1. 24-016-ITS-001
2. 2024 0318 Critical Insights MDR Contract



STATEMENT OF SERVICE

Name: Kurt Simpson
Email: kurt.simpson@criticalinsight.com
Phone: (206) 557-3231

Quote Date: 03-06-2024
Quote Expiration: 03-31-2024

Bill To:

Name: Jose Cervantes
Company: City of Anacortes Washington
Address: 904 6th Street,
 Anacortes, WA, US, 98221
Phone: (360) 299-1981

Ship To:

Name: Jose Cervantes
Company: City of Anacortes Washington
Address: 904 6th Street,
 Anacortes, WA, US, 98221
Phone: (360) 299-1981

SERVICE SUBSCRIPTION

SKU	Description	Duration	Qty	Annual MSRP	Disc %	Annual Net Price
CI-MDR-ONPREM-5-50	MDR for OnPrem Users: Critical Insight performs MDR Services for On-Prem environments through the CI Collector appliance, which analyzes records packet capture and logs. Collectors must be subscribed to separately (Users Up to 50).	36	50	\$18,000.00	12.28%	\$15,789.60
CI-MDR-ONPREM-5-51-1000	MDR for On-Prem: Users 51-1000	36	130	\$12,480.00	12.28%	\$10,947.46
CI-P: 1U	1U Collector(s): To monitor On-Prem environments, Critical Insight will provide and manage collector(s) for the duration of the service.*	36	1	\$6,000.00	12.28%	\$5,263.20
CI-CVI-Node	CVI Node(s): Through connection to the CI Collector, vulnerability data, historical trends and graphical displays are made available for review in the customer portal.*	36	1	\$4,800.00	12.28%	\$4,210.56
One-time Setup	MDR Platform Setup Fee* ¹	1	1	\$473.69	100%	\$0

*Line items subject to Sales Tax and are not included in this quote.

¹Annual cost of these line items are billed on the Initial Invoice of each year they occur.

³Internal Reference

Year 1 Total:	\$36,210.82
Year 2 Total:	\$36,210.82
Year 3 Total:	\$36,210.82
Total Contract Value:	\$108,632.45

TERMS AND CONDITIONS

This Statement of Service ("SOS"), effective as of 01-01-2024 (the "*Effective Date*") is subject to the Critical Insight Master Services Agreement #24-106-ITS-001 dated _____, the Critical Insight Description of Service attached here as Exhibit A, and any other Exhibits, Attachments or Amendments hereto, which are each incorporated herein by reference, and which together with this SOS constitute the "*Agreement*". Unless otherwise provided in this SOS, capitalized terms herein shall be as defined elsewhere in the Agreement. The terms of this Agreement constitute the final expression of the parties' binding understanding in respect to the subject matter hereof and supersede all prior or contemporaneous agreements, representations and understandings, written and oral, in respect to same. **Customer acknowledges that it has read the Agreement and agrees to be bound by its terms.**

- The term of this SOS is 36 month(s) commencing the Effective Date hereof, which upon expiration shall automatically renew for successive annual renewal terms until terminated as provided in the Master Services Agreement.
- Billing shall be based on Critical Insight reporting. Critical Insight and Customer shall reconcile in good faith any discrepancies in their respective tracking records.
- Customer shall be invoiced on an annual basis in advance.
- The first invoice shall be issued following the Effective Date.
- Payment of invoiced amounts due no later than thirty (30) calendar days from date of invoice.



Check one of the following:

- ☐ Purchase Order Required
☒ Purchase Order Not Required

Customer Signature	_____
Name	_____ Matt Miller
Title	_____ Mayor
Date	_____

Billing Contact Name	_____ Lee Mosher
Billing Street Address	_____ PO Box 547
City, State, Zip	_____ Anacortes, WA 98221
Billing Contact Phone	_____ 360-299-1962
Billing Email	_____ accountspayable@cityofanacortes.org

Critical Insight, Inc. Signature	_____
Name	_____
Title	_____
Date	_____

<u>Internal Information</u>
Affiliate: N/A

EXHIBIT A
DESCRIPTION OF SERVICE

CRITICAL INSIGHT ("CI") COMMERCIALY AVAILABLE PRODUCTS V. NOVEMBER 2023		
SERVICE ID	SERVICE	RELEASE STATUS
CI-P & CI-MDR	MDR: ON-PREMISES	GENERALLY AVAILABLE
	MDR: AWS	GENERALLY AVAILABLE
	MDR: O365 (FORMERLY MDR: MCAS)	GENERALLY AVAILABLE
	MDR: EDR	GENERALLY AVAILABLE
	MDR: MICROSOFT AZURE	GENERALLY AVAILABLE
	MDR: IOT	GENERALLY AVAILABLE
CI-CVI	ON-PREMISES VULNERABILITY SCANNING WITH NESSUS	GENERALLY AVAILABLE
CI-LR	ON-PREMISES LOG RETENTION	GENERALLY AVAILABLE

ALL COMMERCIALY AVAILABLE PRODUCTS & SERVICES OFFERED BY CI TO CUSTOMERS ARE DETAILED IN THIS DESCRIPTION OF SERVICES, SOME OF WHICH MAY NOT BE IN YOUR SUBSCRIPTION. PLEASE SEE YOUR STATEMENT OF SERVICES FOR A LISTING OF THE SERVICES YOU HAVE PURCHASED. "GENERALLY AVAILABLE" PRODUCTS & SERVICES ARE SUBJECT TO THE SERVICE LEVEL COMMITMENTS OR "SLA'S" SET FORTH ON PAGE 10 HEREOF. PRODUCTS & SERVICES LISTED AS "ALPHA" OR "BETA" ARE NOT SUBJECT TO ANY SLA'S. ALPHA/BETA PRODUCTS & SERVICES ARE PROVIDED 'AS IS' WITH NO WARRANTY OF ANY KIND, EXPRESS OR IMPLIED. CI SHALL USE COMMERCIALY REASONABLE EFFORTS TO SUPPORT ALPHA AND BETA PRODUCTS & SERVICES ONLY ON AN 'AS AVAILABLE' BASIS.

SERVICE DESCRIPTION (SERVICE ID)	DESCRIPTION
CRITICAL INSIGHT PLATFORM (CI-P)	THE PROVISIONING PROCESS TO SET UP THE INGEST CAPABILITIES FOR EACH ENVIRONMENT WILL BE ALIGNED TO THE MUTUALLY AGREED DATA STREAMS. THESE MUTUALLY AGREED DATA STREAMS ARE DOCUMENTED IN THE DATA INGEST LIST. CHANGES TO THE DATA INGEST LIST CAN OCCUR BASED UPON MUTUAL WRITTEN AGREEMENT (EMAIL SUFFICES) BETWEEN CI AND THE CUSTOMER. CI'S PRICING IS BASED ON THE ENVIRONMENTS THAT ARE MONITORED; ANY ADDITIONAL DATA STREAMS THAT INTRODUCE NEW ENVIRONMENTS MAY RESULT IN ADDITIONAL SUBSCRIPTION FEES. ENVIRONMENTS: ON-PREMISES COLLECTOR(S) ("COLLECTOR")

	• O365 [FORMERLY MCAS] • ENDPOINT DETECTION & RESPONSE ("EDR") • AMAZON WEB SERVICES ("AWS") • MICROSOFT AZURE ("AZURE") • INTERNET OF THINGS / OPERATIONAL TECHNOLOGY ("IOT") FOR ON PREMISES ENVIRONMENTS WITH COLLECTORS, CI WILL DELIVER AND INSTALL, OR PROVIDE INSTRUCTION FOR INSTALLATION OF, THE CI COLLECTOR ON CUSTOMER PREMISES AND VERIFY OPERATION. FOR ALL ENVIRONMENTS, CI WILL PROVIDE RELEVANT PROVISIONING INSTRUCTIONS FOR MONITORING TOOLS AND DATA STREAMS. DATA STREAMS: EACH ENVIRONMENT HAS UNIQUE DATA STREAMS AND CI WILL MONITOR ALL DATA STREAMS DOCUMENTED IN THE DATA INGEST LIST THROUGH APPROVED DATA INGESTION METHODS. THE FOLLOWING LIST DETAILS COMMON DATA STREAMS CI MONITORS PER ENVIRONMENT. THE DATA STREAMS CI WILL MONITOR FOR THE CUSTOMER ARE DOCUMENTED IN THIS DATA INGEST LIST: • ON-PREMISES • SPECIFIC INTRUSION-DETECTION EVENT STREAMS • SPECIFIED DEVICE, SERVER, INFRASTRUCTURE, AND APPLICATION LOGS • CONTINUOUS ONSITE PACKET COLLECTION FOR NETWORK SEGMENTS SPECIFIED BY CUSTOMER • CI WILL GENERATE FLOW RECORDS FROM COLLECTED PACKETS • CI EPHEMERALLY STORES PACKETS FOR A PERIOD LIMITED BY THE STORAGE CAPACITY OF THE CUSTOMER'S CHOSEN COLLECTORS • AWS • GUARDDUTY ALERTS • CLOUDTRAIL LOGS • VPC FLOW RECORDS • O365 • SPECIFIC MICROSOFT DEFENDER FOR CLOUD APPS ALERT & EVENT STREAMS • SPECIFIC MICROSOFT DEFENDER FOR CLOUD APPS DISCOVERY ALERTS & EVENT STREAMS • Azure AD INTEGRATION FOR RAPID QUARANTINE ACTION AND USER ENRICHMENT • EDR • SPECIFIC SECURITY EVENT STREAMS DEPENDING ON APPROVED EDR • SPECIFIC ACTIONS DEPENDING ON APPROVED EDR • MICROSOFT AZURE • SPECIFIC MICROSOFT DEFENDER FOR CLOUD APPS ALERT & EVENT STREAMS • SPECIFIC MICROSOFT DEFENDER FOR CLOUD ALERT & EVENT STREAMS • SPECIFIC MICROSOFT AZURE AD IDENTITY PROTECTION ALERT & EVENT STREAMS • IOT
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	SPECIFIC SECURITY EVENT STREAMS FOR ARMIS SPECIFIC MICROSOFT AZURE AD IDENTITY PROTECTION ALERT & EVENT STREAMS SOME DATA STREAMS, SUCH AS SECURITY INFORMATION AND EVENT MANAGEMENT (SIEM) STREAMS OR EXTENDED DETECTION & RESPONSE (XDR) PRODUCTS WILL AGGREGATE DATA ACROSS MULTIPLE ENVIRONMENTS. CI WILL INCLUDE THE XDR OR SIEM PRODUCT AS AN ADDITIONAL DATA STREAM SO LONG AS IT IS AGGREGATING DATA STREAMS THAT ARE ALREADY DOCUMENTED IN THE DATA INGEST LIST. SOME DATA STREAMS INCLUDE FUNCTIONALITY THAT ENABLES CI TO PERFORM ACTIONS IN THE CUSTOMER ENVIRONMENT. IN CASES WHERE A DATA STREAM PROVIDES THIS FUNCTIONALITY, CI AND THE CUSTOMER WILL AGREE TO THE SCOPE AND ACTIONS THAT WILL BE TAKEN IN A SEPARATE DOCUMENT, I.E. RAPID QUARANTINE PLAYBOOK. CI WILL TAKE NO ACTION UNTIL THIS AGREEMENT IS DOCUMENTED IN WRITING.
MANAGED DETECTION AND RESPONSE (CI-MDR)	ACTIVATION: AN ENVIRONMENT WILL BE CONSIDERED ACTIVATED FOR MONITORING WHEN ALL SPECIFIED DATA STREAMS FOR AN ENVIRONMENT ARE ACTIVATED. FOR EACH DATA STREAM, CI WILL: - VERIFY CUSTOMER'S DATA STREAM IS CONFIGURED PER PROVISIONING INSTRUCTIONS - WORK WITH CUSTOMER TO GENERATE TEST ALERTS WHERE POSSIBLE - VERIFY TRANSMISSION OF ANY CUSTOMER DATA INTO CI'S CORPORATE ANALYSIS SYSTEMS, SOC DASHBOARDS AND TICKETING CI MONITORS DELIVERY OF DATA STREAMS ON AN AUTOMATED BASIS AS AVAILABLE AND WILL ALSO PERFORM PERIODIC MANUAL REVIEWS. FOR DATA STREAMS THAT INCLUDE FUNCTIONALITY THAT ENABLES CI TO PERFORM ACTIONS IN THE CUSTOMER ENVIRONMENT, THE ACTIONS WILL BE ACTIVATED ONCE THE CUSTOMER AND CI AGREE IN WRITING AND THE ACTIONS ARE TESTED WITH THE CUSTOMER TO ENSURE OPERATIONAL READINESS.
MANAGED DETECTION AND RESPONSE (CI-MDR)	MONITORING: UPON THE SUCCESSFUL ACTIVATION OF SPECIFIED ENVIRONMENTS, CI WILL INGEST ANY APPROVED DATA STREAMS AND WILL ELEVATE ALERTS FROM THOSE STREAMS FOR REVIEW, AS APPROPRIATE. CI ANALYSTS REVIEW APPROVED DATA STREAMS FOR INDICATORS OF COMPROMISE WHICH INCLUDE BUT ARE NOT LIMITED TO: - ALERTS LINKED TO POOR REPUTATION IPS OR DOMAINS - COMMAND AND CONTROL CONNECTIONS - ANOMALOUS OR SUSPICIOUS ALERT PATTERNS - SUDDEN SHIFTS IN THE VOLUME OF KEY ACTIVITIES - EVENT CORRELATION WITH REGIONAL, SECTOR, OR GLOBAL CAMPAIGNS - SELECTED EVENTS FROM 3RD PARTY SERVICES (SUCH AS 3RD PARTY EDR PRODUCTS, MICROSOFT PRODUCTS, AWS'S GUARDDUTY, ETC.)

	FOR DATA STREAMS THAT INCLUDE FUNCTIONALITY THAT ENABLES CI TO TAKE ACTION IN THE CUSTOMER ENVIRONMENT, CI WILL WORK WITH THE CUSTOMER TO PERIODICALLY TEST ACTIONS TO ENSURE SERVICE QUALITY.
MANAGED DETECTION AND RESPONSE (CI-MDR)	RESPONSE: • INVESTIGATION TICKET CREATED AND ASSIGNED TO CI ANALYST WITH A GOAL TO CONCLUDE THE INVESTIGATION WITHIN THE SPECIFIED SLA (SEE SLA AGREEMENT) • ANALYSTS INVESTIGATE AND ATTEMPT TO CONFIRM AN INCIDENT HAS OCCURRED BY ANALYZING RELEVANT AND AVAILABLE DATA • IN THE COLLECTOR ENVIRONMENT, "RELEVANT DATA" REFERS TO THE PACKET CAPTURE, NETWORK FLOWS AND SYSTEM LOGS FROM 30 SECONDS PRIOR TO UNTIL 30 SECONDS AFTER THE SUSPECT ACTIVITY IN STANDARD INVESTIGATIONS. WHEN WARRANTED, THE TIME PERIOD MAY EXPAND. • FOR ALL OTHER ENVIRONMENTS, RELEVANT AND AVAILABLE DATA REFERS TO ALL DATA THAT CI IS ABLE TO CAPTURE AND EFFECTIVELY MONITOR FROM THE APPROVED DATA STREAMS. • CONFIRMATION OCCURS WHEN EVIDENCE OF ATTACK OR COMPROMISE IS VERIFIED BY A CI ANALYST TIERED RESPONSE: • FOR ALL CONFIRMED INCIDENTS, NOTIFY CUSTOMER WITHIN THE SPECIFIED SLA (SEE SLA AGREEMENT) • FOR URGENT OR HIGH SEVERITY INCIDENTS, A FINAL INCIDENT ACTION PLAN WILL BE DELIVERED TO CUSTOMER AT THE TIME THAT ALL RELATED TICKETS ARE CLOSED. THE REPORT WILL INCLUDE: • SUMMARY OF INCIDENT • SUMMARY OF ANY CONFIRMED ACTIONS TAKEN (BY CI AND/OR CUSTOMER) • FINAL STATUS AND/OR RESOLUTION RAPID QUARANTINE: • IF CUSTOMER HAS A DATA STREAM THAT INCLUDE ACTIONS SUCH AS ISOLATING ENDPOINT, QUARANTINE ENDPOINT, OR BLOCK ACCOUNT, THE CUSTOMER CAN COMPLETE A RAPID QUARANTINE PLAYBOOK TO AUTHORIZE CI TO TAKE ADDITIONAL REMEDIATION ACTIONS. • CI WILL TAKE ACTION GOVERNED BY THE MUTUALLY AGREED RAPID QUARANTINE PLAYBOOK WHEN ANY INVESTIGATION REACHES THE THRESHOLDS DETERMINED IN THE PLAYBOOK. • ONCE AN INVESTIGATION REACHES THE THRESHOLDS, CI WILL EXECUTE ACTIONS DETAILED IN THE RAPID QUARANTINE PLAYBOOK WHICH MAY INCLUDE BUT ARE NOT LIMITED TO: • USE EDR TO QUARANTINE AN ENDPOINT • USE MICROSOFT AZURE ACTIVE DIRECTORY TO BLOCK AN ACCOUNT • REACH OUT TO CUSTOMER FOR APPROVAL TO QUARANTINE • NOTIFY CUSTOMER OF INCIDENT MONTHLY ACTIVITY UPDATES: • PUBLISHED MONTHLY • SECURITY INFORMATION RELEVANT TO THE ENVIRONMENT • INVESTIGATIONS COMPLETED

	• HIGH PRIORITY INVESTIGATIONS PERFORMED
CONTINUOUS VULNERABILITY IDENTIFICATION (CI-CVI)	• AUTOMATICALLY CONDUCTS INTERNAL NETWORK VULNERABILITY SCANS AT CUSTOMER-DEFINED FREQUENCIES AND IP SCOPES(S) • IDENTIFIES INSECURE CONFIGURATIONS, OPEN PORTS AND SERVICES, VULNERABLE SOFTWARE/SERVICE VERSIONS, AND MISSING PATCHES • GENERATES REPORTS WITH STEPS TO ELIMINATE EACH VULNERABILITY, AS WELL AS RISK VIA CVSS SCORES TO ALLOW PRIORITIZATION OF REMEDIATION EFFORTS • POPULATES A WEB DASHBOARD TO VIEW STATISTICS, VISUALIZATIONS, AND RESULTS • TABULAR RESULTS • GRAPHICAL REPRESENTATION OF TIME-BASED TRENDS FOR NEWLY IDENTIFIED VULNERABILITIES AND FOR REMEDIATED VULNERABILITIES
LOG RETENTION (CI-LR)	• DURING DEPLOYMENT CUSTOMER WILL PROVIDE CI WITH A LIST OF: • IN-SCOPE LOG SOURCES • STATIC IP OF THOSE LOG SOURCES • TIMEZONE OF THE LOG SOURCES • DURING DEPLOYMENT CUSTOMER WILL CONFIGURE THEIR LOG SOURCES TO SEND TO CI'S COLLECTOR AND CI WILL VERIFY SUCCESSFUL RECEPTION OF LOGS • THE SERVICE WILL BE ACTIVATED ONCE ALL IN-SCOPE LOG SOURCES ARE BEING RECEIVED SUCCESSFULLY BY CI'S CLOUD INFRASTRUCTURE • CI WILL STORE, HASH, AND ENCRYPT THE IN-SCOPE LOGS THROUGHOUT THE LIFETIME OF THE SERVICE • IT IS THE CUSTOMER'S RESPONSIBILITY TO SUCCESSFULLY TRANSFER THE LOGS ACCORDING TO CI'S DEPLOYMENT DOCUMENTATION • CUSTOMER CAN SUBMIT A REQUEST TO CI SUPPORT CONTAINING THE LOG, SOURCE, AND TIMEFRAME THEY WANT LOGS FROM • CI WILL PULL THE LOGS ACCORDING TO THE REQUEST & TIMEZONE ON RECORD AND SECURELY TRANSFER THE REQUESTED LOGS VIA CI'S FILE SHARE • UP TO 5 DATA REQUESTS AND UP TO 10% OF TOTAL STORED DATA CAN BE REQUESTED PER YEAR. MORE REQUESTS MAY BE SUBJECT TO A DATA OR PROFESSIONAL SERVICES FEE • AT THE END OF THE CONTRACT, CI WILL TRANSFER ALL STORED DATA BACK TO THE CUSTOMER AS PART OF THIS SERVICE

INCIDENT CLASSIFICATION FOR CRITICAL INSIGHT MDR

INCIDENT SEVERITY	DESCRIPTION
URGENT	AN URGENT PRIORITY SECURITY INCIDENT IS A NETWORK EVENT OR SET OF NETWORK EVENTS THAT IS BELIEVED TO PRESENT A SERIOUS AND IMMEDIATE RISK TO THE CUSTOMER'S NETWORK ENVIRONMENT. CI WILL CONTACT THE CUSTOMER (CONTACT ON FILE) VIA PHONE AND EMAIL TO ATTEMPT RESOLUTION. EXAMPLES OF URGENT PRIORITY SECURITY INCIDENTS INCLUDE: - SUSPECTED ACCOUNT COMPROMISE WITH ACCOUNT MISUSE OBSERVED - CUSTOMER SECURITY DEVICE HAS ALERTED CI TO A LIKELY COMPROMISE THAT HAS BEEN VERIFIED USING OTHER MDR DATA/TOOLS WITH NO EVIDENCE THE SECURITY DEVICE HAS MITIGATED THE INCIDENT - SUSPECTED MALWARE INFECTION WITH EVIDENCE OF IMMEDIATE BUSINESS IMPACT - COMMUNICATIONS OBSERVED WITH A SUSPECTED MALICIOUS HOST WITH EVIDENCE OF DATA EXFILTRATION OR IMMEDIATE BUSINESS IMPACT REGULATED DATA SEEN UNENCRYPTED GOING TO AN EXTERNAL DESTINATION
HIGH	A HIGH PRIORITY SECURITY INCIDENT IS A NETWORK EVENT OR SET OF NETWORK EVENTS THAT IS BELIEVED TO PRESENT A RISK TO THE CLIENT'S NETWORK ENVIRONMENT. CI WILL CONTACT THE CUSTOMER (CONTACT ON FILE) VIA PHONE AND EMAIL TO ATTEMPT RESOLUTION. EXAMPLES OF HIGH PRIORITY SECURITY INCIDENTS INCLUDE: - SUSPECTED OR POTENTIAL ACCOUNT COMPROMISE WITH NO MISUSE OBSERVED - SUSPECTED MALWARE INFECTION WITH EVIDENCE OF MALWARE SPREADING BUT NO EVIDENCE OF IMMEDIATE BUSINESS IMPACT - SUSPECTED OR POTENTIAL SYSTEM COMPROMISE WITH NO EVIDENCE OF MISUSE - REGULATED DATA SEEN UNENCRYPTED BETWEEN TWO INTERNAL HOSTS
MEDIUM	A MEDIUM PRIORITY SECURITY INCIDENT IS A NETWORK EVENT OR SET OF NETWORK EVENTS THAT MAY BE A RISK TO THE CLIENT'S NETWORK ENVIRONMENT AND MAY INFORM FUTURE CUSTOMER ACTIONS. CI WILL CONTACT THE CUSTOMER (CONTACT ON FILE) VIA EMAIL TO ATTEMPT RESOLUTION. EXAMPLES OF MEDIUM PRIORITY SECURITY INCIDENTS INCLUDE: - ATTEMPTED ACCOUNT COMPROMISE WITH NO EVIDENCE OF SUCCESS - SUSPECTED MALWARE INFECTION WITH NO EVIDENCE OF MALWARE SPREAD OR IMMEDIATE BUSINESS IMPACT
LOW	A LOW PRIORITY SECURITY INCIDENT IS A NETWORK EVENT OR SET OF NETWORK EVENTS THAT IS NOT BELIEVED TO REPRESENT AN IMMEDIATE RISK TO THE CLIENT'S NETWORK ENVIRONMENT BUT DOES WARRANT AWARENESS AND INVESTIGATION. CI WILL CONTACT THE CUSTOMER (CONTACT ON FILE) VIA EMAIL TO ATTEMPT RESOLUTION. EXAMPLES OF LOW PRIORITY SECURITY INCIDENTS INCLUDE: - POTENTIALLY UNWANTED PROGRAM OBSERVED - OTHER ISSUE THAT IS NOT AN IMMEDIATE SECURITY THREAT OBSERVED

SERVICE LEVEL AGREEMENT¹

CI PRODUCT	DESCRIPTION	SERVICE LEVEL	SLA CREDIT
CRITICAL INSIGHT PLATFORM (CI-P)	COLLECT, NORMALIZE, STORE, TRANSMIT, AND RETAIN SECURITY EVENT DATA	99.9% UPTIME IN A GIVEN MONTH FOR THE CI COLLECTOR WHILE CLIENT NETWORK IS FUNCTIONAL	2% OF MONTHLY FEE
	MAINTENANCE OF CI COLLECTOR	REPLACEMENT DEVICES SHIPPED WITHIN 3 BUSINESS DAYS OF FAILURE	2% OF MONTHLY FEE
MANAGED DETECTION AND RESPONSE (CI-MDR)	EVALUATE SECURITY ALERTS AND DETERMINE IF THEY ARE FALSE POSITIVES OR ACTUAL INCIDENTS	99% OF EVENTS ESCALATED TO ANALYST FOR REVIEW IN A GIVEN MONTH EVALUATED WITHIN 90 MINUTES	2% OF MONTHLY FEE
	INCIDENT REPORTING AND REMEDIATION FOLLOW-UPS	99% OF CONFIRMED INCIDENTS IN A GIVEN MONTH REPORTED TO CUSTOMER WITHIN 30 MINUTES OF CONFIRMATION	2% OF MONTHLY FEE
CONTINUOUS VULNERABILITY IDENTIFICATION (CI-CVI)	SCHEDULED VULNERABILITY SCANNING OF CUSTOMER NETWORK; REPORT UPLOAD OF SCAN RESULTS	AS VULNERABILITY SCANS COMPLETE, REPORT DATA UPLOADED TO CUSTOMER PORTAL OR DELIVERED TO CUSTOMER WITHIN 48 HOURS OF SCAN COMPLETION	2% OF MONTHLY FEE

- SERVICE LEVEL AGREEMENTS ONLY APPLY TO PRODUCTS & SERVICES IN GENERAL AVAILABILITY. ALPHA AND BETA PRODUCTS & SERVICES ARE NOT SUBJECT TO THIS SLA. PLEASE SEE PAGE 1 FOR A LIST OF PRODUCTS & SERVICES AND THEIR COMMERCIAL AVAILABILITY STATUS.



CRITICAL INSIGHT MASTER SERVICES AGREEMENT

THIS MASTER SERVICES AGREEMENT ("MSA"), together with any then-current Statement of Service ("SOS") between the City of Anacortes, WA ("Customer" or "City") and Critical Insight, Inc. ("CI") and the related exhibits, documentation and specifications CI may from time to time deliver or make available to Customer, govern and control the Services described in the ordering SOS. The Parties agree this Agreement shall supersede and replace all prior agreements between the Parties with respect to the Services provided by CI herein. CI and Customer are sometimes referred to herein, individually, as "**Party**" and, together, as "**Parties**". Capitalized terms not otherwise defined below shall have the meaning assigned to them in the SOS. Unless otherwise stated in a SOS, the terms of this MSA shall control any conflicting or inconsistent term in such SOS.

1. **Definitions.** Capitalized terms in this Agreement not otherwise defined have the meaning described below, for both singular and plural form.
 - a. "**Additional Solutions**" means any third-party software solutions licensed by CI in support of the Services.
 - b. "**Agreement**" means this MSA, each SOS, and each exhibit that supplements the MSA and/or a SOS, as each such document may be amended from time to time by mutual written agreement.
 - c. "**Appliance**" means the computer hardware unit integrated in Customer's Internet server stack as part of CI's provisioning process and included in, and required to enable activation and performance of, the CI Products.
 - d. "**CI Assets**" means all computer hardware, software, networking tools and equipment, appliances and devices owned, operated or licensed by CI that are deployed or engaged in performance, in whole or part, of the Services, including any Appliance(s) provided to Customer in connection with the Services.
 - e. "**CI Products**" means the CI Programs, Appliances, monitoring and response services, action plans, Reports, graphics, pictorial and functional representations, spreadsheets, presentations, analyses, processes, methods, procedures, concepts, know-how, techniques, practices, and all related manuals and Documentation, and modifications and improvements in respect to any of the foregoing, provided, delivered or made available to Customer by CI pursuant to a mutually executed SOS.
 - f. "**CI Programs**" means the Critical Insight® monitoring software programs and applications, Additional Solutions, designs, inventions, source code, tools, patches, updates and new versions to any of the foregoing, user ID's, user interfaces, tokens, passwords and portals licensed to Customer by CI as part of the CI Products but excludes custom programs, if any, developed by CI for Customer.
 - g. "**CI Services**" means the consulting services described in the ordering SOS and any other professional services that CI provides to Customer at Customer's request.
 - h. "**Customer Data**" means the in-bound and out-bound Internet borne data hosted on Customer's proprietary servers that is accessed and monitored by the CI Programs.
 - i. "**Customer Infringement Exclusion**" means (i) Customer's use of the CI Programs except as permitted under this Agreement or Customer's combination of the CI Programs with any hardware, software or other materials either that are not provided by CI, or that could not reasonably have been anticipated to be used in combination with the CI Programs, in each case where absent such combination the CI Programs would be non-infringing, (ii) Customer's use of other than the most current release of the CI Programs that results in a claim or action for infringement that could have been avoided by use of the current release, provided that CI has supplied Customer with the most current release at no additional fee, or (iii) the provision by Customer to CI of materials, designs, know-how, software or other intellectual property with instructions to CI to use the same in connection with the CI Programs.
 - j. "**Confidential Information**" means all information, data, and material one party hereto (the receiving party) obtains from the other party (the disclosing party) in connection with this Agreement; provided, that Confidential Information does not include information that: (i) was known to the receiving party without restriction before receipt from the disclosing party; (ii) is publicly available through no fault of the receiving party; (iii) is rightfully received by the receiving party from a third party without a duty of confidentiality; or (iv) is independently developed by the receiving party without reference to any Confidential Information of the disclosing party. Confidential Information also includes non-public personal or financial information relating to a party's employees, customers or contractors, all trade secrets, processes, and/or proprietary data.
 - k. "**Documentation**" means the Service descriptions, playbooks, instructions and protocols set forth in digital or hard copy format and provided or made available to Customer by CI.
 - l. "**Effective Date**" means the date set forth in the signature block of this Agreement.
 - m. "**Excused Downtime**" means any of the following: (i) force majeure events as defined in Section 16.a. hereof; (ii) data transmission failures outside the control of CI; and (iii) scheduled and emergency maintenance outages. Schedule maintenance is generally conducted between the hours of 8 p.m. Saturday and 8 a.m. Sunday, U.S. Pacific Time. Maintenance outages include, without limitation, installation of software updates and patches, service packs and routine server and application configuration changes. CI may schedule a non-routine maintenance outage on an as needed basis in its sole discretion and, except in instances of emergency maintenance, will use commercially reasonable efforts to notify Customer forty-eight (48) hours in advance of any such outage.
 - n. "**Report**" means any written summary, analysis, finding, schedule or other, similar document prepared for Customer by CI as part of the Services specified in the ordering SOS.
 - o. "**Security Breach**" means the actual or suspected unauthorized third-party access to or use of the CI Assets that compromises the security or functionality of such assets or the confidentiality or integrity of any Customer Confidential Information and Customer Data stored thereon.
 - p. "**Services**" means the CI Products and CI Services together.

- q. **"Services Term"** shall have the meaning set forth in Section 12.a. hereof.
- r. **"Termination Event"** means with respect to either party, that party becomes the subject of a proceeding under the Bankruptcy Code, (i) seeking the appointment of a trustee, receiver or custodian or (ii) seeking the liquidation, winding-up, dissolution, reorganization or the like of such party, and the proceeding is not dismissed within 30 days of its commencement. If a party is subject to a Termination Event, such party shall promptly use commercially reasonable efforts to seek court authorization to pay all post-petition fees as an administrative expense.
2. **Services.** CI will provide Customer the Services set forth in one or more SOS's, which the parties may enter into from time to time, for the term of such SOS. Each SOS, and any related exhibits, will provide additional terms and conditions specific to the Services described in such SOS.
3. **Implementation & Performance.** At all times during the term of the SOS, Customer will provide to CI such access to Customer's technology infrastructure, including proprietary and licensed software and service programs and applications, and authorized personnel as specified in the SOS, the Documentation, and as CI may otherwise reasonably require to configure, integrate, enable, deliver and perform the Services set forth in the SOS. Customer will promptly obtain and provide to CI any required licenses, approvals, consents, permissions and credentials to Customer's facilities, systems, hardware, devices, software and services, as necessary for CI's timely access, performance and delivery of the Services. Customer acknowledges and agrees (a) that CI's performance and delivery of the Services are at all times conditioned upon (i) Customer providing timely, secure and unencumbered access to Customer's authorized personnel, facilities, equipment, systems, hardware, software, devices, network and data, and (ii) Customer's timely decision-making and granting of approvals, authorizations or permissions; and (b) that CI shall not be in breach of its Services obligations hereunder, or liable for any resulting loss, damage or injury, arising from or in any way related to (A) Customer's failure to timely satisfy and perform the conditions to CI's performance herein specified, or (B) CI's implementation and performance of Documentation-authorized protocols.
4. **CI Program License.** Upon mutual execution of an SOS for delivery of CI Program support, payment of the fees set forth in such SOS and for the duration of the term of such SOS, Customer will have a nonexclusive, non-assignable (except as provided in Section 16.e.), non-sublicensable, royalty-free, worldwide limited right to access and use the CI Programs solely for Customer's internal business operations and subject to the terms of this Agreement. Only Customer's authorized personnel may access and use the CI Programs, and Customer is solely responsible for compliance with this Agreement by users accessing the CI Programs with Customer's credentials.
5. **Ownership and Restrictions.** Customer retains all ownership and intellectual property rights in and to Customer Data and, subject to timely payment of applicable Service fees, any Reports prepared by CI for Customer. CI irrevocably assigns and transfers to Customer all of its worldwide right and title to, and interest in, the Reports, including all associated copyright, patent, trade secret, trademark and any other intellectual property or proprietary rights ("**Intellectual Property Rights**"). Additionally, CI grants to Customer a non-exclusive, worldwide, royalty-free, irrevocable, perpetual, non-terminable, transferable, sublicensable license to all Intellectual Property Rights used in the creation of the Reports in order for Customer to exercise its rights in the Reports as contemplated by the applicable SOS. Without limiting the foregoing, (i) the Reports are "works made for hire" to the extent permitted by law, and (ii) CI will not assert, and otherwise waives, any "moral rights" in the Reports and CI hereby assigns all right, title and interest in such materials to Customer and agrees to reasonably assist Customer, at Customer's expense, to perfect such interest.
- Except for Reports provided to Customer as part of the Services, CI retains all ownership and Intellectual Property Rights in and to the Services, and in furtherance thereof, Customer may not:
- Remove or modify any proprietary marking or notice of CI's proprietary rights;
 - Make any aspect of the Services available in any manner to any third party for commercial use by such party, unless such access is expressly permitted in a SOS;
 - Modify, make derivative works from, disassemble, reverse engineer or reverse compile any part of the Services (the foregoing prohibition includes, without limitation, review of data structures, signatures or similar materials produced by the Services), or access or use the Services in order to build or support, and/or assist a third party in building or supporting, products or services competitive to CI;
 - Except for Reports and as required by applicable law, disclose to any third party the results of any Service without CI's prior written consent;
 - License, sell, rent, lease, transfer, assign, distribute, display, host, outsource, disclose, permit timeshare or service bureau use, or otherwise commercially exploit or make the Services available to any third party other than as expressly authorized under this Agreement.
6. **Exclusions.** Customer is solely responsible for any hardware, software and networking tools, devices and appliances that are not provided by CI pursuant to this Agreement. Customer's responsibilities include, without limitation, Customer systems installation, maintenance and administrator activities, software and application licensing requirements, conditions and related financial commitments. Customer is solely responsible, at Customer's expense, for establishing, maintaining, operating and regulating Customer's access to the Internet, including without limitation, all computer hardware and software and properly configured and installed systems, browsers, modems, access lines and distributed networks necessary to enable, maintain, monitor and control Customer's Internet access.
7. **CI Assets.** During the term of this Agreement, CI shall observe and maintain data, technical and physical systems and asset security, personnel practices, and continuous monitoring and maintenance protocols in respect to each of the foregoing, all

in design, manner and practice consistent with then prevailing industry standards, to: (a) protect and maintain the integrity of (i) all Customer Data and Customer Confidential Information in CI's possession, and (ii) CI Assets, from unauthorized use, alteration, access, disclosure, damage or destruction; (b) detect, protect against and prevent a Security Breach; and (c) provide CI employees and agents the appropriate training necessary to maintain the confidentiality, security and physical integrity of (i) Customer Data and Customer Confidential Information in CI's possession, (ii) Critical Insight's Confidential Information, and (iii) the CI Assets. CI shall promptly notify Customer upon discovery of a confirmed Security Breach, shall promptly share with Customer such information in terms of systems and data involved as it becomes available to CI, and shall reasonably cooperate with Customer to determine whether the incident is a breach that requires notification under RCW 19.255.010, RCW 42.56.590, or any other applicable breach notification law or rule and shall thereafter reasonably assist and perform such remedial actions, if any, as may be required by such law or rule.

8. **Use of Customer Data.** CI, CI's subcontractors, licensors, and any CI service providers are prohibited from using Customer Data, including in aggregated form, for any use other than necessary for the performance of the Services or as may otherwise be required or compelled by applicable law, rule or regulation after prior written notice to the City. CI, CI's subcontractors, and any CI service providers are prohibited from selling or sharing Customer Data in any form, including in aggregated form, with third parties for compensation or for those third parties' own business interests, except as may be required or compelled by applicable law, rule or regulation after prior written notice to the City. Upon any expiration or earlier termination of the Agreement, subject to Section 14.a. hereof, CI will return all Customer Data to Customer in the format approved by the Customer within 30 days of termination. In the event of a conflict between this Article 8 and CI's Privacy Policy, the order of precedence shall be (1) this Article 8, (b) CI's Privacy Policy.
9. **CI Programs Service Levels.** CI will use commercially reasonable efforts to achieve the minimum availability of the CI Programs set forth in the Documentation, not including the Excused Downtime, and CI will monitor the availability of its systems on a 24/7 basis.
10. **Warranties, Disclaimers and Exclusive Remedies.** CI warrants (i) that the CI Products will be performed in all material respects in accordance with the Service Documentation referenced in the ordering SOS, (ii) that the CI Programs shall be maintained and available at the service levels specified in Section 8 hereof, and (iii) that the CI Services will be performed in a good and workmanlike manner substantially in accordance with industry standards. If the Services provided to Customer for any given calendar month during the Services Term are not performed as warranted, Customer must provide written notice to CI no later than five (5) business days after the last calendar day of such month or, if different, as provided in the ordering SOS.

CI DOES NOT GUARANTEE THAT THE SERVICES WILL BE PERFORMED ERROR-FREE OR UNINTERRUPTED, OR THAT CI WILL CORRECT ALL SERVICE ERRORS. CUSTOMER ACKNOWLEDGES THAT CI DOES NOT CONTROL THE TRANSFER OF DATA OVER COMMUNICATIONS FACILITIES, INCLUDING WITHOUT LIMITATION, THE INTERNET, AND THAT THE SERVICES MAY BE SUBJECT TO THE LIMITATION, DELAYS, AND OTHER PROBLEMS INHERENT IN THE USE OF SUCH COMMUNICATIONS FACILITIES. IN ADDITION, DELIVERY OF THE CI SERVICES MAY BE CONTINGENT UPON THE ACCESS, SUPPORT AND COOPERATION OF CUSTOMER, WITHOUT WHICH SUCH SERVICES CANNOT BE PERFORMED. CI IS NOT RESPONSIBLE FOR, AND SPECIFICALLY DISCLAIMS LIABILITY FOR, ANY DELAYS, DELIVERY OR SERVICE FAILURES OR OTHER DAMAGE RESULTING FROM SUCH PROBLEMS AND CONDITIONS.

FOR ANY BREACH OF THE ABOVE WARRANTIES, CI WILL REMIT A SERVICE FEE CREDIT TO CUSTOMER EQUAL TO TEN PERCENT (10%) OF (A), IF FOR CI PRODUCTS, THE NET MONTHLY FEES FOR THE APPLICABLE CI PRODUCTS FOR THE MONTH IN WHICH THE BREACH OCCURRED; AND (B), IF FOR CI SERVICES, THE NET SERVICE FEE SET FORTH IN THE ORDERING SOS. THE CREDIT WILL BE APPLIED AS FOLLOWS: (X) FOR CI PRODUCTS, AT CUSTOMER'S SOLE ELECTION, (i) AS AN OFFSET AGAINST ACCRUED BUT UNPAID FEES THEN OWED TO CI, IF ANY, (ii) AS A CREDIT TOWARD RENEWAL TERM FEES, IF ANY, NEXT COMING DUE, OR (iii) AS A REFUND PAYMENT BY CI; AND (Y) FOR CI SERVICES, ONLY AS AN OFFSET TOWARD ANY ACCRUED BUT UNPAID FEES OWED TO CI FOR THE RELATED SERVICES, AND APPLICATION OR REMITTANCE, AS THE CASE MAY BE, OF SUCH CREDIT WILL REPRESENT CUSTOMER'S EXCLUSIVE REMEDY, AND FULL SATISFACTION OF CI'S SOLE LIABILITY, FOR ALL WARRANTIES SPECIFIED IN THIS AGREEMENT.

EXCEPT AS SPECIFICALLY SET FORTH HEREIN, THE SERVICES, INCLUDING ANY REPORTS OR OTHER TANGIBLE OR INTANGIBLE ITEMS FURNISHED BY CI TO CUSTOMER, ARE PROVIDED ON AN "AS IS" BASIS WITH NO WARRANTIES OR REPRESENTATIONS OF ANY KIND. CI MAKES NO WARRANTY, EXPRESS OR IMPLIED, THAT THE SERVICES WILL RENDER CUSTOMER'S NETWORK AND SYSTEMS SAFE FROM MALICIOUS CODE, INTRUSIONS, OR OTHER SECURITY RISKS OR BREACHES OR THAT THE SERVICES WILL DETECT, REPORT OR NEUTRALIZE ALL SUCH MALICIOUS CODE, INTRUSIONS, SECURITY RISKS OR BREACHES. TO THE EXTENT NOT PROHIBITED BY LAW, THE FOREGOING WARRANTIES ARE EXCLUSIVE AND THERE ARE NO OTHER EXPRESS OR IMPLIED WARRANTIES OR CONDITIONS OF ANY KIND, INCLUDING FOR HARDWARE, SOFTWARE, SYSTEMS, NETWORKS, ENVIRONMENTS OR SERVICES OR FOR MERCHANTABILITY, NONINFRINGEMENT, SATISFACTORY QUALITY AND FITNESS FOR A PARTICULAR PURPOSE.

11. **Indemnity.**

- a. **CI Infringement Indemnity.** Subject to Section 11.c., CI will defend Customer in any suit or cause of action, and indemnify and hold Customer harmless against, and pay on behalf of Customer, any damages awarded to third parties in any such suit or cause of action (including reasonable attorneys' fees awarded to such third parties and settlement amounts) alleging that the CI Programs as provided by CI and used in accordance with the terms of this

Agreement infringe upon any United States patent, copyright, trade secret, or other proprietary right of a third party, *provided that*, the foregoing infringement indemnity will not apply and CI will not be liable for any damages assessed in any suit or cause of action to the extent resulting from a Customer Infringement Exclusion. If any CI Program is held or believed to infringe on any third party's intellectual property rights, CI may, in its sole discretion, (i) modify the CI Program to be non-infringing, (ii) obtain for Customer a license to continue using such CI Program, or (iii) if neither (i) nor (ii) are commercially practical, terminate this Agreement as to the infringing CI Program and return to Customer any unearned fees paid by Customer to CI in advance. This Section 11.a. states CI's entire liability and Customer's exclusive remedies for infringement of intellectual property rights of any kind.

- b. **Customer Infringement Indemnity.** Subject to Section 11.c., Customer will defend CI in any suit or cause of action, and indemnify and hold CI harmless against, and pay on behalf of CI, any damages awarded to third parties in any such suit or cause of action (including reasonable attorneys' fees awarded to such third parties and settlement amounts) alleging infringement upon any United States patent, copyright, trade secret, or other proprietary right of a third party, to the extent that any such suit or cause of action results from an allegation of a Customer Infringement Exclusion. This Section 11.b. states Customer's entire liability and CI's exclusive remedies for infringement arising from a Customer Infringement Exclusion.
- c. **Indemnity Conditions.** The indemnities set forth in this Agreement are conditioned upon the following: (i) the indemnitee ("**Indemnitee**") promptly notifies the indemnitor ("**Indemnitor**") in writing of such suit or cause of action, *provided*, that, any failure by Indemnitee to so promptly notify Indemnitor will not serve to reduce or forfeit an Indemnitee's rights hereunder unless and only to the extent such failure prejudices the rights and remedies of Indemnitor in respect to such suit or proceeding, (ii) the indemnitor controls any negotiations or defense of such suit or cause of action in coordination with the Indemnitee in negotiations or defense, and *provided, further*, the Indemnitor shall not enter into any compromise or settlement of such suit or cause of action without the Indemnitee's prior written consent, which shall not be unreasonably withheld, conditioned or delayed, and (iii) (i) the Indemnitee assists the Indemnitor as reasonably required by the Indemnitor, and (iii) the Indemnitee takes all reasonable steps to mitigate any potential damages that may result.

12. Term and Termination.

- a. Services under this Agreement shall be provided for the initial Services Term set forth in the ordering SOS.. The initial term of the Services and any renewal term thereof are, herein, the "Services Term". Upon expiration or earlier termination of the Services Term, (i) if CI Services, all obligations of CI to perform and deliver, and all rights of Customer to receive, the CI Services, including the CI Services listed on the ordering SOS, shall contemporaneously terminate, (ii) if CI Products, all rights of Customer to access and use, and all obligations of CI to enable and provide, the CI Products, including the CI Products listed in the ordering SOS, shall contemporaneously terminate, (iii) if no ordering SOS is then in effect, the term of this Agreement shall contemporaneously terminate or expire, as applicable, and (iv) Customer shall promptly assemble any Appliance(s) located on Customer's premises for retrieval by CI's designated vendor for delivery to CI (at CI's sole expense). Customer is responsible for (x) returning such Appliance(s) to CI in good and operable condition, normal wear and tear excepted, and (y) the full replacement cost of any Appliance that is damaged while in Customer's possession or that Customer otherwise fails to return to CI as herein required, which amount shall be due upon demand by CI.
- b. The City may, on not less than sixty (60) days prior written notice, terminate the Agreement, or any Statement of Service, 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, or any Statement of Service, is terminated in accordance with this paragraph, CI shall be entitled to payment for actual work performed at unit Agreement, or Statement of Service, prices for completed items of work, adjusted as herein provided. An equitable adjustment in the Agreement, or any Statement of Service, price for (x) partially completed items of work will be made, and (y) discounted pricing for the City's multi-year commitment that is no longer applicable due to early termination, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Agreement, or any Statement of Service, by the City at any time during the term, whether for default or convenience, performed in accordance with the terms of the Agreement shall not constitute a breach of Agreement or Statement of Service by the City.
- c. If either party breaches a material term of the Agreement and fails to cure the breach within thirty (30) calendar days of delivery by the non-breaching party of written notice of breach and demand for cure thereof, then the breaching party is in default and the non-breaching party may without further notice to the breaching party immediately terminate the then current SOS. If CI terminates the SOS and related Services Term as specified in the immediately preceding sentence, Customer shall pay to CI all accrued but unpaid fees, if any, for the period prior to the effective date of termination, plus, as an early termination fee and not a penalty, the Termination Fee. In addition to the foregoing, any then current SOS will automatically terminate in the event of a Termination Event.
- d. In addition, CI may immediately upon written notice to Customer, at CI's sole election, either (i) suspend the Services under the ordering SOS, including without limitation and if applicable, Customer's passwords, account and access to and use of the CI Products, or (ii) terminate the ordering SOS, (A) if Customer fails to pay CI as required under this Agreement and fails to cure the non-payment within ten (10) calendar days of delivery by CI of written notice of breach due to non-payment, (B) if Customer violates any provision of Sections 3, 4, 5 or 14 hereof, or (C) if CI concludes that Customer's requests, requirements or commercial activities expose the Services or CI personnel to risk of harm, damage, injury, liability or violation of applicable law. Any suspension by CI of the Services under this Section 12.c. shall not excuse Customer from its continuing obligation to make payment(s) under the ordering SOS.
- e. Sections 1, 5, 6, 10, 11 and 13 - 18 shall survive termination or expiration of this Agreement.

13. Fees, Expenses, Taxes and Invoicing.

- a. Customer shall pay the fees for the Services ordered as set forth in the ordering SOS. Customer shall reimburse CI for actual and reasonable expenses incurred by CI in performing the Services (i) only on a pass-through basis without markup, and (ii) only if preapproved by Customer in the ordering SOS or similar writing. Fees and expenses, if any, listed in a SOS are exclusive of taxes. Customer is responsible for payment of any sales, value-added or similar taxes imposed by applicable law for the Services ordered by Customer, except for taxes based on CI's income.
- b. Unless otherwise specified in the ordering SOS, (i) fees for CI Products are payable in advance on an annual basis, and (ii) fees for CI Services are payable in arrears on a monthly basis. In each instance payment is due within thirty (30) calendar days from the invoice date. Late payments shall accrue interest at the lesser of (i) 12% per annum, and (ii) the highest statutory rate, from the payment due date until paid in full. In the event Customer's past due account is submitted to an attorney or collections service for recovery, CI shall be entitled to recover the cost of collection, including reasonable attorneys' fees, in addition to all past due amounts. The rights and remedies set forth in this Section 13 are in addition to any other legal, equitable and contractual rights and remedies available to CI.

14. Confidentiality; Security.

- a. The receiving party will use Confidential Information of the disclosing party solely for the purposes of performing its obligations under the Agreement. The receiving party will not disclose or make Confidential Information of the disclosing party available to any third party, except as specifically authorized by the disclosing party in writing. . Upon the disclosing party's written request, the receiving party will promptly return to the disclosing party all of its Confidential Information, or certify in writing signed by an authorized representative that it has destroyed all such materials; *provided that*, in no event will the receiving party be obligated or required to amend, modify or destroy back up media and systems maintained in the ordinary course of business and designed in a manner to prevent the unauthorized access to or use of the data stored on such media and systems. Neither party will disclose to the other party or use in performance of its obligations hereunder any information, data, materials, or documents of a third party considered confidential or proprietary without the written authorization of such third party... Each party may disclose Confidential Information of the other party when compelled to do so by law if it provides, where legally permissible, . In furtherance of the foregoing, CI shall require each of its employees and agents providing any aspect of the Services hereunder to execute a confidentiality agreement incorporating confidentiality and non-use provisions consistent with, and no less restrictive than, the requirements of this Section 14.a.
- b. Parties acknowledge that the City of Anacortes is subject to requirements under the Public Records Act under RCW 42.56 et. seq (the "PRA"), and any legal requirements under said Act supersede any requirements under this Agreement or any Statement of Service.
- c. At all times during the Services Term, CI shall maintain reasonable and appropriate safeguards, security measures and protocols, which in no event shall be less effective than industry-standard safeguards, security measures and protocols, designed to (i) reasonably protect Customer's Confidential Information in CI's possession from unauthorized use, alteration, access or disclosure; and (ii) detect and prevent a breach of such safeguards, security measures and protocols by any unauthorized party.

15. Insurance.

- A. Insurance Term: CI 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 CI, its agents, representatives, or employees.
- B. No Limitation: CI's maintenance of insurance as required by this Agreement shall not be construed to limit the liability of CI 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: CI shall obtain insurance of the types and coverages described below:

1. 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 contractors and personal injury and advertising injury. The City shall be named as an additional insured under CI'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.

2. Technology Errors & Omissions (E&O)

3. Network Security (Cyber) and Privacy Insurance shall include, but not be limited to, coverage, including defense, for the following losses or services:

Liability arising from theft, dissemination, and/or use of City confidential and personally identifiable information, including but not limited to, any information about an individual maintained by the City, including (i) any information that can be used to distinguish or trace an individual's identity, such as name, social security number, date and place of birth, mother's maiden name, or biometric records; and (ii) any other information that is linked or linkable to an individual, such as medical, educational, financial, and employment information regardless of how or where the information is stored or transmitted.

Network security liability arising from (i) the unauthorized access to, use of, or tampering with computer systems, including hacker attacks; or (ii) the inability of an authorized third party to gain access to supplier systems and/or City data, including denial of service, unless caused by a mechanical or electrical failure; (iii) introduction of any unauthorized software computer

code or virus causing damage to the City or any other third party data.

Lawfully insurable fines and penalties resulting or alleging from a data breach.

Event management services and first-party loss expenses for a data breach response including crisis management services, credit monitoring for individuals, public relations, legal service advice, notification of affected parties, independent information security forensics firm, and costs to re-secure, re-create and restore data or systems.

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

1. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence and \$2,000,000 general aggregate.
2. Technology Errors & Omissions (E&O) shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit.
3. Network Security (Cyber) and Privacy Insurance shall be written with limits no less than \$2,000,000 per claim \$2,000,000 policy aggregate for network security and privacy coverage, \$100,000 per claim for regulatory action (fines and penalties), and \$100,000 per claim for event management services.

E. Other Insurance Provision: CI's Commercial General Liability insurance policy is to contain, or be endorsed to contain, that it 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 CI'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: CI shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the insurance requirements of CI within 10 days of contract execution and before scheduling of the work. Upon request by the City, CI shall furnish certified copies of all required insurance policies, including endorsements, required in this contract. Failure of the City to demand such verification of coverage with these insurance requirements or failure of the City to identify a deficiency from the insurance documentation provided shall not be construed as a waiver of CI's obligation to maintain such insurance.

Verification of coverage shall include:

- a. An ACORD certificate or a form determined by the City to be equivalent.
- b. Copies of all endorsements naming the City as additional insured, showing the policy number. CI may submit a copy of any blanket additional insured clause from its policies instead of a separate endorsement.
- c. Any other amendatory endorsements to show the coverage required herein.
- d. A notation of coverage enhancements on the Certificate of Insurance shall not satisfy these requirements – actual endorsements must be submitted.

H. Notice of Cancellation: CI 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 CI 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 CI 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 CI from the City.

J. City Full Availability of CI Limits: If CI 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 CI, irrespective of whether such limits maintained by CI 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 CI.

16. **Limitation of Liability.** WITHOUT LIMITING ANY INDEMNIFICATION OBLIGATIONS OF A PARTY UNDER SECTION 11 OF THIS AGREEMENT OR (EXCEPT AS EXPRESSLY PROVIDED OTHERWISE BELOW) THE LIABILITY OF A PARTY FOR ANY BREACH OF ITS OBLIGATIONS UNDER THIS AGREEMENT, TO THE MAXIMUM EXTENT PERMITTED BY LAW, IN NO EVENT WILL (A) EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY INDIRECT, INCIDENTAL, OR CONSEQUENTIAL LOSSES OR DAMAGES WHATSOEVER (INCLUDING, WITHOUT LIMITATION, SPECIAL, PUNITIVE OR EXEMPLARY DAMAGES), WHETHER OR NOT SUCH PARTY WAS ADVISED IN ADVANCE OF THE POSSIBILITY OF SUCH LOSS OR DAMAGE AND (B) A PARTY'S TOTAL LIABILITY FOR ALL CLAIMS ARISING FROM OR RELATING TO THIS AGREEMENT, REGARDLESS OF THE NATURE OF THE CLAIM, EXCEED THE AMOUNT OF FEES PAID OR PAYABLE BY CUSTOMER UNDER THIS AGREEMENT FOR THE SERVICES DURING THE TWELVE (12)-MONTH PERIOD IMMEDIATELY PRIOR TO THE EVENT, ACT OR OMISSION GIVING RISE TO SUCH LIABILITY, EXCEPT THAT WITH REGARD TO LIABILITY OF A PARTY FOR BREACH OF ITS OBLIGATIONS UNDER SECTION 13 OF THIS AGREEMENT, IN NO EVENT SHALL EITHER PARTY'S CUMULATIVE LIABILITY EXCEED THE GREATER OF (X) THE

TOTAL CONTRACT PRICE OF THE APPLICABLE SOS, OR (Y) TWO HUNDRED AND FIFTY THOUSAND DOLLARS (\$250,000). THIS LIMITATION OF LIABILITY IS INTENDED TO APPLY WITHOUT REGARD TO WHETHER OTHER PROVISIONS OF THIS AGREEMENT HAVE BEEN BREACHED OR HAVE PROVEN INEFFECTIVE .

17. **Export.** Export laws of the United States and any other related local laws and regulations may apply to the Services. Such laws govern Customer's use of the Services and any data provided by CI to Customer under this Agreement, and Customer shall comply with all such laws and regulations. No data, information, software programs and/or other materials resulting from the Services will be exported, directly or indirectly, in violation of these laws, or will be used for any purpose prohibited by these laws.

18. **General.**

- a. **Force Majeure.** Neither party shall be liable to the other party or deemed to be in default for any delay or failure in performance of any obligation under the Agreement or interruption of any Service resulting, directly or indirectly, from acts of God, civil or military authority, acts of the public enemy, acts of terrorism, acts of third parties over whom the party has no control, war, riots, civil disturbances, insurrections, accidents, fire, explosions, earthquakes, floods, epidemics, pandemics, the elements or any other similar cause beyond the reasonable control of such party.
- b. **Audit.** CI may audit, at its own expense, Customer's user logs and related data for the purpose of determining Customer's compliance with the terms of this Agreement, including any then operative SOS. Audits shall be conducted by CI or its designee and shall be limited to records from the Effective Date of the ordering SOS to the month of the audit. CI shall be limited to one (1) audit per twelve (12) consecutive calendar month period. CI shall give ten (10) business days prior written notice of its intention to perform an audit. If any audit reveals non-compliance by Customer of any material term of the Agreement, then (i) Customer shall promptly initiate and prosecute to completion any remedial action required to cure such non-compliance, provided such non-compliance is reasonably subject to cure, and (ii) if the non-compliance is a variance of 5% or more in the total count of network users upon which Customer's then-current annual subscription fee is based, then CI may adjust the annual subscription fee specified in the ordering SOS for the period then remaining in the Services. In addition, if any audit reveals actual network users exceeding contracted network users by 5% or more, then Customer shall pay CI for all underpayments, plus interest, and shall reimburse CI for the reasonable cost of the audit.
- c. **Notice.** Except as provided herein, any notice, approval or consent required or permitted hereunder shall be: (i) in writing; (ii) delivered by (A) hand or by overnight courier service, or (B) electronic mail to the respective addresses of the parties as set forth in the ordering SOS (or such other address a party may designate in writing); and (iii) effective upon actual delivery if by hand or courier service (or upon attempted delivery if receipt is refused), or upon electronic confirmation of successful delivery if by email.
- d. **Integration; Waiver.** This Agreement, including any SOS, Documentation, exhibit, document or information or policy accessed by referenced URL, is the complete agreement for the Services ordered by Customer, and supersedes all prior or contemporaneous agreements, representations and understandings, written or oral, regarding such Services. If any provision of this Agreement shall be judicially determined to be unenforceable or invalid, that provision shall be limited or eliminated to the minimum extent necessary so that the Agreement shall otherwise remain in full force and effect and enforceable. A party's rights, obligations and restrictions hereunder may not be waived except in a writing signed or digitally accepted by an authorized representative of each party.
- e. **Licensors Rights.** The licensors of the Additional Solutions shall be entitled to rely upon, shall each be an express beneficiary of, and shall be entitled to enforce, the provisions of the Agreement, including without limitation, Sections 10 -13 and 17.
- f. **Assignment.** No right or obligation under the Agreement (including the obligation to pay or right to receive monies due) may be assigned, delegated or subcontracted by a party without the prior written consent of the other party, and any purported assignment without such consent shall be void; *provided*, that no such consent shall be required in the event of an assignment resulting from the merger of a party with and into a third party, or the sale of (A) all or substantially all of a party's assets, or (B) a controlling interest in a party's voting equity, provided the resulting or acquiring entity agrees in a writing incident to such transaction to assume, among other things, the rights and obligations of the selling party under this Agreement.
- g. **Controlling Law.** This Agreement shall be construed in accordance with the laws of the State of Washington without regard to its principles of conflict of laws. The exclusive jurisdiction and venue of any action relating to this Agreement shall be the Superior Court of Washington for the County of King or the United States District Court for the Western District of Washington and each party hereto submits itself to the exclusive jurisdiction of such courts and waives any argument relating to the convenience of forum. The rights and remedies herein provided are in addition to those available to either party at law or in equity.
- h. **Customer Reference.** CI may use Customer's name and logo to identify Customer as a CI customer on CI's website and in other marketing materials so long as Customer's name and logo do not appear with greater prominence than CI's other customers.
- i. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. An electronic signature through DocuSign shall have the same legally binding effect as an original signature.
- j. **Modification.** This Agreement and any SOS may not be changed, altered or modified except in a writing signed by an authorized representative of each of the parties hereto.

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of _____ (the “Effective Date”).

CRITICAL INSIGHT, INC.

By: _____

Print: _____

Title: _____

CITY OF ANACORTES:

By: _____

Print: Matt Miller

Title: Mayor

CONTRACT#24-016-ITS-001

MANAGED DETECTION &
RESPONSE SERVICE
CRITICAL INSIGHT, INC.

March 18, 2024



Managed Extended Detection & Response (MXDR)

Custom on-prem collectors, advanced cloud investigations, and hundreds of integrations, all correlated and presented via a single portal.

This robust platform allows you to see what the SOC sees so you have complete transparency. It isn't a black box solution. You see what the SOC sees, and we are monitoring and responding 24x7 to alerts and incidents for you.

How does the City benefit from a contracting for a MDR Service?

- **Security Operations Team**
24x7 network monitoring and response services to help limit the impact of attacks by preparing for them, detecting them quickly, and responding rapidly
- **Security Strategist**
Monthly service reviews with City staff to address solution designs, implementation, and optimization of security architecture

MUNICIPALITIES ARE AT RISK FOR CYBERSECURITY EVENTS

Who Are The Attackers?

Nation-States (Russia, China, North Korea, Iran)

- Motivation: Disruption, Money, Intelligence

Criminal Gangs

- Motivation: Money, Sometimes working for Nation-States

Domestic Hackers

- Motivation: Personal grievance, money, hobby

Domestic Terrorism

- Motivation: Disruption

Activism

- Motivation: Notoriety, Politics, Disruption

RISK MITIGATION

Critical Insight Provides

Measurable Risk Reduction

Included in your MXDR subscription is a Cyber Risk and Compliance platform. Gain a holistic view of your security so that you can easily assess and report on your security posture.

A security strategist from our team will guide you on how to use the platform and track your risks with you for optimal utilization.



Contract #24-016-ITS-001

CONTINUES SERVICE CONTRACT IN PLACE SINCE 2020



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graph TD; A[CONTINUES SERVICE CONTRACT IN PLACE SINCE 2020] --> B[PERSONAL SERVICES CONTRACT]; B --> C[3-YEAR CONTRACT $111,133.53]; C --> D[ANNUAL PAYMENT OF $37,044.51]
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PERSONAL SERVICES CONTRACT

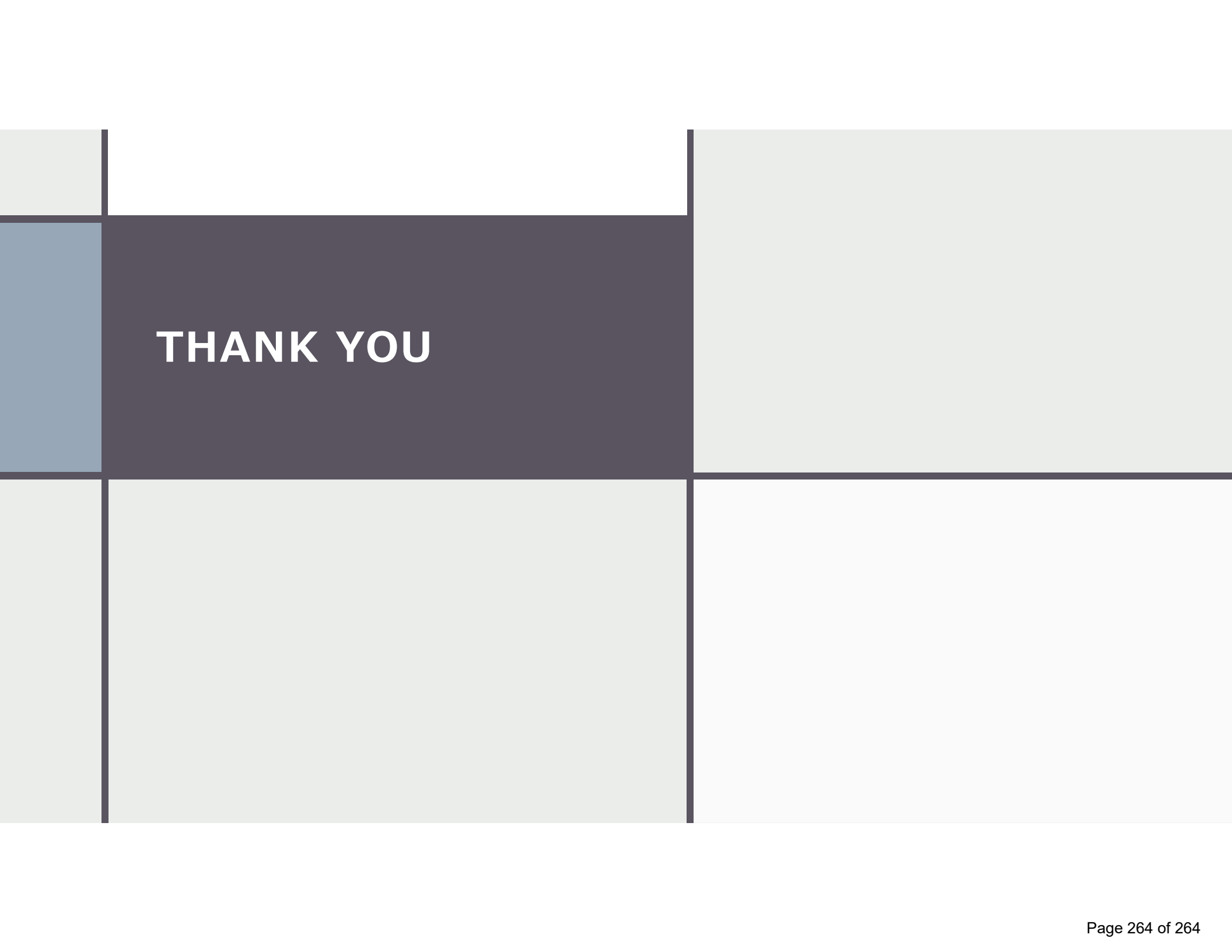
3-YEAR CONTRACT \$111,133.53

ANNUAL PAYMENT OF \$37,044.51

Requested Motion:

I move the City Council authorize the Mayor to sign contract #24-016-ITS-001 with Critical Insight, Inc. in the amount of \$111,133.53 to provide Managed Detection and Response Services.

Contract #24-016-ITS-001



THANK YOU