



Anacortes City Council
Municipal Building Council Chambers
904 6th Street

March 4, 2019
6:00 p.m.

PRELIMINARY AGENDA

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

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Public Works Committee
4. **Public Comment**
5. **Consent Agenda (Action)**
 - a. Minutes of February 19, 2019 and February 25, 2019
 - b. Approval of Claims in the amount of: \$301,365.80
 - c. Interlocal 267 Amendment 1 with Skagit County - BLS OTEP Training Hub
6. **Public Hearings**
7. **Other Business**
 - a. * Ordinance 3035: Safety Suggestion Incentive Program for Employees
(Discussion/Possible Action)
 - b. Ordinance 3037: Vacating the Alley in Block 31 "Map of the City of Anacortes" (Action)
 - c. Contract Award: Water System Earthquake Early Warning System - Phase 1 & 2,
#19-038-WTR-001 (Discussion/Possible Action)
 - d. * Ordinance 3036: Municipal Code Chapter 1.30, Contracting (Discussion/Possible Action)
 - e. * Resolution 2030: Purchasing Policy (Discussion/Possible Action)
8. **Executive Session (30 Minutes)**
 - a. Potential Litigation or Litigation per RCW 42.30.110 (i)
9. **Adjournment**

Per Resolution 1949, citizens wishing to comment on items not on the agenda may do so under the Public Comment portion of the agenda. Citizens wishing to comment on agenda items indicated with an asterisk () may do so as those items are considered by Council during the course of the meeting. 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.*

The City of Anacortes encourages people with disabilities to participate in public meetings.
For assistance with special needs, please contact the City Clerk at 360-299-1960 in advance of the meeting.



Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning March 11, 2019

Subjects listed below have been tentatively suggested for consideration by the Anacortes City Council on the dates indicated. Items may be added to, removed from or rearranged on this list. Routine business such as approval of minutes and vouchers are not included. The complete Preliminary Agenda for each meeting is published at 3:00 on the Wednesday prior to the meeting. Published Agendas are subject to change and may be updated following the posting period. For additional information on agenda topics, please contact the City Clerk's office at 360-299-1960 to be directed to the sponsoring staff member.

March 11, 2019

- Contract Award: Emergency Management Services 19-015-IDS-001
- Presentation: Museum Newspapers Exhibit Opening March 13 (Discussion)
- Contract Award: WTP SCADA Systems Upgrade - Engineering Services Phase 1 #19-031-WTR-001 (Action)
- Presentation: 2019 Stormwater Management Program Plan (Discussion)

March 18, 2019

- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)

March 25, 2019

- Public Hearing: CDBG 2019 Draft Action Plan Review (Discussion)
- City Council Candidate Presentations (Discussion)
- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)
- Executive Session (20 Minutes) : Review Qualifications of City Council Candidates per RCW 42.30.110(h)

April 1, 2019

*Special Meeting: ***** 6 p.m. Executive Session to Review qualifications of City Council Candidates (20 minutes)*

- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)

April 8, 2019

April 15, 2019

April 22, 2019

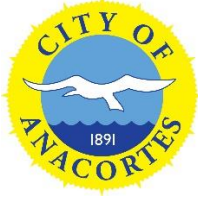
- 2019 CDBG Action Plan Review and Approval (Discussion/Possible Action)

May 6, 2019

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Planning, Monday, Mar 25, 2019, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Mar 4, 2019, 5:00 PM, Main Conference Room, City Hall
- Port/City Liaison, Tuesday, Mar 5, 2019, 8:30 AM, Port of Anacortes
- Planning, Monday, Mar 11, 2019, 5:00 PM, Main Conference Room, City Hall
- Skagit County Law & Justice Council, Wednesday, Mar 13, 2019, 8:15 AM, Mount Vernon
- Finance, Wednesday, Mar 13, 2019, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Mar 18, 2019, 5:00 PM, Main Conference Room, City Hall



PRESS RELEASE

FOR IMMEDIATE RELEASE

Council Member Vacancy

February 26, 2019 Anacortes, WA - Councilmember Liz Lovelett announced her resignation from the City Council effective February 25, 2019 following her appointment to the 40th District of the Washington State Senate.

Interested candidates are sought to fill the remainder of the term which expires December 31, 2021.

To be eligible for consideration candidates must be a resident of Anacortes with a minimum of one year of residency and be registered to vote.

Candidates must submit a letter of interest and resume that describes their interest in becoming a city council member, notes their previous community involvement, and describes the skills that they bring to the position. Responses are due by noon on Wednesday March 20, 2019.

City of Anacortes
Mayor Laurie Gere
PO Box 547
Anacortes, WA 98221

Candidates will be provided the opportunity to address City Council, Mayor Gere, and the community with a prepared five-minute presentation on Monday March 25, 2019 at the City Council meeting. An appointment by the governing board is expected in early April.

Candidates are encouraged to review the Skagit County Elections Department website.
<https://wei.sos.wa.gov/county/skagit/en/Pages/SkagitElecHome.aspx>

Questions regarding the appointment procedure can be directed to Administrative Services Director Emily Schuh at 360-299-1941.

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March 4, 2019
6:00 p.m.

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

Name

Topic

Theresa Baker

Earthquake early warning

Continue on back of sheet as needed

City Council Minutes – February 19, 2019

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

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

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

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

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

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

Public Comment

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

Consent Agenda

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

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

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

The following vouchers/checks were approved for payment:

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

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

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

OTHER BUSINESS

Ordinance 3036: Municipal Code Chapter 1.30, Contracting

Resolution 2030: Purchasing Policy

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

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

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

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

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

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

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

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

Fire Impact Fees

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

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

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

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

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

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

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

Sewer Utility Revenue Requirement

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

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

Resolution 2035: Anacortes Maritime Strategic Plan

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

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

City Council Minutes – February 25, 2019

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of February 25, 2019 at the advertised special time of 5:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Anthony Young, Brad Adams, Bruce McDougall and Matt Miller were present. Councilmember Liz Lovelett was absent.

The assembly joined in the Pledge of Allegiance.

Mayor Gere removed Items 7f, Ordinance 3036: Municipal Code Chapter 1.30, Contracting, and 7g, Resolution 2030: Purchasing Policy, from the agenda to allow staff additional time to address councilmember questions raised at the February 19, 2019 City Council meeting. She advised that those topics would come back before City Council on March 4, 2019.

Mayor Gere announced that an executive session on potential litigation would be added to the end of the agenda.

Mayor Gere announced that Item 6a, a public hearing on Ordinance 3037: Vacating the Alley in Block 31 "Map of the City of Anacortes", had been advertised to begin at 6:00 p.m. so Council would postpone consideration of that agenda item until 6:00.

Announcements and Committee Reports

Parks & Recreation Committee: Mr. McDougall reported from the committee meeting the prior week. He reported on the proposed expansion of Grand View Cemetery to the east, upcoming interviews for the recreation activities coordinator position, weather delays to the returfing project at Daniels Field, donation by Transpac of a temporary float to replace the damaged Washington Park boat launch, recent storm damage to the Guemes Channel Trail, and positive meetings between Parks staff and the Samish Tribal Council who were looking forward to more collaboration in the future.

Councilmember Liz Lovelett Resignation: State Senator Liz Lovelett joined the meeting by telephone from Olympia. Ms. Lovelett announced her resignation from her City Council position, effective February 25, 2019, due to the demands on her time following her recent appointment to the Senate. Mayor Gere thanked Ms. Lovelett for her service to the Council and the city and for now serving Anacortes and the region in the state legislature. The mayor advised that staff would solicit letters of interest from community members interested in filling Ms. Lovelett's position on the City Council and that Council would subsequently interview interested candidates and select and appoint a new councilmember. Senator Lovelett spoke of the honor of serving on the City Council and the effective preparation her Council position had afforded for her current role in Olympia. She urged forward motion on implementing the Affordable Housing Strategic Plan. Her colleagues on the Council thanked her for her service both in Anacortes and in Olympia.

Mr. Young reported from a recent Community Action board meeting and commended the agency's work in support of veterans in Skagit County.

Public Comment

Theresa Baker, 1820 11th Street, said it was wonderful that a short term fix for the Washington Park boat launch was being donated but reiterated that the dock is really really important to Anacortes and to its vision as a maritime community. Ms. Baker said without the Washington Park boat launch recreational boaters have nowhere to go. She said she was disappointed that permitting for a permanent replacement had not been started long before. She urged staff to commence permitting a permanent replacement. Mayor Gere assured that staff was already working on permitting the replacement float.

Kathleen Lorence-Flanagan disagreed with Mr. McDougall's report from the Parks & Recreation Committee that there had been no structural damage to the Guemes Channel Trail during the recent storm. She said she and her husband had inspected the trail and found it to be really undermined, as she had described in a recent letter to the editor. Ms. Lorence-Flanagan suggested that it would not be an inexpensive repair. She also questioned ongoing clearcutting in front of private properties along the trail and asked why this was allowed to continue in this critical shoreline area.

Consent Agenda

Mayor Gere clarified that Item 5d was an amendment to add La Conner to the EMS system in Skagit County. Mr. Miller asked staff to let the community know about the timing and location of slurry seal contract. Mr. Adams moved, seconded by Mr. Johnson, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Approval of Claims in the amount of: \$273,597.41
- b. Contract Award: Slurry Seal 2019 19-008-TRN-001
- c. Contract Award: 2019-2020 Janitorial Services #19-022-FAC-001
- d. Amendment 1 to Interlocal Agreement C20180481: Skagit County, Emergency Medical Services System Delivery Agreement

The following vouchers/checks were approved for payment:

EFT numbers: 92304 through 92346, total \$104,419.64

Check numbers: 92347 through 92376, total \$167,855.75

Wire transfer numbers: 245164 through 245528, total \$1,281.23

OTHER BUSINESS

Resolution 2035: Anacortes Maritime Strategic Plan

Planning Director Don Measamer presented the Maritime Strategic Plan which had been introduced to and reviewed by Council at its meeting the prior week. Mr. Measamer advised that the executive team had held over fifty stakeholder meetings during the course of the plan's development. He said staff recommended approval of Resolution 2035 adopting the Maritime Strategic Plan.

Mr. Young moved, seconded by Mr. Johnson, to approve Resolution 2035 adopting the Anacortes Maritime Strategic plan. Mr. Young and Mr. Miller encouraged regular reporting to Council on progress implementing the plan, likely through monthly Port/City Liaison Committee meetings. Vote: Ayes – Young, Walters, Adams, McDougall, Miller and Johnson. Motion carried.

The plan was then signed by Mayor Gere, Port of Anacortes Executive Director Dan Worra and Economic Development Alliance of Skagit County Executive Director John Sternlicht.

Resolution 2032: Ratifying TBD Vehicle License Tab Repeal and Transportation Sales Tax

Finance Director Steve Hoglund presented Resolution 2032 and provided an update on the Transportation Benefit District, referring to his slides which had been included in the packet materials for the meeting. Mr. Hoglund clarified that the new .2% transportation sales tax would go into effect on April 1, 2019 and that the \$20 vehicle licensing fee would expire for vehicles with tab renewal dates beginning April 1, 2019. Mr. Miller observed that the resolution was consistent with Council's intent when it proposed the new sales tax.

Mr. Miller moved, seconded by Mr. McDougall, to adopt Resolution 2032 ratifying the repeal of the \$20 vehicle license fee.

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

Mr. Walters recapped Council's action to substitute the .2% transportation sales tax approved by the voters for the \$20 vehicle tab fee to generate new revenue dedicated to pavement maintenance, allowing more pavement overlays to be performed each year, and drawing that funding from people who drive through Anacortes and make purchases, not just residents. Mr. Miller agreed that the sales tax was a more efficient, logical and effective way to fund pavement management. Mayor Gere observed that the new funding mechanism would allow the city to invest nearly \$2M annually in pavement maintenance, an increase from the \$1.2M annual investment made over the past few years.

Vote: Ayes – Walters, Adams, McDougall, Miller, Johnson and Young. Motion carried.

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

City Attorney Darcy Swetnam reviewed the two ordinances which had been discussed by Council at its February 19, 2019 meeting. She reviewed the timeline of the moratorium, the reason for the code revisions, and the specific terms of the ordinances. Ms. Swetnam's slide presentation was added to the packet materials for the meeting. She addressed councilmember questions raised at the February 19, 2019 meeting, including how the new code would require visual compatibility with existing neighborhoods (proposed AMC 19.68.200). Mr. Miller confirmed that a conditional use permit would still be required in the residential zones. Mr. Adams asked Ms. Swetnam to explain the appeal processes for decisions issued under the new code, which she did. Mr. Johnson asked how a neighbor of a right-of-way would gain standing to appeal a decision. Ms. Swetnam and Mr. Walters outlined the state law that provided such standing to persons adversely affected or aggrieved. Mr. Walters pointed out that the ordinances as presented still contained placeholders for related code section citations, such as 5.38.100(E). Ms. Swetnam offered to complete those references and bring the ordinances back to Council for final action on the Consent Agenda at its next meeting. Mr. Walters said he was comfortable approving the ordinances with the proviso that the City Attorney would supervise completion of the citations prior to signature. Ms. Swetnam responded to questions from Mr. Johnson regarding "substantial changes", explaining the definition.

Mr. Walters moved, seconded by Mr. Adams, to approve Ordinance 3038 and Ordinance 3039 subject to corrections in the internal cross references by the City Attorney prior to signature by the mayor. Mr. Johnson asked that Ordinance 3039 be revised such that AMC 5.38.110 include column headings for the two columns. Ms. Swetnam agreed to make that formatting change, with which Mr. Walters and Mr. Adams concurred.

Vote: Ayes – Adams, McDougall, Miller, Johnson, Young and Walters. Motion carried.

Contract Award: Water System Earthquake Early Warning System - Phase 1 & 2, #19-038-WTR-001

Water System Manager Jeff Marrs presented a new technology for earthquake early warning. Mr. Marrs introduced Dan Ervin of Varius Inc. to describe the new technology and the proposed contract. Mr. Ervin's slide presentation was added to the packet materials for the meeting. He briefly summarized the USGS seismic sensor system installed the length of the west coast that feeds research facilities in Pasadena, Menlo Park, Berkeley and Seattle, which then relay signals to participating public facilities in order to allow them to act to minimize damage in the event of a major quake. Mr. Ervin explained that the different speeds at which sound waves and primary waves travel allow up to four minutes of warning before damaging earth movement hits, allowing water utilities to protect pumps, transmission lines and valves and reserve water supplies for use after a quake. Councilmembers questioned Mr. Ervin and Mr. Marrs about the time required to implement orderly shutdown or flow control of water facilities, how the technology avoided false positive reports of impending quakes, whether the \$65K for the proposed contract could be more effectively used for alternative earthquake protection or recovery programs, whether there were any ongoing costs after the initial term of the contract, and how the

technology could potentially be applied to protect other city infrastructure beyond the water system. In response to councilmember questions about the very new technology, Mr. Ervin reported that the USGS had 811 sensors in place and was funded to continue installing sensors for a total of 1600 because a denser network would allow better triangulation. He explained that the USGS program was aimed at a full public alert system that could be 10 years out but that the nature of water utilities made the technology applicable and cost effective for them already. In response to a question from Mr. Adams, Mr. Marrs confirmed that the entire contract cost would be borne by the regional water system, the city's share of which was approximately 10%. Mayor Gere suggested that staff bring the contract back for consideration in subsequent weeks with answers to the questions raised by councilmembers during the meeting. Councilmembers concurred.

PUBLIC HEARINGS

Public Hearing: Ordinance 3037: Vacating the Alley in Block 31 "Map of the City of Anacortes"

Engineering Technician Tim Hohmann presented a request by the Port of Anacortes for vacation of right of way of the alley in Block 31, map of the City of Anacortes. Mr. Hohmann displayed an aerial view of the unopened, platted alley running from Commercial Avenue to O Avenue in the block between 2nd Street and 3rd Street, the block containing the Olson Building and the Marine Supply and Hardware Building. He said the building currently occupied by the Bike Spot retail business sits upon the platted alley. Mr. Hohmann said that representatives of the Port of Anacortes and the Anacortes Housing Authority would present the merits of their proposal following his presentation. Referring to the agenda bill included in the packet materials for the meeting, Mr. Hohmann explained the purchase and sale agreement between the Port and the Housing Authority, the city's intent to dedicate Lot 18 to the Housing Authority for low income housing, the utility easements in the alley, the appraised value of the alley and of Lot 18, and the Port's suggestion that the \$6000 difference in the appraised values of the two parcels be offset by the public benefit of affordable housing for low income households provided by the whole proposal. Mr. Hohmann alerted Council that an additional letter of public comment had been received after the packet was published but within the public comment deadline and said both hard copy and electronic copy of that letter, from Brent Morrison, had been provided to councilmembers and the public prior to the meeting.

Dan Worra, Port of Anacortes Executive Director, shared highlights from the Port's Statement of Purpose for the vacation which was included in the packet materials for the meeting. He emphasized that the alley vacation and property transfer would serve the purposes of both economic development and expanding availability of workforce housing.

Brian Clark, Anacortes Housing Authority Executive Director, spoke in support of the alley vacation. He said that the Authority needed Lot 18 to open options for future development of the space.

Mr. Walters confirmed with Mr. Worra that the Port planned to allow the Bike Spot retail business to remain in its present location if the land underneath that building were vacated to the Port. Mr. Walters also said he was concerned that the proposed land exchange would open the city to an audit finding due to the \$6K difference in the appraised values of the two properties. He suggested that the Port pay the difference to the city. Mr. Worra conceded that was one option but argued that the proposed series of agreements and transfers would meet the requirements of providing all parties with "true and fair value" as that term is defined in RCW 43.09.210, relevant case law, and attorney general opinion, by allowing for the best possible and most efficient use of the property for workforce housing. Mr. Walters countered that the new RCW would allow the city to gift land to the AHA for affordable housing but not to the Port for economic development. Ms. Swetnam observed that the new RCW was relatively untested but said it did require a covenant in the instrument of the transfer to require Lot 18 to be used for affordable housing. Mr. Johnson said the proposed series of transfers would achieve a public benefit that the community had long been seeking. He urged moving ahead with the vacation and proposed land transfers.

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

Mayor Gere suggested that the proposed ordinance come back before Council for its second reading with answers from staff regarding the questions raised by councilmembers about the relative property values.

Mr. Miller and Mr. Young spoke in support of the vacation. Mr. Adams asked if the vacated alley adjacent to Commercial Avenue would remain in commercial use if the Bike Spot were to vacate that space in the future. Mr. Hohmann responded that following the alley vacation that property would belong to the Port which could use it for any purpose allowed by city code, subject to permitting requirements. Mr. Worra stated that the Port had no plans to do anything other than have the Bike Spot remain in that location, but noted some maintenance challenges with the building. He said the Port would love to see the business remain there as long as it was viable to keep it there.

Mr. Walters said the alley vacation made sense but that he did not support donating \$6K of land value to the Port. **Mr. Walters moved, seconded by Mr. Young, to approve Ordinance 3037 vacating the alley in Block 31 with the compensation of the \$30K parcel swap and an additional \$6K from the Port.**

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

Mr. McDougall asked Ms. Swetnam if staff might be able to propose an alternative means of addressing the \$6K value difference. Ms. Swetnam agreed that she and Finance Director Steve Hoglund could investigate that question prior to the March 4, 2019 City Council meeting if councilmembers wished to postpone action on the motion. Mr. McDougall sensed that Council was prepared to approve the vacation if the risk of audit finding could be addressed. Mr. Worra indicated that the Port had no objection to postponing action on the ordinance for one week.

Wil Houppermans, 3412 K Avenue, called Council's attention to the letter submitted by Brent Morrison and provided to councilmembers prior to the meeting. Mr. Houppermans said it was a well written letter that deserved answers prior to Council taking action.

Mr. Walters moved, seconded by Mr. Young, to postpone consideration of the motion on the table for one week. Vote: Ayes – McDougall, Miller, Johnson, Young, Walters and Adams. Motion carried.

Mr. Walters moved, seconded by Mr. McDougall, to close the public hearing on Ordinance 3037. Mayor Gere again invited members of the audience to comment on this agenda item. No one present wished to address the Council. Vote: Ayes – Miller, Johnson, Young, Walters, Adams and McDougall. Motion carried.

OTHER BUSINESS, CONTINUED

Resolution 2036: Adopting Unified Fee Schedule with Revised Sewer Rates

Public Works Director Fred Buckenmeyer and Finance Director Steve Hoglund invited Council to continue the sewer rate discussion begun at the February 19, 2019 City Council meeting. Mr. Buckenmeyer briefly recapped that presentation. He noted that without a rate increase the Sewer Fund balance would be down to a dangerously low level of \$700K by 2024, and that current revenues would cover operating expenses but no capital improvements. He said staff recommended implementing a 7% annual increase for 6 years.

Mr. Hoglund responded to councilmember questions about winter averaging and consumption caps based on summer water use. He said that FCS was currently performing a cost of use analysis for the sewer utility which would result in recommendations for consumption charges based on an actual average rather than tiers but said

that separate recommendation would not affect the rates charged, only the quantity billed to each customer. Councilmembers and Mr. Hoglund engaged in some discussion about the 7% annual increase being the total increase each year, with no additional CPI increase over and above the 7% for the next 6 years. Mr. Hoglund confirmed that if Resolution 2036 were adopted at the present meeting, it would go into effect for service provided beginning March 1 and would appear on utility bills mailed to customers in April. In succeeding years the 7% increase would go into effect on January 1 each year. Mr. Adams suggested adopting the rate increase but revisiting it after several years to see if a lower rate might be possible given actual economic conditions. Mr. Hoglund agreed that interim review would be appropriate, noting that the actual collection of General Facilities Charges could actually make a larger increase necessary. Mr. Miller and Mr. Young agreed. Mr. Walters suggested a review every two years, but said that review should be performed in house rather than contracted out to FCS.

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

Mr. Young moved, seconded by Mr. Walters, to approve Resolution 2036 adopting unified fee schedule with revised sewer rates, to be reviewed at the two year, four year and six year anniversary of the resolution. Vote: Ayes – Johnson, Young, Walters, Adams, McDougall and Miller. Motion carried.

At approximately 7:15 p.m. Mayor Gere announced that City Council and the City Attorney would convene in Executive Session per RCW 42.30.110 (i) for approximately 15 minutes to discuss potential litigation or litigation and that following the executive session the meeting would adjourn with no action being taken.

There being no further business, at approximately 7:35 p.m. the Anacortes City Council meeting of February 25, 2019 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 4, 2019 City Council meeting:
[Download this file in OpenDocument spreadsheet format.](#)

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
245640	1/1/2019	Claim Form	ANACORTES FAMILY MEDICINE	TB TESTS FOR TN, MS	\$ 56.00	medic
245554	1/18/2019	917 600 0000 9	CASCADE NATURAL GAS CORP.	1915 13TH ST 12/18-1/17/19	\$ 91.88	parks
245539	1/30/2019	1-30-19	MORROW MARINE	PARKS BOAT PURCHASE	\$ 15,998.33	parks
245840	2/4/2019	607	SKAGIT COUNTY PUBLIC HEALTH	4TH QTR CITY SHARE OF LIQUOR TAX	\$ 5,575.85	finance
245647	2/5/2019	4396651	FAMILY CARE NETWORK PLLC	PRE-EMPLOYMENT PHYSICAL HOSP VISIT	\$ 276.00	apd
245441	2/5/2019	1633-27	MAKERS ARCHITECTURE	ZONING, DEV & DESIGN STDS - JANUARY 2019	\$ 8,151.25	plan
245382	2/6/2019	17329883	4IMPRINT, INC	TRITAN BOTTLES	\$ 618.52	pkrec
245801	2/7/2019	4286	ANGEL ARMOR, LLC	OPERATING SUPPLIES- VEH #040A & 041A	\$ 1,971.02	dshop
245711	2/7/2019	001-425217	PISTON SERVICE OF ANACORTES	FITTINGS- VEH #514	\$ 103.21	dshop
245723	2/7/2019	25752	WESTERN SYSTEMS REFUSE &	Y-STRAINER- VEH #601	\$ 583.66	dshop
245938	2/8/2019	1413-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - SENIOR CENTER - JAN 2019	\$ 627.13	pw1
245939	2/8/2019	1415-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - MUSEUM - JAN 2019	\$ 157.33	pw1
245940	2/8/2019	1416-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - WT PRESTON - JAN 2019	\$ 197.47	pw1
245719	2/8/2019	MV206809	MOTOR TRUCKS, INC	DEFROSTER CONTROL KNOB- VEH #607	\$ 16.49	dshop
245943	2/8/2019	271307123001	OFFICE DEPOT, INC.	OFFICE SUPPLIES - PLANNING	\$ 73.04	finance
245709	2/8/2019	001-425348	PISTON SERVICE OF ANACORTES	COOLANT- SHOP INVENTORY	\$ 48.41	dshop
245921	2/11/2019	1694895	MILES SAND & GRAVEL CO.	ROAD SAND	\$ 1,833.65	dshop
245710	2/11/2019	001-425518	PISTON SERVICE OF ANACORTES	HD FUEL- VEH #170	\$ 49.04	dshop
245727	2/11/2019	300000290019	PUGET SOUND ENERGY INC	ALL STATIONS: 12/5 - 1/4	\$ 1,930.63	medic
245383	2/11/2019	92919	SKAGIT RIVER STEEL &	SUPPLIES FOR WA PARK DOCK	\$ 97.04	parks
245641	2/12/2019	011957225	GALLS, LLC.	RECORDS UNIFORM SWEATER; INGRAM	\$ 66.18	apd
245722	2/12/2019	MV206982	MOTOR TRUCKS, INC	FUEL FILTER- VEH #613	\$ 352.97	dshop
245734	2/12/2019	1266868	SURETY PEST CONTROL	STA 2: FEBRUARY SERVICE	\$ 44.49	medic
245738	2/13/2019	2/13/18	ANACORTES FAMILY MEDICINE	TB TEST	\$ 28.00	medic
245826	2/13/2019	6002038586	ENDRESS + HAUSER, INC	SCRUBBER PH PROBE	\$ 767.48	dwwtp
245708	2/13/2019	001-425649	PISTON SERVICE OF ANACORTES	OIL- SHOP INVENTORY	\$ 32.78	dshop
245717	2/14/2019	chap021419	CHAPMAN'S TOP & UPHOLSTERY	REPAIRS- VEH #128	\$ 190.23	dshop
245666	2/14/2019	0188-498413	CONSOLIDATED ELECTRICAL	UBENT 13T8 LAMPS FOR ASAC	\$ 624.96	pwfac
245639	2/14/2019	AR126146	ELECTRONIC BUSINESS MACHINES	OPS COPIER CHARGES: 11/14/18 - 02/13/19	\$ 194.71	dshop
245742	2/14/2019	JANUARY 2019	HUMANE SOCIETY OF	RELEASE OF UNCLAIMED DOG TO HUMANE SOCIETY: 19-A00217	\$ 66.00	apd

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245720	2/14/2019	MV207079	MOTOR TRUCKS, INC	SPRING BRAKE- VEH #612	\$ 127.98	dshop
245714	2/14/2019	001-425714	PISTON SERVICE OF ANACORTES	TARP- VEH #029	\$ 33.52	dshop
245797	2/14/2019	174870	SCOTT RICHARDS INSURANCE, INC	DOCK POLICY #OMH3484790 2/14/19-2/14/2020	\$ 10,637.00	finance
245735	2/15/2019	126391	ELECTRONIC BUSINESS MACHINES	COPIES/MAINTENANCE 11/12/18 - 02/11/19	\$ 200.33	medic
245930	2/15/2019	2914-21902054	FCS GROUP	SEWER COST OF SERVICE AND RATE DESIGN STUDY - THROUGH 2/15/19	\$ 4,756.25	finance
245920	2/15/2019	1695000	MILES SAND & GRAVEL CO.	ROAD SAND	\$ 733.46	dshop
245922	2/15/2019	1694938	MILES SAND & GRAVEL CO.	ROAD SAND	\$ 232.70	dshop
245721	2/15/2019	MV207163	MOTOR TRUCKS, INC	STEERING GEAR- VEH #601	\$ 2,274.87	dshop
245836	2/15/2019	178168	SKAGIT FARMERS SUPPLY	ETHANOL FREE UNLEADED	\$ 42.62	dwtpt
245605	2/17/2019	8498 30 017 0543538	COMCAST	DEPOT 611 R AVENUE - 2/22-3/21/19	\$ 186.12	parks
245642	2/18/2019	011997052	GALLS, LLC.	BIKE PATROL UNIFORM PANT; HATCHER	\$ 108.49	apd
245643	2/18/2019	011997053	GALLS, LLC.	BIKE PATROL UNIFORM PANT; LELAND	\$ 108.49	apd
245644	2/18/2019	011997054	GALLS, LLC.	BIKE PATROL UNIFORM PANT; FABER	\$ 108.49	apd
245649	2/18/2019	007J9124	HARRINGTON INDUSTRIAL	TUBE CONNECTOR BARBS	\$ 19.82	dwtpt
245810	2/18/2019	0233564-IN	REISNER DISTRIBUTOR INC	DIESEL FOR GENERATORS #6966, #6967, #6968	\$ 6,818.15	dshop
245802	2/19/2019	43842	ADGRAPHIX, LLC	POLICE GRAPHICS- #029A	\$ 190.00	dshop
245923	2/19/2019	101412	ASSOCIATION OF WASHINGTON	MARCH, SUPPLEMENTAL LIFE INSURANCE	\$ 478.50	hr
245737	2/19/2019	111968	FASTENAL COMPANY	ASSORTED EXAM GLOVES	\$ 158.24	medic
245809	2/19/2019	889150	GUARDIAN SECURITY SYSTEMS INC	SERVICE CALL- SHOP	\$ 325.50	dshop
245929	2/19/2019	2018-2201	ISLAND SASH & DOOR, INC.	3RD STORY CORNER OFFICE WINDOWS	\$ 11,912.52	pwfac
245513	2/19/2019	3E+11	PUGET SOUND ENERGY INC	ELECT.-PARKS/CEM/FAC/WP - 12/5-2/5	\$ 6,705.78	parks
245730	2/19/2019	210872	SEAWESTERN, INC.	HELMET W/ GOGGLES	\$ 559.97	medic
245543	2/19/2019	2109	WASHINGTON ASSOCIATION OF	WAPRO SPRING TRAINING FEE/CAROL YATES	\$ 175.00	legal
245553	2/20/2019	1991117352	ARAMARK	LAUNDRY SERVICE FOR WWTP	\$ 72.00	dwtpt
245933	2/20/2019	1424-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - OPS SHOP JAN 2019	\$ 214.83	pw1
245934	2/20/2019	1418-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - FIRE STATION 2 - JAN 2019	\$ 187.71	pw1
245935	2/20/2019	1417-W011111	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - FIRE STATION 1 - JAN 2019	\$ 507.78	pw1
245936	2/20/2019	1412-W01	BLYTHE PLUMBING & HEATING, INC	HVAC PREVENTATIVE MAINTENANCE - CITY HALL - JAN 2019	\$ 889.70	pw1
245659	2/20/2019	440 400 0000 0	CASCADE NATURAL GAS CORP.	FIDALGO CENTER 1/19-2/19/19	\$ 766.20	hr
245660	2/20/2019	154 700 0000 9	CASCADE NATURAL GAS CORP.	LIBRARY 1/18-2/19/19	\$ 940.17	publib
245662	2/20/2019	795 700 0000 4	CASCADE NATURAL GAS CORP.	CITY HALL 1/18-2/19/19	\$ 1,326.52	finance
245668	2/20/2019	038 200 0000 2	CASCADE NATURAL GAS CORP.	APD (1/19/19-2/19/19)	\$ 834.55	apd

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245669	2/20/2019	917 600 0000 0	CASCADE NATURAL GAS CORP.	1915 13TH ST - 1/18-2/19/19	\$ 214.21	parks
245672	2/20/2019	538 000 0000 1	CASCADE NATURAL GAS CORP.	411 HILLCREST DR. - 1/19-2/19/19	\$ 41.08	parks
245715	2/20/2019	710 300 0000 5	CASCADE NATURAL GAS CORP.	OPERATIONS: 01/19/19 - 02/19/19	\$ 1,115.29	dshop
245728	2/20/2019	674 400 0000 7	CASCADE NATURAL GAS CORP.	STA 1: 1/18 - 2/19	\$ 321.83	medic
245731	2/20/2019	912 800 0000 0	CASCADE NATURAL GAS CORP.	NATURAL GAS - CARNEGIE	\$ 450.46	museum
245732	2/20/2019	199 800 0000 4	CASCADE NATURAL GAS CORP.	703 R AVE	\$ 158.04	museum
245650	2/20/2019	19-05427	EDGE ANALYTICAL, INC	BAC T ANALYSIS	\$ 15.00	dwwtp
245743	2/20/2019	012018846	GALLS, LLC.	NAME STRIP FOR EXTERNAL VEST; DET SGT PRUIETT	\$ 10.78	apd
245745	2/20/2019	012018836	GALLS, LLC.	UNIFORM SHIRTS; CORP FARRELL	\$ 70.49	apd
245726	2/20/2019	3131	NW CLEANERS	WEEKLY CLEANING OF 29-1 FOR FEBRUARY	\$ 538.00	medic
245928	2/20/2019	3125	NW CLEANERS	LIBRARY JANITORIAL SERVICE FEB 2018	\$ 2,388.00	publib
245713	2/20/2019	001-426155	PISTON SERVICE OF ANACORTES	3030 AIR CAN- VEH #513	\$ 81.18	dshop
245942	2/20/2019	1151330	SKAGIT PUBLISHING LLC	PUBLISH AA-1867751, LIBRARIAN JOB POSTING	\$ 815.97	finance
245651	2/20/2019	331 0448587	UNIFIRST CORPORATION	WTP LAUNDRY SERVICE	\$ 59.49	dwwtp
245833	2/20/2019	818019	USA BLUE BOOK	ROSEMOUNT PH PROBE	\$ 410.93	dwwtp
245656	2/21/2019	SI328625	AMERICAN REGISTRY FOR	IPV6 ADDRESSES - IT	\$ 500.00	infosys
245658	2/21/2019	1991123639	ARAMARK	APD NYLON MATS CLEANED	\$ 16.28	apd
245729	2/21/2019	1991123648	ARAMARK	OPS: MAT CLEANING 02/21/19	\$ 41.56	dshop
245800	2/21/2019	1991123647	ARAMARK	OPS & PARKS LAUNDRY SVC FOR	\$ 69.19	finance
245725	2/21/2019	4005857	CARDINAL HEALTH 110, INC.	PHARMACEUTICALS	\$ 21.24	medic
245665	2/21/2019	989 800 0000 8	CASCADE NATURAL GAS CORP.	WWTP	\$ 14.35	dwwtp
245670	2/21/2019	638 000 0000 0	CASCADE NATURAL GAS CORP.	411 HILLCREST DR #B - 1/19-2/19/19	\$ 69.81	parks
245671	2/21/2019	260 037 3822 1	CASCADE NATURAL GAS CORP.	611 R AVENUE 1/18-2/19/19	\$ 447.63	parks
245648	2/21/2019	cpls	DEPARTMENT OF LICENSING	CPLS TO D.O.L.; JAN 2019	\$ 720.00	apd
245661	2/21/2019	19-04396	EDGE ANALYTICAL, INC	EFFLUENT TESTING	\$ 123.00	dwwtp
245663	2/21/2019	WAANA112303	FASTENAL COMPANY	ICE MELT	\$ 175.65	dwwtp
245814	2/21/2019	012028847	GALLS, LLC.	UNIFORM SHIRTS; CORP	\$ 65.09	apd
245815	2/21/2019	012028860	GALLS, LLC.	UNIFORM SHIRTS; CORP	\$ 198.46	apd
245645	2/21/2019	ReimbPruitt	PRUIETT, CHAD	REIMBURSEMENT FOR UNIFORM BOOT ALLOWANCE; DET SGT PRUIETT	\$ 171.94	apd
245740	2/21/2019	19298	SKAGIT COUNTY TREASURER	2019 CAMPBELL LAKE ROAD 20 ACRES - PROPERTY TAXES	\$ 27.90	finance
245741	2/21/2019	20029	SKAGIT COUNTY TREASURER	2019 20 ACRES S1/2 SE1/4 NE1/4 - PROPERTY TAXES	\$ 10.00	finance
245744	2/21/2019	21664	SKAGIT COUNTY TREASURER	2019 DIKE .30 ACRES PROPERTY TAXES	\$ 15.90	finance
245746	2/21/2019	32547	SKAGIT COUNTY TREASURER	2019 - 9.3200 AC HAVEKOST ROAD. PROPERTY TAXES	\$ 10.00	finance
245747	2/21/2019	33387	SKAGIT COUNTY TREASURER	2019 (2.1100 AC) TR 230X400 IN SE1/4 SE1/4 NW1/4-2.11AC. PROPERTY TAXES	\$ 10.00	finance

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
245748	2/21/2019	60751	SKAGIT COUNTY TREASURER	2019 - LAKE CAMPBELL, LOTS 1 THRU 24 ETC.	\$ 10.00	finance
245749	2/21/2019	60752	SKAGIT COUNTY TREASURER	2019 - LAKE CAMPBELL TO ANA BLK 13 ALL	\$ 10.00	finance
245795	2/21/2019	60763	SKAGIT COUNTY TREASURER	2019 - LAKE CAMPBELL TO ANA BLKS 32 33 34 35 - PROPERTY TAXES	\$ 10.00	finance
245796	2/21/2019	60777	SKAGIT COUNTY TREASURER	2019 LAKE CAMPBELL TO ANA ALL BLKS 54 &	\$ 10.00	finance
245799	2/21/2019	101521	SKAGIT COUNTY TREASURER	2019- 6996 SAN JUAN HILL LANE. FIDALGO. Property Tax	\$ 105.00	finance
245807	2/21/2019	101522	SKAGIT COUNTY TREASURER	2019 - 11962 CANYON RIDGE DRIVE .1090 Property Tax	\$ 10.00	finance
245808	2/21/2019	118208	SKAGIT COUNTY TREASURER	2019 - DIKE 12 & DR 19 3.55 ACRES. Property Tax	\$ 48.22	finance
245817	2/21/2019	120573	SKAGIT COUNTY TREASURER	2019 - 4.08 ACREAGE ACCOUNT - PROPERTY Tax	\$ 14.88	finance
245821	2/21/2019	19056	SKAGIT COUNTY TREASURER	2019 - (40,000 AC) SE 1/4 NE 1/4. Property Tax	\$ 27.90	finance
245822	2/21/2019	19044	SKAGIT COUNTY TREASURER	2019 37.69 ACRES CONSERVATION EASEMENT	\$ 197.00	finance
245823	2/21/2019	21669	SKAGIT COUNTY TREASURER	2019 PROPERTY TAXES - WTP 9.93 ACRES 14489	\$ 47,663.20	finance
245824	2/21/2019	21670	SKAGIT COUNTY TREASURER	2019 14549 RIVER BEND ROAD - PROPERTY	\$ 21.31	finance
245825	2/21/2019	21797	SKAGIT COUNTY TREASURER	2019 RIVERBEND ROAD - PROPERTY TAX	\$ 12.99	finance
245724	2/21/2019	190247	T-SHIRTS BY DESIGN	T SHIRT FOR BB	\$ 10.31	pkrec
245655	2/21/2019	114003	WALTON BEVERAGE COMPANY, INC	AFD BREAKROOM SUPPLIES	\$ 87.50	medic
245664	2/21/2019	114004	WALTON BEVERAGE COMPANY, INC	WWTP BREAKROOM SUPPLIES	\$ 70.00	dwwtp
245705	2/21/2019	114005	WALTON BEVERAGE COMPANY, INC	CITY HALL BREAK ROOM SUPPLIES	\$ 157.50	finance
245706	2/21/2019	114007	WALTON BEVERAGE COMPANY, INC	OPS: BREAKROOM SUPPLIES	\$ 17.50	dshop
245707	2/21/2019	114006	WALTON BEVERAGE COMPANY, INC	OPS: BREAK ROOM SUPPLIES	\$ 192.50	dshop
245835	2/21/2019	114008	WALTON BEVERAGE COMPANY, INC	WTP BREAKROOM SUPPLIES	\$ 52.50	dwwtp
245812	2/21/2019	8136 50 291 0005268	WAVE	FIBER LEASE WTP TO CITY HALL 3/1-3/31/2019	\$ 321.61	finance
245924	2/22/2019	101412	ASSOCIATION OF WASHINGTON	ADDING CRYSTAL SALMON TO SUPPLEMENTAL	\$ 15.00	hr
245830	2/22/2019	19-05945	EDGE ANALYTICAL, INC	TCR BOOSTERS	\$ 150.00	dwwtp
245736	2/22/2019	52755149	LAVINE, DENNIS	REFUND - BOAT LOT SEASON PASS 30-19	\$ 134.00	parks
245834	2/22/2019	MV207576	MOTOR TRUCKS, INC	PARTS- VEH #602A	\$ 140.90	dshop
245831	2/22/2019	001-426358	PISTON SERVICE OF ANACORTES	BATTERIES- VEH #602A	\$ 4.33	dshop
245832	2/22/2019	001-426350	PISTON SERVICE OF ANACORTES	WIPER BLADES- VEH #602A	\$ 12.02	dshop
245813	2/22/2019	8126666807	SHRED-IT USA, LLC	OLD RECORDS DESTROYED - APD (JAN AND FEB 2019)	\$ 110.73	apd
245819	2/22/2019	8126669686	SHRED-IT USA, LLC	CONTAINER SHREDDING - CITY HALL	\$ 41.54	hr

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245750	2/22/2019	APPLICATION	WASHINGTON STATE POLICE	REGULAR MEMBERSHIP 2019; OFC HATCHER AND T-BONE	\$ 50.00	apd
245818	2/23/2019	000099E018089	UNITED PARCEL SERVICE, INC	WATER SAMPLE TO ESPRI, THEMOMETER TO CASCADE	\$ 23.64	dwtpt
245841	2/25/2019	12A05986	ANACORTES TOWING, LLC	TOWING; APD CASE 19-A01172	\$ 162.75	apd
245838	2/25/2019	1991127544	ARAMARK	LAUNDRY SERVICE FOR WWTP	\$ 72.00	dwwtp
245805	2/25/2019	130-0680-01	BANK OF AMERICA NATIONAL ASSOC	Refund for overpayment on closed account #130-0680-01	\$ 71.70	finance
245828	2/25/2019	2019-WAG643002	DEPARTMENT OF ECOLOGY	2019 WTP WATER QUALITY PROGRAM PERMIT - 2ND PAYMENT	\$ 1,876.00	dwtpt
245839	2/25/2019	2019-WA0020257	DEPARTMENT OF ECOLOGY	NPDES PERMIT FY19 2ND HALF	\$ 7,925.04	dwwtp
245820	2/25/2019	2-575657	DIAMOND RENTALS, INC.	FOUNTAIN FOR DADDY DAUGHTER DANCE	\$ 54.25	pkrec
245804	2/25/2019	100-2060-02	HAVEL, PATRICK	Refund for overpayment on account #100-2060-02	\$ 28.89	finance
245829	2/25/2019	001-426492	PISTON SERVICE OF ANACORTES	HOSE & FITTINGS- VEH #601	\$ 284.60	dshop
245827	2/25/2019	3212	RAINIER ENVIRONMENTAL LAB	ACUTE TESTING	\$ 850.00	dwwtp
245803	2/25/2019	143-5205-01	RUSSELL, JAMES & JULIET	Refund for overpayment on Account #143-5205-01	\$ 114.44	finance
245806	2/25/2019	100-0900-01	SAD, ADDAM	Refund for overpayment on closed account #100-0900-01	\$ 117.47	finance
245811	2/25/2019	120563	SKAGIT COUNTY TREASURER	2019 - ACRES 0.17, (DR19 DK12) THE	\$ 10.92	finance
245837	2/25/2019	178167	SKAGIT FARMERS SUPPLY	ETHANOL FREE UNLEADED	\$ 2.72	dwtpt
245911	2/26/2019	ContractBrogen	BROGEN, JULENE	PAYMENT FOR FEBRUARY ART CLASS INSTRUCTING	\$ 379.00	parks
245927	2/26/2019	19-06273	EDGE ANALYTICAL, INC	BAC T ANALYSIS FINISHED	\$ 15.00	dwtpt
245916	2/26/2019	1217948	FOSTER PEPPER PLLC	CLEAN WATER ACT CITIZEN SUIT MATTER 103	\$ 60,930.00	legal
245917	2/26/2019	1217949	FOSTER PEPPER PLLC	GENERAL MATTERS NO. 1	\$ 14,274.30	legal
245918	2/26/2019	1217947	FOSTER PEPPER PLLC	WATER TREATMENT PLANT MATTER NO. 96	\$ 13,673.00	legal
245926	2/26/2019	14-056-IDS-0011	HENKELS & MCCOY, INC	RETAINAGE RELEASE	\$ 43,407.98	pw1
245914	2/26/2019	FEB 2019	KORTERUD, WAYNE D	INDIGENT SCREENING FEE	\$ 375.00	court
245944	2/26/2019	273745444001	OFFICE DEPOT, INC.	OFFICE SUPPLIES - MAYOR \$ WTP	\$ 593.82	finance
245913	2/26/2019	ReimbParrett	PARRETT, SCOTT	WORK BOOTS	\$ 171.38	dshop
245798	2/26/2019	5031590	SKAGIT VALLEY HERALD	CITY HALL SVH 03/18/19-03/19/2020	\$ 202.80	finance
245919	2/26/2019	0542005-001	UNUM LIFE INS CO OF AMERICA	MARCH, LEOFF LONG-TERM CARE PREMIUM	\$ 1,024.90	hr
245718	3/1/2019	201990301	CHOWANEC, WILLIAM	STA 3 RENT - MARCH	\$ 2,160.00	medic

Total

\$301,365.80



City Council Contract Agenda Bill

Meeting Date: 3/4/2019 **Agenda Item:** 5c

Subject: Amendment #1 to Interlocal Agreement 267 with Skagit County

Staff Contact: Chief David Oliveri

Approved for Submittal to Council by: Darcy Swetnam, City Attorney
--

Action Type: Interlocal Agreement
--

Summary Statement: City staff seeks City Council consent to execute Amendment #1 to Interlocal Agreement 267 with Skagit County. This amendment provides for the addition of the Town of LaConner in the AFD Training Hub for the Basic Life Support Ongoing Training and Evaluation Program.

Background: Historically the Skagit County EMS office has provided ongoing training to the county EMTs through a small group of instructors, some of which only worked with a small group of providers in the field and/or did not have much field experience at all. In order to provide a high level of instructors and to facilitate providers that work together, training together the county is moving to a “Training Hub” model for training. In the training hub Anacortes Fire Department, Burlington Fire Department, Mount Vernon Fire Department, and Sedro Woolley Fire Department, will now be compensated to provide this training to the EMT's in their surrounding Fire Districts. The county will compensate the Fire Department for our instructor's time, provide all training materials and curriculum and provide training for our instructors. The original ILA allows us (Anacortes Fire Department) to perform as a county “training hub” for EMS providers including Fire Districts 11, 13, and 17.

Key Terms:

- No change in cost or term.

Previous Council/Committee Action: [Interlocal 267](#) was approved at the [8/6/18](#) Council meeting.

Competing Viewpoints Considered: N/A

Recommended Motion: I move that City Council authorize the Mayor to execute Amendment #1 to Interlocal Agreement 267 between City of Anacortes and Skagit County.

Alternative Actions: N/A

Attachments: IL267 Amendment 1

AMENDMENT #1
ORIGINAL AGREEMENT #C20180462
COA #IL267

City of Anacortes, hereinafter called "Contractor", and Skagit County, hereinafter called "County", agree to amend Agreement No. C20180482, COA #IL267, as set forth below under "Terms of Amendment".

TERMS OF AMENDMENT:

Purpose paragraph is amended to include the addition of the Town of LaConner:

1. PURPOSE: COA will provide BLS OTEP in the "AFD Training Hub" that includes training for Fire Districts 11, 13, 17 and Town of LaConner.

All other terms and conditions of the original contract shall remain in effect.

Date: _____

GOVERNMENT AGENCY:

Signature of Authorized Signatory

Laurie Gere
Print Name of Signatory

Mailing Address:
(Street address required
in addition to P.O. Box)

PO Box 547
904 6th St
Anacortes, WA 98221

DATED this _____ day of _____, 2019.

**BOARD OF COUNTY COMMISSIONERS
SKAGIT COUNTY, WASHINGTON**

Kenneth A. Dahlstedt, Chair

Lisa Janicki, Commissioner

Attest:

Ron Wesen, Commissioner

Clerk of the Board

For contracts under \$5,000:
Authorization per Resolution R20030146

Recommended:

County Administrator

Department Head

Approved as to form:

Civil Deputy Prosecuting Attorney

Approved as to indemnification:

Risk Manager

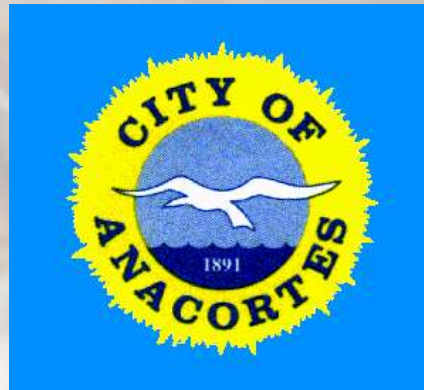
Approved as to budget:

Budget & Finance Director

City of Anacortes Safety Committee

Karl Wolfswinkel, Safety Committee Chairperson (2018-2019)

Safety is a team effort – Let us all work together to keep this a safe and healthy workplace



Safety Committee Mission and Objectives

Each month, representatives from each City of Anacortes department gather to discuss policies, procedures, and potential issues related to safe work practices within the City of Anacortes.



COA Safety Team, circa 2016

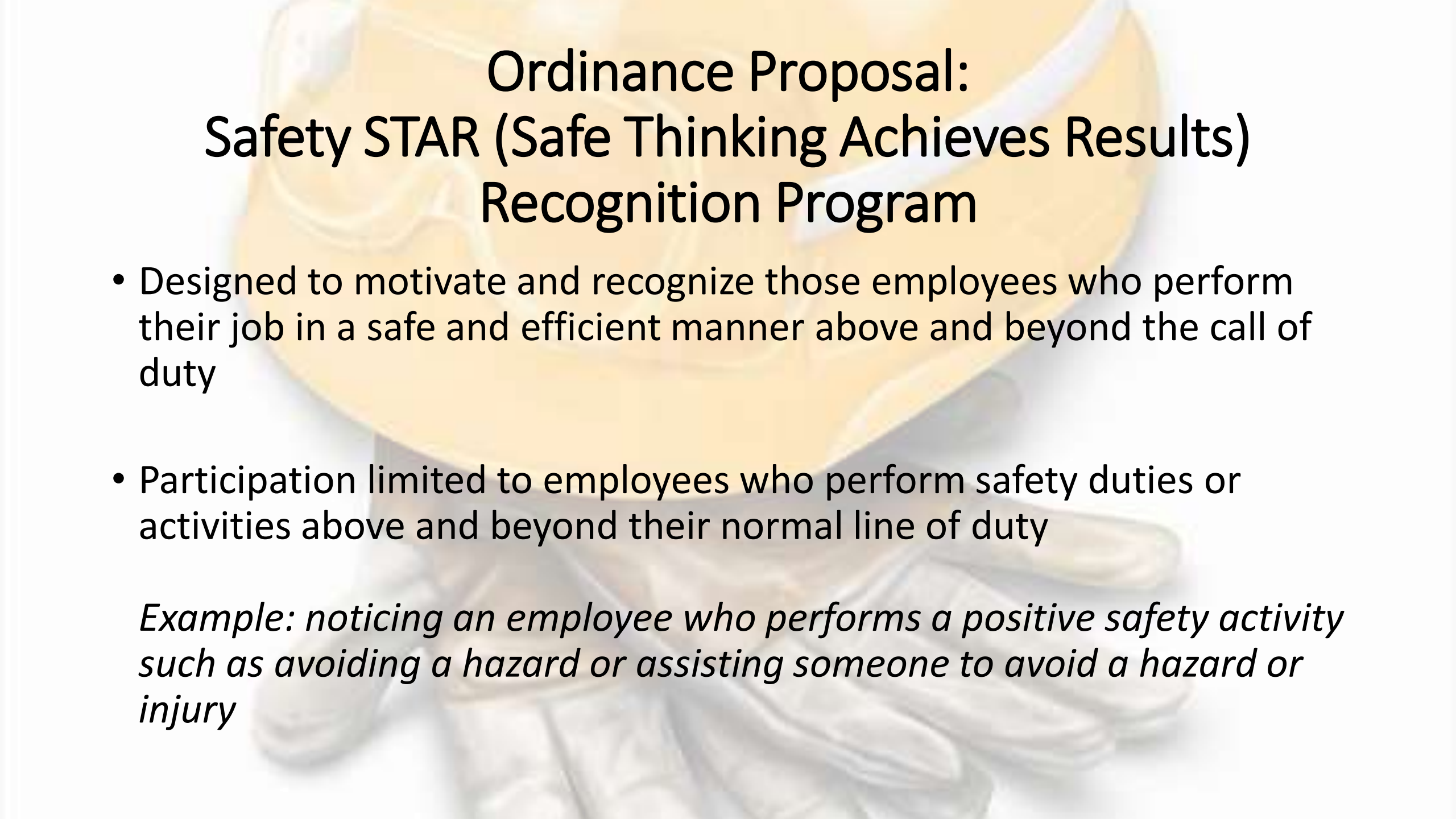
Safety Committee 2019 Goals, Objectives, and Accomplishments

- Navigate the year safely; anticipate potential workplace hazards and celebrate successes (e.g. City Operations perform monthly safety audit & recently had a potluck to celebrate improvements to their facility)
- Emphasize communication, emotional intelligence, and success as it relates to safety
- Develop, recommend, and implement safety policies and procedures

Safety Committee 2019 Goals, Objectives, and Accomplishments, cont.

- Review and update Blood Borne Pathogen & Accident Prevention manuals
- Restock all City First Aid/BBP kits
- Review safety incidents, hazards, and near-misses; discuss possible solutions to avoid future incidents. Follow-up and make corrections



A pair of hands, one light-skinned and one dark-skinned, are shown holding a large, bright yellow star. The hands are positioned at the bottom of the frame, with the fingers gently gripping the base of the star. The star is the central focus, symbolizing achievement or recognition. The background is a soft, out-of-focus white.

Ordinance Proposal: Safety STAR (Safe Thinking Achieves Results) Recognition Program

- Designed to motivate and recognize those employees who perform their job in a safe and efficient manner above and beyond the call of duty
- Participation limited to employees who perform safety duties or activities above and beyond their normal line of duty

Example: noticing an employee who performs a positive safety activity such as avoiding a hazard or assisting someone to avoid a hazard or injury

Safety STAR Recognition Program Explained

The background of the slide features a faded, high-quality image of safety equipment. In the upper half, a yellow hard hat is visible, showing its top and side. Below it, a pair of white, textured work gloves is laid out, with fingers spread. The entire image is semi-transparent, allowing the text to be clearly legible over it.

- Throughout the year, employees will be recognized for demonstrating safety above and beyond their normal safety duties or job description
- Nominees will have the opportunity to be recognized by the Safety Committee and Council and may be eligible for a financial incentive

A yellow hard hat with a white chin strap and a pair of tan work gloves are shown against a white background. The hard hat is positioned in the upper half of the frame, and the gloves are in the lower half. The word "Questions?" is centered over the image.

Questions?



City Council Agenda Bill

Meeting Date: 3/4/19

Agenda Item: 7a

Subject: Ordinance 3035 establishing safety recognition program and repealing Ordinance 2694.

Staff Contact: Karl Wolfswinkel, Safety Committee Chair

Approved for Submittal to Council by	
	Laurie Gere, Mayor
	Steve Hoglund, Finance Director
	Darcy Swetnam, City Attorney

Action Type	
X	Ordinance No. 3035
Yes	Code Revision?
	Resolution No.
	Contract
	Public Hearing
	Staff Report

Summary Statement: On March 21, 2005, the City Council approved a safety suggestion policy (Ordinance 2694). The proposed Ordinance 3035 would replace the underutilized safety policy that is currently in place with a contemporary policy that provides opportunities for City employees to recognize and perform safe practices in the workplace above and beyond their normal work duties.

Background: The City of Anacortes does not currently have a program in place that provides incentive for employees to bring forth safety commendations to City employees. There is often concern about gifting of public funds when incentive programs are implemented. Washington State Senior Assistant Attorney General James K. Pharris has written a widely published update on Article VIII, Section 7 regarding the use of public money on employee awards, prizes, and other tangible symbols of special recognition. It is Mr. Pharris' opinion and direction that these awards are appropriate. Mr. Pharris provides guidance for developing this type of program stating an ordinance which, "provides sufficient standards to establish that any awards actually made are "earned" by the employee and are not simply gratuitous transfers of public funds... those standards should include 1) a description of the basis on which the City will make employee awards, 2) a description of the process by which the City will decide who is to receive such awards, and 3) a description of the type of awards which a City employee will be entitled if certain standards are met. Awards can be based upon some objective factors or they ... can include subjective and evaluative factors." "May Cities Spend Public Monies on Employee Awards, Prizes and Other Tangible Symbols of Special Recognition?" from *Legal Notes*, Municipal Research and Services Center, Information Bulletin No. 446, January 1988

Budget Impact	
Amount Budgeted	\$150
Budget Account (BARS)	
Proposed Expenditure	\$150
Budget Amendment Required?	No
Revenue Source	

Proposed Contract	
Contractor	
Amount	
Start Date	
End Date	

Previous Council/Committee Action: City Council approved [Ordinance 2694](#) on March 21, 2005.

Competing Viewpoints Considered: The existing, underutilized, ineffective policy should be left in place.

Recommended Motion: I move to approve Ordinance 3035 and repeal Ordinance 2694.

Alternative Actions: Do not approve ordinance.

Attachments (listed in order presented): Ordinance 3035

ORDINANCE NO. 3035

AN ORDINANCE ESTABLISHING THE SAFETY STAR RECOGNITION
PROGRAM AND REPEALING ORDINANCE NO. 2694

WHEREAS, THE City Council enacted Ordinance No. 2694 on March 21, 2005, to establish a program that recognizes and awards employees who bring forward safety suggestions according to policy; and

WHEREAS, that safety suggestion program is currently underutilized; and

WHEREAS, the Safety Committee has proposed the alternative STAR safety recognition program designed to reinforce a strong safety culture by motivating and recognizing employees who perform their job in a safe and efficient manner;

NOW, THEREFORE, the City Council of the City of Anacortes do ordain as follows:

Section 1. Repealer. Ordinance No. 2694, enacted March 21, 2005 is hereby repealed in its entirety.

Section 2. The Council hereby adopts the Safety STAR Recognition Program, a description of which is attached hereto and by this reference made a part thereof, and authorizes and directs the Mayor and the City Clerk to execute this incentive program.

Section 3. Any future amendments to the Safety STAR Recognition Program may be approved by City Council via resolution.

Section 4. Savings Clause. Ordinance No. 2694, which is repealed by this ordinance, shall remain in force and effect until the effective date of this ordinance.

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

Passed by the City Council of the City of Anacortes at a regular meeting thereof this _____ day of February, 2019.

CITY OF ANACORTES

Laurie Gere, Mayor

Approved as to form:

Darcy Swetnam, City Attorney

Attest:

Steven D. Hoglund, City Clerk-Treasurer



SAFETY STAR RECOGNITION PROGRAM

The Safety STAR (Safe|Thinking|Achieves|Results) recognition program is designed to motivate and recognize those employees who perform their job in a safe and efficient manner above and beyond the call of duty.

Participation therein shall be limited to employees who perform safety duties or activities above and beyond their normal line of duty in accordance with the following regulations:

A. Throughout the year, employees will be recognized for demonstrating safety above and beyond their normal safety duties or what is indicated in their job description.

B. Employees who are nominated will have the opportunity to be recognized by the Safety Committee and Council and may be eligible for an incentive

Sample of demonstrated ways to be recognized:

- Behavior Observations: Noticing an employee who performs a positive safety activity such as avoiding a hazard or assisting a co-worker to avoiding a hazard or injury.
- Job Hazard Analysis – Complete two new job hazard analysis (JHA) or revise at least five old JHA's per month for their department.
- Inspect safety equipment or do a walk-around within their department to identify any hazards.
- Lead a toolbox departmental training.
- Other demonstrated safety activities approved by the Safety Committee.

C. To be eligible a City of Anacortes employee who is demonstrating safe practices in the course of their duties as an employee. "Employees" are those individuals currently employed by the City on a full-time, part-time, or temporary basis. It does not include persons engaged or retained by the City under contract or elected officials. Employees will not be given awards that are within the employee's line of duty, reasonable job expectancy or job responsibilities. "Line of duty" refers to those duties or responsibilities which are within the limits of an employee's work assignment or job description, or are within the general field of technical education or know-how that qualify the employee to do the work for which they are assigned.

Administration.

A. The administration of the Safety Recognition Program is vested in the City's Human Resources Department.

Suggestion procedure.

A. Nominations are completed on the Safety Star Recognition card. Employees can be

nominated by active City of Anacortes Safety Committee Representatives, their supervisor, director or co-workers. The Safety Committee reviews the nominees during the monthly safety committee meetings.

B. All nominations should be submitted by October each year to the Safety Chair. The Safety Committee shall receive, record and acknowledge receipt of the nomination; and shall notify the employee of action taken as soon as final consideration has been made. During the November Safety Committee meeting nominations are voted by the Safety Committee. The Safety Chair and/or Human Resources has the right to make the final decision of nominees.

C. The Safety Committee will review the list of nominees during the October meeting. Votes will be cast during the November meeting. Three employees will be recognized based on the established criteria and they will be invited to attend the December Council meeting. Safety STAR contestants each will receive one of \$50 visa gift cards and will be honored guests at the annual safety potluck.



City Council Agenda Bill

Meeting Date: 2/25/2019 **Agenda Item:** 6a

Subject: Port of Anacortes Vacation, Alley in Block 31 "Map of the City of Anacortes"

Staff Contact: Buckenmeyer

Approved for Submittal to Council by	
	Laurie Gere, Mayor
	Steve Hoglund, Finance Director
X	Darcy Swetnam, City Attorney

Action Type	
X	Ordinance No. 3037
	Code Revision?
	Resolution No. _____
	Contract
X	Public Hearing
	Staff Report

Summary Statement: Public Hearing to consider the vacation of the following City Right-of-way: The alley in Block 31, Map of the City of Anacortes.

Background:

This is a public hearing to consider the vacation of City Right-of-way. The right-of-way being considered for vacation is the Alley in Block 31, map of the City of Anacortes. This is an unopened, platted, alley running from Commercial Avenue to "O" Avenue in the block between 2nd Street and 3rd Street. This is the block containing the Olson Building and the Marine Supply and Hardware Building. The building currently occupied by the Bike Spot sits upon the platted alley.

The property adjacent to the alley is currently entirely owned by the Port of Anacortes. The Port of Anacortes currently has a Purchase and Sale agreement with the Anacortes Housing Authority to sell the Olson Building and Lots 19 and 20 of the Block. The Port initiated this right-of-way vacation petition prior to completing the sale to the Housing Authority in order to complete this vacation while they own the whole of Block 31 and to allow for future commercial development flexibility of the block.

Proposed compensation for the alley vacation would consist of a 30' by 100' parcel, being Lot 18 of said Block 31, deeded by Quit Claim deed to the City. As a part of the right-of-way vacation application process the Port of Anacortes provided an appraisal for both the Alley property and Lot 18 in accordance with AMC 12.50.140. The appraised value of the alley property is \$48,000. The required compensation for the alley vacation per AMC 12.50.130(A) is seventy-five percent of this value equaling \$36,000. The appraised value of Lot 18 for alternative compensation to the City per AMC 12.50.135 is \$30,000. The additional \$6000 of compensation for the alley is proposed to be offset by the public benefit of affordable housing for low income households provided by the whole proposal.

The application then proposes that the City dedicate Lot 18 to the Anacortes Housing Authority in accordance with RCW 39.33.015. RCW 39.33.015 allows a municipality to transfer surplus public property for the public benefit of affordable housing for low income households.

Please see additional application materials submitted by the Port of Anacortes attached.

Budget Impact	
Amount Budgeted	n/a
Budget Account (BARS)	n/a
Proposed Expenditure	n/a
Budget Amendment Required?	n/a
Revenue Source	n/a

Proposed Contract	
Contractor	n/a
Amount	n/a
Start Date	n/a
End Date	n/a

Previous Council/Committee Action: Approval of [Resolution 2031](#) setting the Public Hearing date of Feb. 25, 2019.

Competing Viewpoints Considered:

Recommended Motion: I move to approve Ordinance No. 3037 vacating the alley in Block 31 Map of the City of Anacortes.

Alternative Actions:

Attachments (listed in order presented):

1. Ordinance #3037 ready for approval and signature.
2. Survey map of Block 31 and proposed alley vacation.
3. GIS Vicinity Map
4. Statement of Purpose submitted by the Port of Anacortes.
5. Port of Anacortes Petition for Vacation Authorization Action Item.
6. Appraisal for Alley Property.
7. Appraisal for Lot 18.
8. Copy of RCW 39.33.015.
9. Draft Quit Claim Deed ready for Port of Anacortes signature and notarization.
10. Draft Quit Claim Deed to Housing Authority ready for signature and notarization.
11. Public Comments as of February 20, 2019.

RETURN TO:

City of Anacortes
P.O. Box 547
Anacortes, WA 98221

ORDINANCE NO. 3037

**AN ORDINANCE VACATING A RIGHT-OF-WAY OF CERTAIN PORTIONS OF
THE ALLEY IN BLOCK 31, MAP OF THE CITY OF ANACORTES**

**THE CITY COUNCIL OF THE CITY OF ANACORTES DOES HEREBY ORDAIN AS
FOLLOWS:**

WHEREAS, at the January 28, 2019, City Council meeting a resolution was passed to set a hearing date for February 25, 2019, to consider a petition to vacate right-of-way (ROW) in certain portions of the alley in Block 31, Map of the City of Anacortes; and

WHEREAS, the Port of Anacortes has approached the City with a plan to remodel the historic Olson Building in conjunction with the Anacortes Housing Authority to develop affordable housing for Anacortes residents. To make the proposed project financially viable, the Anacortes Housing Authority requires additional land to add units; and

WHEREAS, per AMC Chapter 12.50 Street and Alley Vacation the City Council, by motion, elected to forgo review by the board of Adjustments (AMC 12.50.060(F)); and

WHEREAS, AMC Chapter 12.50.135 allows for Alternative Compensation, provided that where the conveyance of real property is made in fee for non-street purposes, the full fair market value of the property is credited to the required compensation payment for the vacated area (AMC 12.50.135(B)); and

WHEREAS, the required compensation payment for the area to be vacated is \$36,000, which represents seventy-five percent of the appraised value per AMC Section 12.50.130(A); and

WHEREAS, the full fair market value of the property provided as alternative compensation pursuant to AMC 12.50.135 is \$30,000; and

WHEREAS, the vacated property described herein is not required for the needs of the City and the project proposed by the Port of Anacortes provides for public benefit pursuant to Section 39.33.015 of the Revised Code of Washington; and

WHEREAS, the City Council held a public hearing on said proposal on February 25, 2019, and agreed to approve the proposal as set-forth below; now, therefore

THE CITY COUNCIL OF THE CITY OF ANACORTES, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The following described right-of-way on streets and alleys located in the City of Anacortes should be and are hereby vacated:

The alley in Block 31, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

SECTION 2. In-lieu compensation, based on AMC Section 12.50.135, shall be by means of a Quit Claim Deed, from the Port of Anacortes to the City of Anacortes, for the following parcel of land, which Council hereby finds satisfies the alternative compensation requirements in AMC Section 12.50.135 in part and is authorized by RCW Section 39.33.015 in part:

Lot 18, Block 31, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Less any portion of the vacated alley in said Block 31 which would attach by operation of law.

Situate in the County of Skagit, State of Washington.

SECTION 3. Per RCW 39.33.015 for the public benefit of affordable housing for low income households the City of Anacortes shall by means of a Quit Claim Deed, transfer, at no cost, the property described in Section 2 above to the Anacortes Housing Authority.

SECTION 4. Effective Date: This ordinance shall take effect from and after 5 (five) days after its passage and publication as required by law.

PASSED AND APPROVED this 25th day of February, 2019.

CITY OF ANACORTES:

BY: _____
Laurie Gere, Mayor

ATTEST:

Steve D. Hoglund, City Clerk Treasurer

APPROVED AS TO FORM:

Darcy J. Swetnam, WSBA #40530
City Attorney

LEGAL DESCRIPTION - ALLEY VACATION

A STRIP OF LAND LOCATED WITHIN A PORTION OF THE SOUTHWEST QUARTER OF SECTION 18, TOWNSHIP 35 NORTH, RANGE 2 EAST, W.M., BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE 16 FOOT ALLEY LOCATED IN BLOCK 31, "MAP OF THE CITY OF ANACORTES" AS PER PLAT RECORDED IN VOLUME 2 OF PLATS, PAGE 4, RECORDS OF SKAGIT COUNTY, WASHINGTON.

BASIS OF BEARING

N 1°53'13" E BETWEEN THE MONUMENTED CENTERLINE OF "O" AVENUE

[DATUM: NAD83--(2011)]

INSTRUMENT NOTE

THIS SURVEY WAS ACCOMPLISHED BY FIELD TRAVERSE WITH A "TRIMBLE S6", AND A TRIMBLE R8 DUAL FREQUENCY GPS RECEIVER, STANDARD ERROR DISTANCE +/- 2CM (+ 1 PPM), AND MEETS OR EXCEEDS STANDARDS AS SET FORTH IN W.A.C. CH. 332-130.

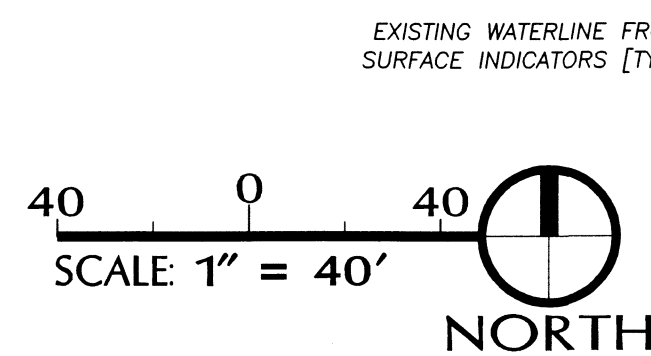
RESEARCH

PLATS UNDER ROS UNDER
P1. MOC ANACORTES ROS 1. AFN 9612190052
ROS 2. AFN 9210140061
ROS 3. AFN 8508270029
ROS 4. AFN 9803040088
ROS 5. AFN 200011290063
ROS 6. AFN 8708210031

P1. MAP OF THE CITY OF ANACORTES, VOLUME 2 OF PLATS AT PAGE 4 RECORDS OF SKAGIT COUNTY, WASHINGTON

CITY OF ANACORTES ORDINANCE ORDER NUMBER: _____
AUDITOR FILE NUMBER FOR SAME: _____

PARCEL	PRINCIPAL PETITIONER	AREA PRIOR TO VACATION	ASSOCIATED AREA OF ALLEY TO BE VACATED
P55035	PORT OF ANACORTES	20,986.3± SF	1,679.8± SF
P55036	PORT OF ANACORTES	8994.8± SF	719.5± SF
P55037	PORT OF ANACORTES	8994.9± SF	719.5± SF
P55038	PORT OF ANACORTES	2998.2± SF	239.8± SF
P55039	PORT OF ANACORTES	2998.2± SF	239.8± SF
P55040	PORT OF ANACORTES	14990.1± SF	1199.1± SF



EASEMENTS GRANTED FOR THE EXISTING UTILITIES RECORDED UNDER AUDITOR FILE NUMBER _____



SURVEYOR'S CERTIFICATE

THIS MAP CORRECTLY REPRESENTS A SURVEY MADE BY ME OR UNDER MY DIRECTION IN CONFORMANCE WITH THE REQUIREMENTS OF THE SURVEY RECORDING ACT AT THE REQUEST OF PORT OF ANACORTES, IN JANUARY, 2019

Myles J. Standish DATE: 1-25-19
MYLES J. STANDISH PLS
REGISTERED PROFESSIONAL LAND
SURVEYOR CERTIFICATE NO. 52089

RECORD OF SURVEY

FOR CITY OF ANACORTES - PORT OF ANACORTES

A PORTION OF THE NW/4 OF THE SW/4 OF SECTION 18, TOWNSHIP 35 N, RANGE 1 E, W.M. ALLEY VACATION BLOCK 31

AUDITORS CERTIFICATE

FILED FOR RECORD THIS _____ DAY OF _____, 2019
AT _____ M., AT THE REQUEST OF SOUND DEVELOPMENT GROUP, LLC, WITHIN THE RECORDS OF SKAGIT COUNTY WASHINGTON, UNDER AUDITORS FILE NUMBER _____

SKAGIT COUNTY AUDITOR

DEPUTY

CALCULATED FROM RECORD

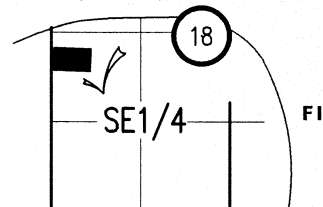
INDICATES THE NEW LOT LINE APPROPRIATED BY OPERATION OF THE ALLEY VACATION AND THE COMMON ADJOINING LOT LINES IN BLOCK 31 OF MAP OF THE CITY OF ANACORTES

DASHED LINE INDICATES EXISTING 16' ALLEY AND THE COMMON ADJOINING LOT LINES IN BLOCK 31 OF MAP OF THE CITY OF ANACORTES

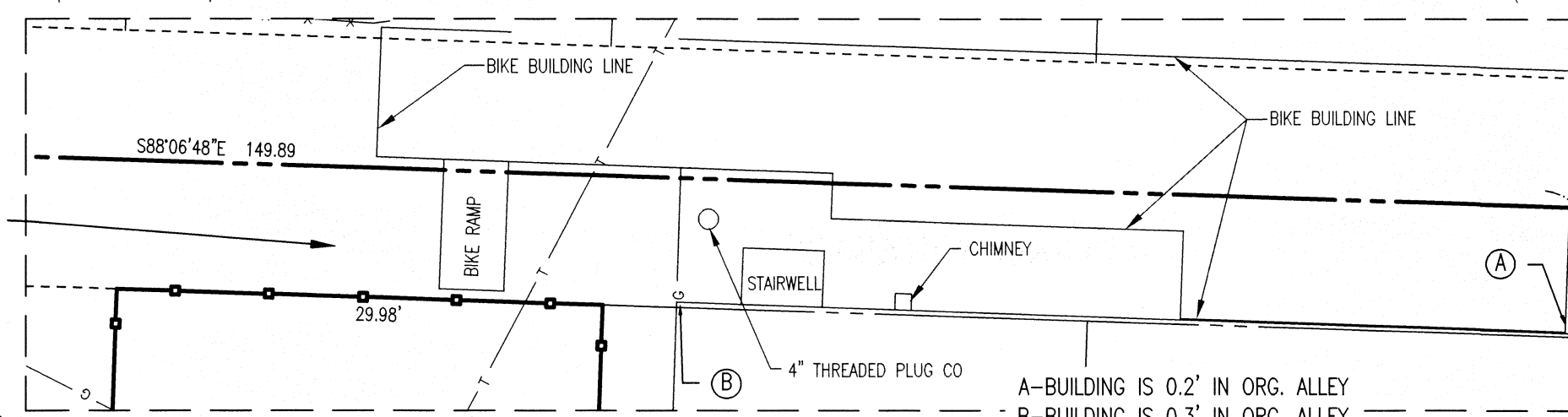
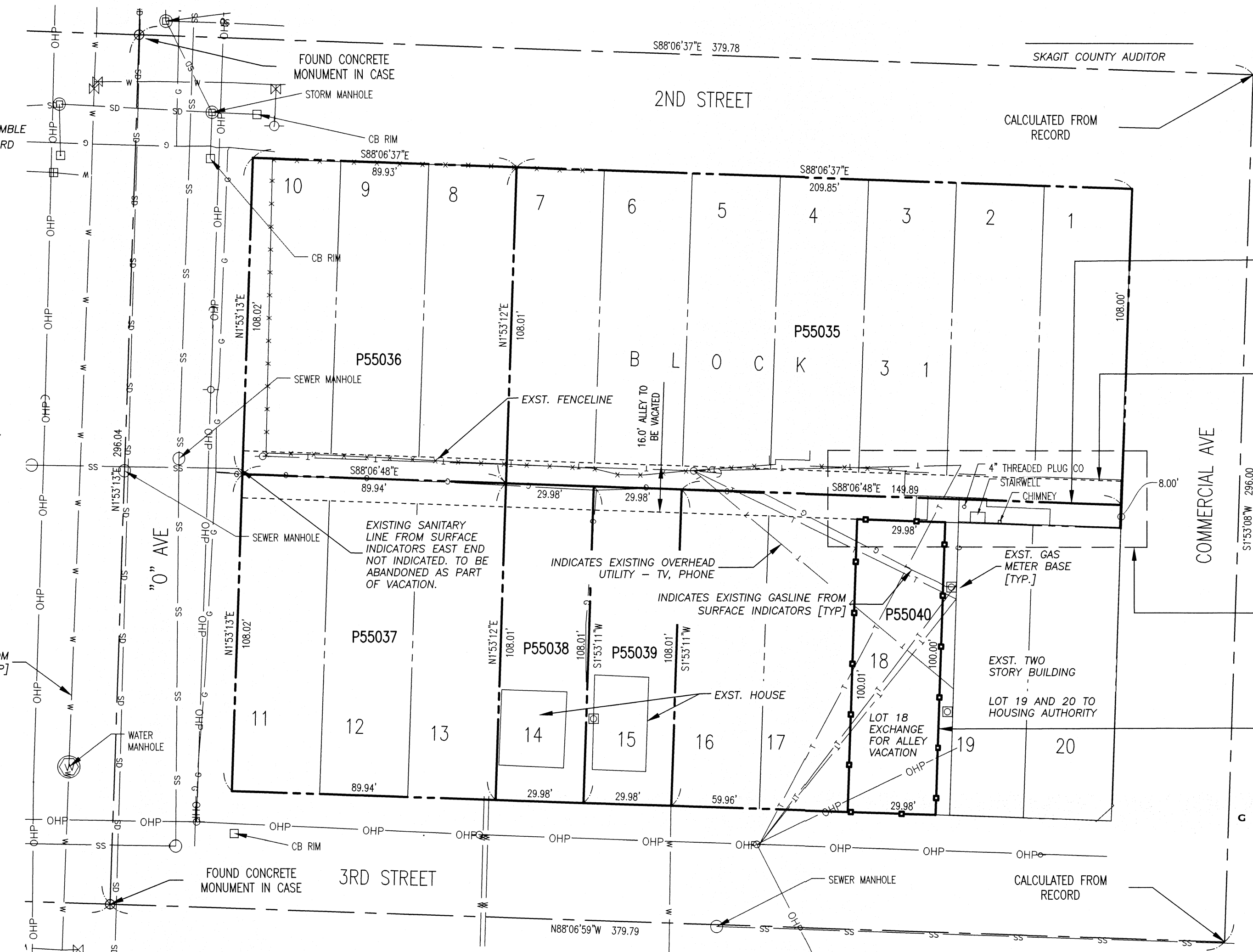
SEE DETAIL BELOW

"BOX-DASHED LINE" INDICATES THE PROPERTY TO BE EXCHANGED FOR THE VACATION OF THE ALLEY OF BLOCK 31

INDEX MAP
G U E M E S C H A N N E L



SECTION 18 TWP.35 N., RGE.1 E., W.M.



DETAIL 1"=10'

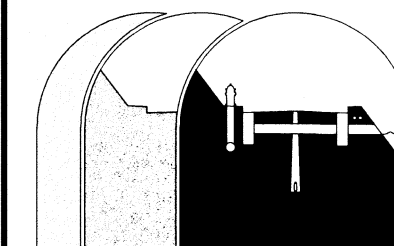
RECORD OF SURVEY

IN A PORTION OF BLOCK 31 OF "MAP OF CITY OF ANACORTES" IN THE NW 1/4 OF THE SW 1/4 SECTION 18, TOWNSHIP 35 NORTH, RANGE 1 EAST, W.M., COUNTY OF SKAGIT, STATE OF WASHINGTON

ALLEY VACATION BLOCK 31
OWNER

CITY OF ANACORTES - PORT OF ANACORTES

DATE: 01.25.2019 BY: J.STANDISH/M.WARE SCALE: AS NOTED
PROJECT NO. 18102 F.B.:

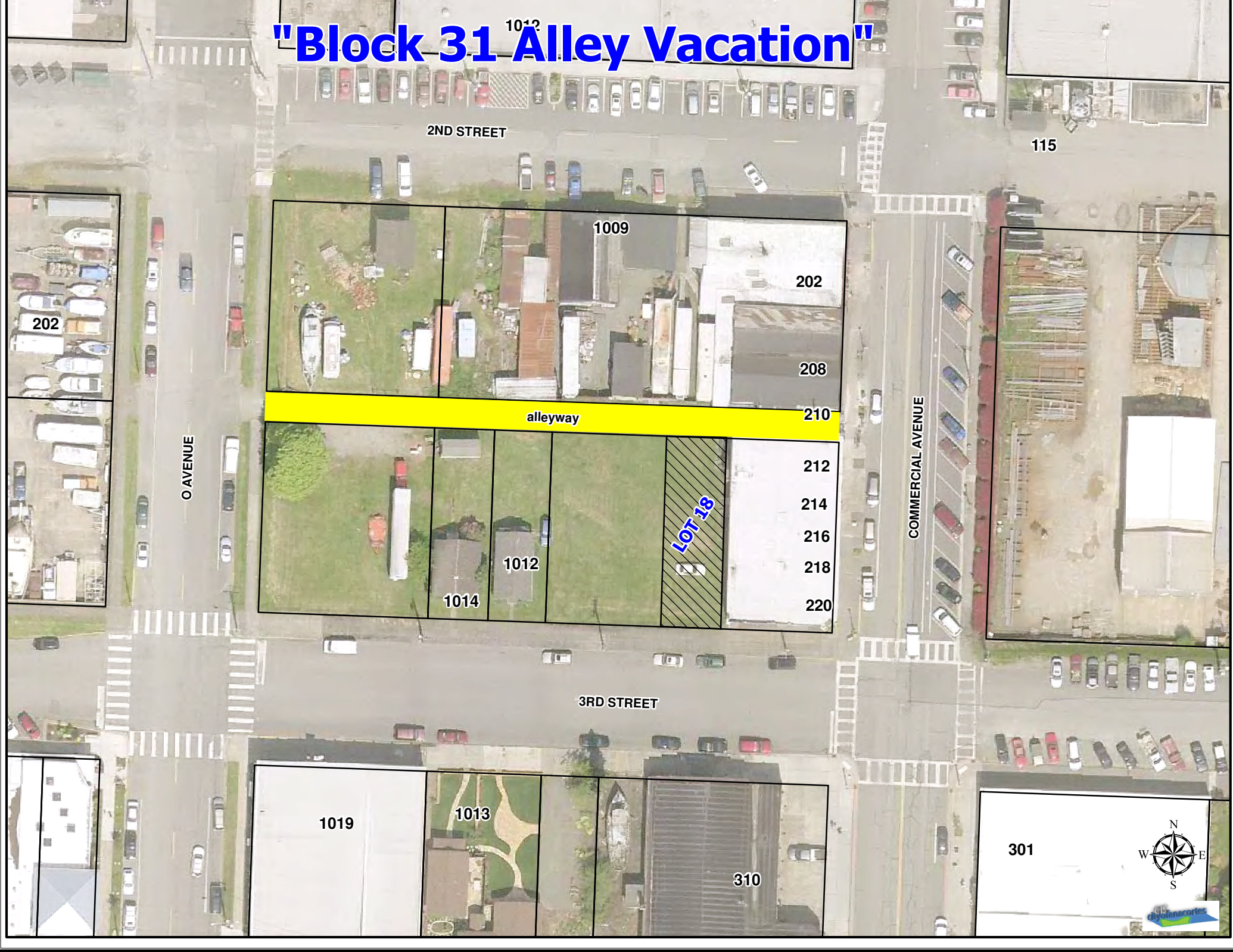


Sound Development Group

ENGINEERING, SURVEYING & LAND DEVELOPMENT SERVICES

P.O. Box 1705 • 1111 Cleveland Avenue, Suite 202
Mount Vernon, WA 98273
Tel: 360-404-2010 Fax: 360-404-2013

"Block 31 Alley Vacation"



1012

2ND STREET

115

202

1009

202

208

alleyway

210

O AVENUE

COMMERCIAL AVENUE

212

214

216

218

220

LOT 18

1012

1014

3RD STREET

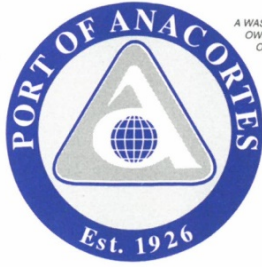
1019

1013

310

301





A WASHINGTON PUBLIC PORT
OWNED BY THE RESIDENTS
OF THE LOCAL COMMUNITY

100 COMMERCIAL AVENUE • ANACORTES, WA 98221 USA
(360) 293-3134 • FAX (360) 293-9608 • WWW.PORTOFANACORTES.COM

Statement of Purpose: Right of Way Vacation

The Port of Anacortes is the owner of the 200 Block, otherwise known as Block 31, Map of the City of Anacortes, having obtained it in 2015 from the Demopoulos family for support of the Marine Terminal as indicated in the Port's Comprehensive Plan. The Port seeks to vacate the alley right-of-way in this block to create one contiguous parcel. This will better position the Port for future development of the block and serve our Mission of fostering economic development.

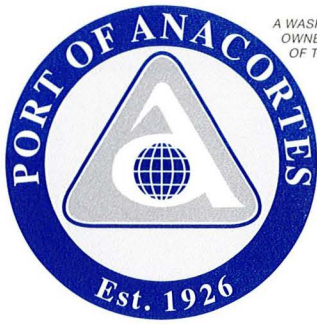
The Port recognizes that development of workforce housing is an important component of economic development within the Port District. In accordance with RCW 53.08.090, the Port Commission held a public hearing on December 3, 2018, and deleted the Olson Building and Adjacent Lot from its Comprehensive Plan. The Commission then declared the Olson Property and Adjacent Lot as surplus and, as such, available for sale or conveyance. The Anacortes Housing Authority expressed its desire to obtain the Olson Property and Adjacent Lot to fulfill its mission of workforce housing.

The Port, as a public entity will receive fair value in transferring the Olson Building and the property on which it is located to the Anacortes Housing Authority by allowing for the most cost effective and efficient rehabilitation or reconstruction of the Olson Building and providing for a transfer of liability arising from the condition of the Olson Building. As the Adjacent Lot has value separate from the Olson Building, the Port as a public entity would need to receive fair value for that Lot. The City expressed a desire to obtain the Adjacent Lot in support of the Anacortes Housing Authority.

The Port and the Anacortes Housing Authority have executed a Purchase and Sale Agreement for the Olson Building and the property on which it is located, comprising Lots 19 and 20 of Block 31. Under the current proposal, in lieu of payment to the City for vacating the 4,800 sf alley right-of-way, the Port would convey Lot 18, a 3,000 sf parcel of land behind the Olson building, to the City for affordable housing. The City would then convey that property to the Anacortes Housing Authority. This series of agreements will meet the requirements of providing all parties with "true and fair value" as that term is defined in RCW 43.09.210, relevant case law, and attorney general opinion, by allowing for the best possible and most efficient use of the property for workforce housing.

The vacation of the alley will better serve the public by providing the opportunity for that property's use in economic development, a greater use than presently exists, as well as making possible the transfer of the Adjacent Lot, Lot 18, to the City in support of workforce housing. The development of the alley property in the 200 Block for industry will bring additional jobs and commerce to Anacortes. The alley has been unused throughout its history and has never served as a point of public use or access, making the change of the property for economic development a higher and better use. In addition to the alley being unused, there is an existing business, The Bike Spot, currently occupying the alley where it fronts Commercial Avenue. Vacation of the alley allows this active business to continue in its location without issue.

The Port appreciates the cooperation of the City and the Anacortes Housing Authority in working together to obtain objectives that benefit our community and appreciates the opportunity to further address and provide background to our petition to vacate the alley in the 200 Block with this Statement of Purpose.



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ACTION ITEM

REQUEST FOR COMMISSION ACTION

**SUBJECT: EXECUTIVE DIRECTOR AUTHORIZATION - PETITION FOR VACATION
OF THE ALLEY IN THE MARINE SUPPLY & HARDWARE BLOCK**

This item is seeking Commission authorization for the Executive Director to petition the City of Anacortes to vacate the alley that runs East-West from "O" Avenue to Commercial Avenue between 2nd and 3rd Streets, known as the Marine Supply & Hardware block, negotiate terms of the vacation equitable to all parties, and execute any documents concerning the alley vacation.

BACKGROUND:

The Port obtained ownership of the Marine Supply & Hardware block in 2015 and took possession of the property in December 2016. The purchase of the block was included in the Port's 2008 Comprehensive Plan as among properties the Port wished to obtain in support of the Marine Terminal.

Within this block of property is a 16 foot by 300 foot (4,800 square feet) alley right-of-way (see page 4 of attached Petition for Vacation). In order to maximize the use of the entire block of property, the Port seeks to petition the City to vacate the unused right-of-way so that the property may be one contiguous parcel.

DISCUSSION:

In order for a City right-of-way to be vacated, formal petition to the City must be made. Typically, a right-of-way vacation requires a payment to the City of Anacortes in an amount equal to 50% of the fair market value of the land, as determined by an appraisal provided at the petitioners cost. However, the Port's petition would request to exchange the vacation for a 3,000 square foot parcel of land on the same block to be dedicated to the Anacortes Housing Authority for affordable housing. This is pursuant to discussions with the Anacortes Housing Authority and the City of Anacortes regarding a partnership between our entities that would enable a transition of the Olson Building to the Anacortes Housing Authority.

If the petition is approved by City Council and the vacation appears imminent, Port staff will bring additional actions for Commission consideration. This would include an amendment to the Port's Comprehensive Plan to allow the disposition of property, and other actions required to facilitate exchange between the City and the Port for the possible disposition of the Olson Building to the Anacortes Housing Authority.

ATTACHMENTS:

- City of Anacortes Petition for Alley Vacation

FINANCIAL IMPLICATIONS:

Vacation of this alley will create one contiguous parcel that will increase future development options and thereby has the potential to increase revenue.

There may be some costs related to the vacation, including additional compensation beyond the exchange of property, boundary survey, and title insurance reports. Those costs are anticipated to be well within Executive Director's Delegated Authority of \$30,000 for non-budgeted items.

STAFF RECOMMENDATION:

Port Staff recommends the Commission authorize the Executive Director to petition the City to vacate the alley in the Marine Supply & Hardware block, negotiate terms equitable to all parties, and execute any required documents.

This section to be completed by Port Staff

Prepared By: Julie Johnson Lindsey
Julie Johnson Lindsey
Executive Assistant

Date: 10/24/18

Reviewed By: Brenda Treadwell
Brenda Treadwell
Director of Planning, Properties & Environmental

Date: 10/26/18

Approved By: Daniel C. Worra
Daniel C. Worra
Executive Director

Date: 10/26/18

SUGGESTED MOTION:

"I MOVE THAT WE AUTHORIZE THE EXECUTIVE DIRECTOR TO PETITION THE CITY OF ANACORTES TO VACATE THE ALLEY IN THE MARINE SUPPLY & HARDWARE BLOCK, NEGOTIATE TERMS EQUITABLE TO ALL PARTIES, AND EXECUTE ANY REQUIRED DOCUMENTS."

This section to be completed by Port Commission Secretary

DATE ACTION TAKEN 11/1/18

Approved ✓

Disapproved

Deferred To

Other

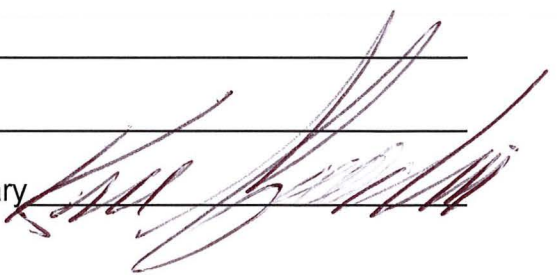
Motion By K. Goodwin

Second By J. Pope

Unanimous: Yes ✓ No

Incorporated Into Minutes

Notes:

Secretary 



Valbridge
PROPERTY ADVISORS

Appraisal Report

Anacortes Land Exchange Alley Vacation
Alley between 2nd and 3rd Street
Anacortes, Skagit County, Washington 98221

Report Date: February 18, 2019



FOR:

Port of Anacortes
Ms. Brenda Treadwell
Director of Planning, Properties and Environmental
100 Commercial Avenue
Anacortes, WA 98221

Valbridge Property Advisors | Puget Sound

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425-450-4040 phone
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Valbridge File Number:
19-0017-002



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February 18, 2019

S. Murray Brackett, MAI
Senior Managing Director
mbrackett@valbridge.com

Christina J. Lovell
Associate Appraiser
clovell@valbridge.com

Ms. Brenda Treadwell
Director of Planning, Properties and Environmental
Port of Anacortes
100 Commercial Avenue
Anacortes, WA 98221

RE: Appraisal Report
Anacortes Land Exchange Alley Vacation
Alley between 2nd and 3rd Street
Anacortes, Skagit County, Washington 98221

Dear Ms. Treadwell:

In accordance with your request, we have performed an appraisal of the proposed alley vacation referenced above. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property, as referenced above, consists of a 16-foot-wide unopened alley right-of-way totaling 4,800 square feet. It is situated adjacent to "O" Avenue to the west and Commercial Avenue to the East, between 2nd and 3rd Streets in Anacortes, WA.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is Port of Anacortes and the intended users of this report are the Port of Anacortes, the City of Anacortes and no others. The sole intended use is to assist the client by providing an opinion of market value for the to-be-vacated alley in connection with a proposed land exchange between the client and the City. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None.

Hypothetical Conditions:

- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 8, 2018, have been codified.

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$48,000

Respectfully submitted,
Valbridge Property Advisors | Puget Sound



S. Murray Brackett, MAI
Senior Managing Director
Washington License #27011-1100853
11/22/2019



Christina J. Lovell, Associate
Washington License #27011-1001951
04/18/2020

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Summary of Salient Facts

Summary of Salient Facts

Property Identification

Property Name	Anacortes Land Exchange Alley Vacation
Property Address	Alley between 2nd and 3rd Street Anacortes, Skagit County, Washington 98221
Tax Parcel Number	N/A
Property Owner	City of Anacortes

Site

Zoning	Manufacturing and Shipping (MS)
Primary Land Area (sf)	4,800 sf
Primary Land Area (ac)	0.110 acres

Valuation Opinions

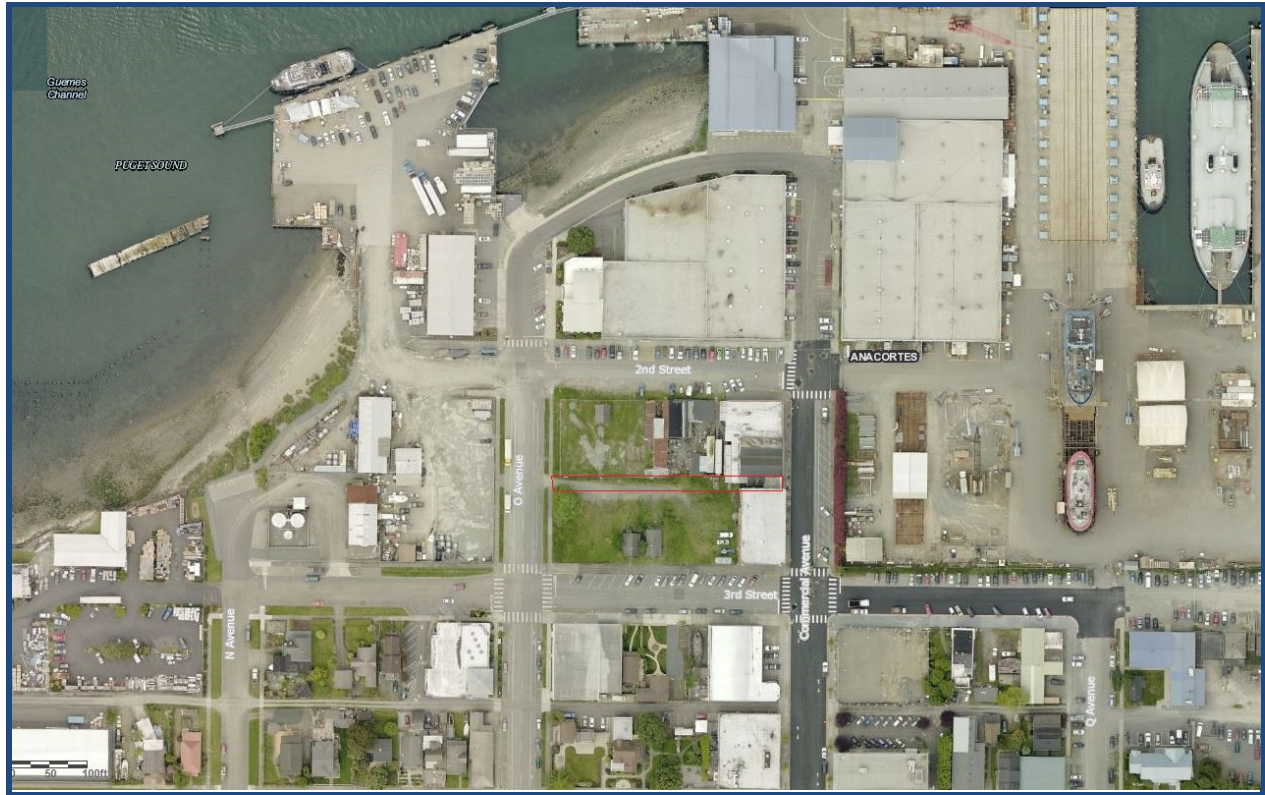
Highest & Best Use - As Vacant	Assemblage with Abutting Onwerships
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Value Conclusions

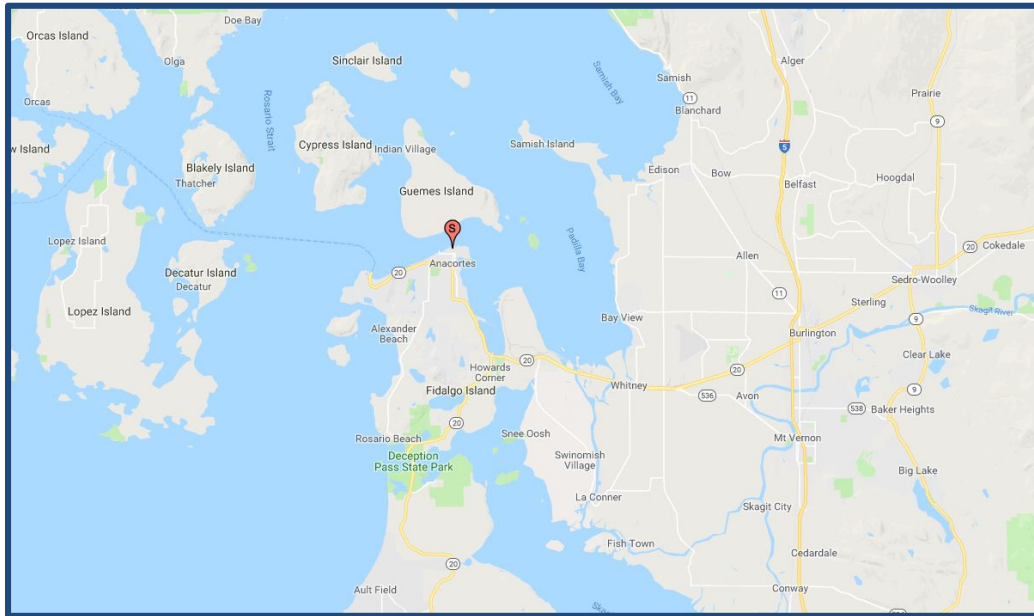
Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$48,000

Aerial Views

AERIAL VIEW



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Port of Anacortes and the sole intended users of this report are the Client and the City of Anacortes. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this report is to assist the client by providing an opinion of market value for an alley vacation, in connection with a proposed land exchange between the client and the City of Anacortes.

Real Estate Identification

The subject property is the 16-foot alley between 2nd and 3rd Streets, abutting O Avenue to the west and Commercial Avenue to the east in Anacortes, Skagit County, Washington. The subject property is further identified by exhibits and mapping contained in this report.

Legal Description

Neither a title report nor a legal description for the alley right-of-way were provided however the property is identified as the 16-foot alley located on Block 31, "Map of the City of Anacortes," as per Plat recorded in Volume 2 of Plats, Pages 4-7, records of Skagit County, Washington.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject is undeveloped land.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as vacant land.

Ownership of the Property

The subject is an unopened and/or unutilized alley right-of-way. Ownership is assumed to be vested in the City of Anacortes.

History of the Property

The subject has been owned by the City of Anacortes for many years, ostensibly since the original platting. We have no information regarding any historical transfers of ownership.

Listings/Offers/Contracts

To our knowledge, there are no known listings, contracted offers of purchase, though there is an agreement between the City of Anacortes and the Port of Anacortes regarding a property exchange of the subject property for an adjacent lot. There are no current leases of the subject site.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*¹

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Market Value	January 22, 2019

We completed an appraisal inspection of the subject property on January 22, 2019.

Property Rights Appraised

The appraisal value assumes fee simple title and by City of Anacortes. The fee simple interest is defined as:²

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

² From *The Appraisal of Real Estate*, Fourteenth Edition, 2013, Appraisal Institute, page 5

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Date of Report

The date of this report is February 18, 2019, which is the same date as the letter of transmittal.

List of Items Requested but Not Provided

- Title report.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None.

Hypothetical Conditions

- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 8, 2018, have been codified.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via Skagit County Assessor information, Skagit County iMap, and mapping provided by the Client.
- Economic Characteristics - Economic characteristics of the subject property were identified via numerous published sources, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via physical inspection and GIS mapping.

Extent to Which the Property Was Inspected

We inspected the subject on January 22, 2019.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures which typically reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. In the case of the subject, however, our task is to develop an opinion of market value for a proposed alley vacation and have utilized the Across-the-fence (ATF) methodology. Further discussion of the extent of our analysis and ATF methodology is provided later in the valuation section.

Appraisal Conformity and Report Type

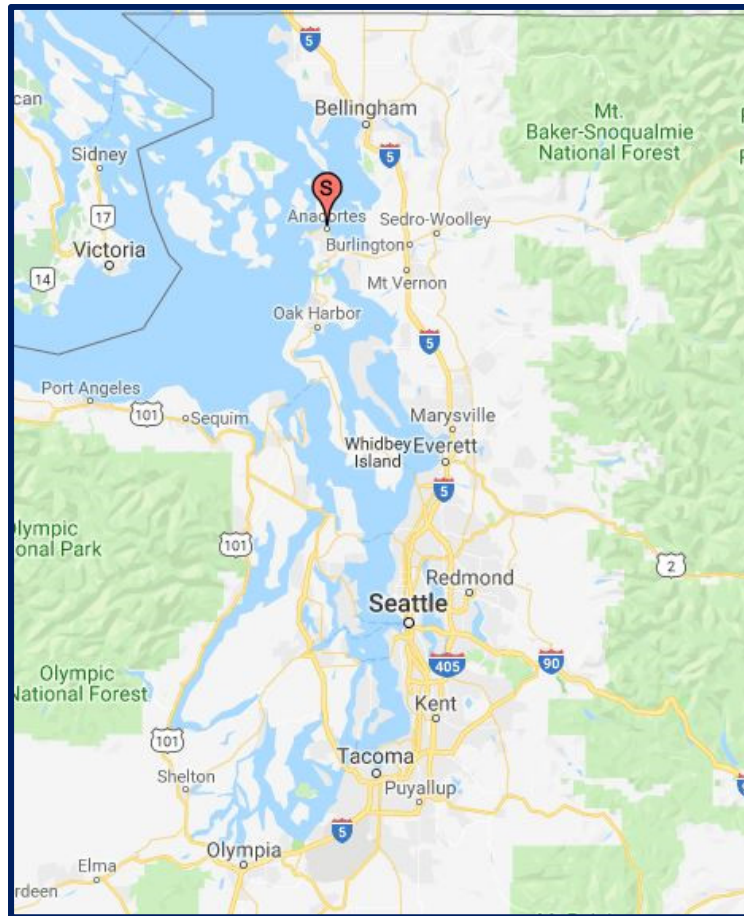
We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in Anacortes, in Skagit County. It is part of the Mount Vernon-Anacortes MSA, which essentially consists of Skagit County itself.

The fertile lowlands of western Skagit County, which lie between Puget Sound and the Cascade Mountains, consist mainly of deltas created by the Skagit and Samish rivers. The high and rugged Cascades are the location of the North Cascades National Park, a picturesque protected wilderness area.

The total county area is 1,731 square miles, of which 40±% is in federal ownership, 12±% in Washington State ownership, and the remaining 48±% is privately owned. The eastern portion of Skagit County is largely forested, with much of the area within the Mount Baker-Snoqualmie National Forest and North Cascades National Park. Population in eastern Skagit County is sparse; approximately 50% of the people live in the westernmost portion.

Skagit Valley is known as one of the most fertile valleys in the United States. Leading crops are peas, strawberries and sweet corn, and other crops include broccoli, cucumbers, potatoes, carrots, seeds,

and colorful flower bulbs. Other major industries in Skagit County are food processing, tourism, oil refining and commercial fishing. Port of Skagit County tenants include Paine Field-based International Aero and Hexcel Corporation. Bayview Airport, also known as Skagit Regional Airport, is located approximately one mile north of State Route 20 and eight miles east of Anacortes. In addition to general aviation facilities and a 5,745-foot long runway, its business park houses tenants such as AT&T Broadband, Hexcel Corporation, Eddyline Kayaks, Nordic Tugs and Olympic Pipeline Co.

The emergence of Skagit County as a regional retail trade center has added diversity to the economic base. Since 1989, several anchored shopping centers and Wal-Mart, Lowe's Home Improvement, Costco Wholesale and Home Depot outlets have opened in Burlington and Mount Vernon.

Tourism is prominent because of the wide variety of recreational facilities available in the county, from the waters of Puget Sound to the Cascades. Anacortes is known for numerous protected bays as well as state and federally-owned marine parks providing summer playgrounds for pleasure boaters. In addition, there are a number of resorts and recreational facilities in the islands to serve non-boating tourists. The Cascade Mountains provide areas for hiking, skiing, fishing and wild game hunting.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2000	2010	Annual % Change 2000 - 10	Estimated 2018	Projected 2023	Annual % Change 2018 - 23
United States	281,421,906	308,745,538	1.0%	330,088,686	343,954,683	0.8%
Washington	5,894,121	6,724,540	1.4%	7,452,102	7,950,929	1.3%
Mount Vernon-Anacortes	102,979	116,901	1.4%	124,183	130,505	1.0%
Skagit County, WA	102,979	116,901	1.4%	124,183	130,505	1.0%
Anacortes City, WA	14,514	15,778	0.9%	17,049	18,064	1.2%

Source: Site-to-Do-Business (STDB Online)

Transportation

Interstate Highway 5 provides the primary highway access to the Greater Seattle area and connects the region with British Columbia to the north. Ferry service extends the state highway system westward and provides a route from Anacortes to the larger islands of San Juan County, as well as Canada's Vancouver Island. Railroad freight service is available by BNSF Railway and the port facilities at Anacortes provide ocean cargo service. The Shell and Tesoro refineries at March's Point, near Anacortes, add to the Skagit County employment base.

State Route 20 (North Cascades Highway) is an east-west route that extends from U.S. Highway 101 near Port Townsend on the Olympic Peninsula to near the Idaho border. The highway runs diagonally through the town of Burlington and follows the Skagit River to the rural community of Marblemount, where it climbs and crosses the Cascades. State Route 9 runs north-south along the Cascade foothills

to the east of Mount Vernon and Burlington, extending from State Route 522 near Woodinville to the Canadian border.

Employment

King, Pierce, Snohomish, Skagit, and Thurston counties are the most populated counties within Washington State and comprise what is commonly referred to as the central Puget Sound Region. Two-thirds of the total jobs in the Puget Sound region are located in King County. Overall, Skagit County is relatively rural in nature as compared to neighboring Snohomish and King Counties, and while the county is best known for its agriculture, manufacturing has historically been the largest contributor to Skagit County's real gross domestic product. As shown below, service industry, retail and manufacturing sectors collectively provide over 70% of jobs in this region.

Employment by Industry - Mount Vernon/Anacortes

Industry	2018 Estimate	Percent of Employment
Agriculture/Mining	2,128	3.80%
Construction	4,536	8.10%
Manufacturing	6,217	11.10%
Wholesale trade	1,288	2.30%
Retail trade	6,833	12.20%
Transportation/Utilities	2,464	4.40%
Information	560	1.00%
Finance/Insurance/Real Estate Services	2,800	5.00%
Services	26,211	46.80%
Public Administration	2,856	5.10%
Total	56,006	99.8%

Source: Site-to-Do-Business (STDB Online)

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts a higher-than-average unemployment rate as compared to statewide and national statistics.

Unemployment Rates

Area	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	2018 YTD
United States	8.5%	7.9%	6.7%	5.6%	5.0%	4.7%	4.1%	3.7%
Washington	7.4%	6.6%	5.8%	5.6%	4.9%	4.7%	4.3%	4.3%
Mount Vernon-Anacortes	10.7%	9.5%	8.2%	7.2%	7.2%	6.2%	5.8%	5.1%
Skagit County, WA	10.7%	9.5%	8.2%	7.2%	7.2%	6.2%	5.8%	5.1%
*Mount Vernon, WA	10.9%	9.8%	8.2%	7.7%	7.7%	6.2%	6.1%	5.1%

**Unemployment data provided for Mount Vernon, WA*

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

Median Household Income

Area	Estimated 2018	Projected 2023	Annual % Change 2018 - 23
United States	\$58,100	\$65,727	2.6%
Washington	\$68,734	\$79,382	3.1%
Mount Vernon-Anacortes	\$64,106	\$75,911	3.7%
Skagit County, WA	\$64,106	\$75,911	3.7%
Anacortes City, WA	\$69,857	\$80,810	3.1%

Source: Site-to-Do-Business (STDB Online)

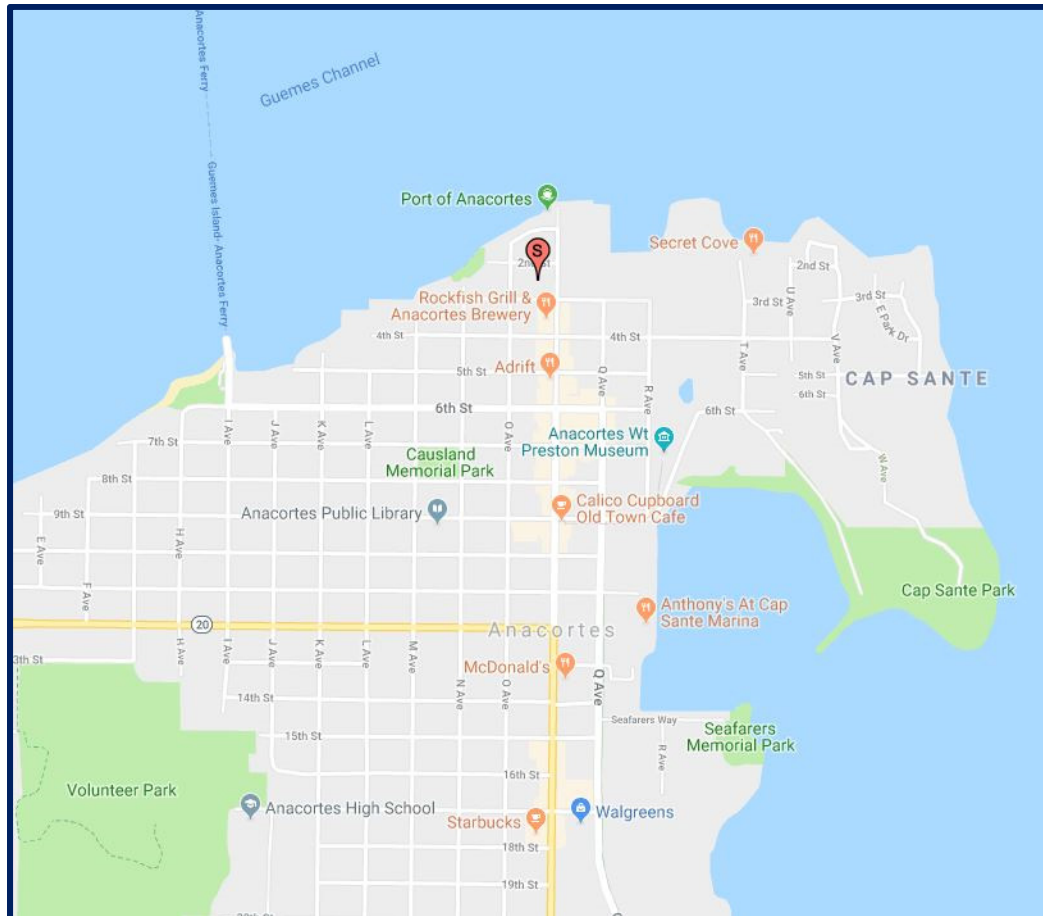
Conclusions

Despite slower growth as compared to Snohomish and King Counties to the south, Skagit County is a highly desirable place to live due to its recreational opportunities, physical features and relatively close proximity to Bellingham and Everett.

Trends in the Seattle area tend to have a ripple effect on the local market of other counties in the Puget Sound area and improving economic conditions in the region have favorably affected Skagit County, as well, particularly for those looking for a more affordable cost of living. Though growth in Skagit County is slower than that of Snohomish and King Counties to the south, it nonetheless appears to indicate a favorable outlook for the region and modestly increasing real estate values over the long term.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located in Anacortes in Skagit County. The subject site is located in downtown Anacortes on the northern tip of Fidalgo Island, which is roughly 15 miles west of Mount Vernon. Fidalgo Island is separated from the mainland by a narrow channel known as the Swinomish Channel. Since Anacortes is the nearest city, it is known as the "Gateway to the San Juan Islands." Many boaters from the region moor their boats at Anacortes to take advantage of the short run to the San Juans. Three major marinas provide over 2,000 boat slips, as well as boat repair, brokerage, fuel, charters, and supplies.

Anacortes is the second largest city in Skagit County, behind Mount Vernon. Both Anacortes and Skagit County have seen steady growth since the recession. Anacortes is the only incorporated city on Fidalgo island. The local economy has historically been based on seafood and timber, and there are several seafood processing plants on the island. The Port facilities include deepwater docks that allow the shipment of logs, lumber, sulfur, and petroleum coke. There are also two oil refineries (Shell and Tesoro) that refine Alaskan oil.

Because of its unique location near the San Juan Islands with a deepwater port, rail service, and 4-lane access to Interstate 5 (I-5), Anacortes is expected to continue the established growth trend. Employment growth is expected to remain marine-oriented, although tourism should also increase.

Demographics

The following table depicts the area demographics in Anacortes within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2000 Population	2,687	12,501	16,415
2010 Population	2,624	13,575	17,918
2018 Population	2,699	14,559	19,255
2023 Population Estimate	2,795	15,380	20,352
Annual % Change (2018 - 2023)	0.7%	1.1%	1.1%
Housing Unit Summary			
2000 Housing Units	1,325	5,738	7,714
% Owner Occupied	50.4%	61.2%	63.2%
% Renter Occupied	41.4%	29.4%	26.1%
2010 Housing Units	1,446	6,840	9,258
% Owner Occupied	45.2%	56.1%	58.3%
% Renter Occupied	45.3%	31.4%	27.8%
2018 Housing Units	1,480	7,235	9,827
% Owner Occupied	44.3%	55.7%	57.8%
% Renter Occupied	45.7%	31.8%	28.2%
2023 Housing Units	1,522	7,587	10,321
% Owner Occupied	45.6%	56.8%	58.9%
% Renter Occupied	44.5%	30.8%	27.4%
Annual % Change (2018 - 2023)	0.6%	1.0%	1.0%
Income Summary			
2018 Median Household Income	\$52,784	\$67,175	\$71,334
2023 Median Household Income Estimate	\$62,829	\$78,234	\$82,236
Annual % Change	3.5%	3.1%	2.9%
2018 Per Capita Income	\$35,834	\$38,087	\$41,108
2023 Per Capita Income Estimate	\$42,547	\$43,926	\$47,606
Annual % Change	3.5%	2.9%	3.0%

Source: Site-to-Do-Business (STDB Online)

Transportation Access

The area is accessed by a spur of State Route 20 (SR-20), a 4-lane, divided highway that connects Mount Vernon with Anacortes, and provides access to the ferry terminal. SR-20 turns south and crosses the bridge over Deception Pass onto Whidbey Island, where ferry service is available to

Mukilteo on the mainland. Rail service is available, connecting to the main Burlington Northern lines at Mount Vernon. Air service is provided by both the Anacortes Airport and the Skagit/Bayview Regional Airport. Access to the area is considered average.

Neighborhood Land Use

The subject neighborhood is located in area consisting of marine-oriented industrial land uses, as well as some light commercial as the subject property abuts the Anacortes central business district.

Conclusions

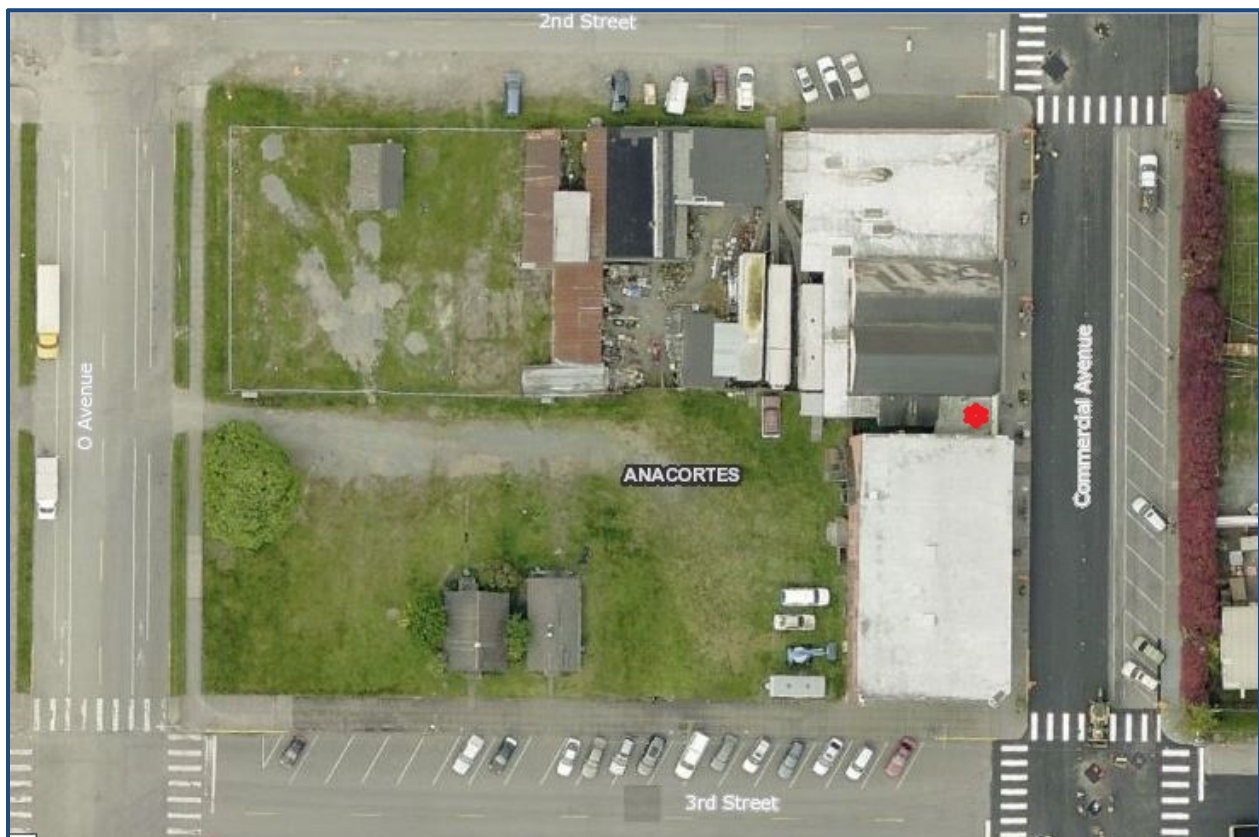
There is some growth in Anacortes, though at a slower rate than would be found in nearby Mount Vernon/Burlington. Overall, we would expect the market to remain relatively stable over the near term.

Site Description

The subject site is a 4,800-square-foot undeveloped alley right-of-way between 2nd and 3rd Streets and extending from "O" Avenue to Commercial Avenue.

Easements/Encroachments

No title report for the proposed vacation area was provided, therefore we are unaware of any easements. It does appear that existing structures may encroach on the eastern portion of the proposed vacation area and no encroachment issue is reflected in our conclusion. Please see the aerial below.



Flood Zone Data

Flood Map Panel/Number: 5303170040A

Flood Map Date: 09-17-2003

Flood Zone: X - Zone X is the flood insurance rate zone that corresponds to areas outside the 1% annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Other Site Conditions

No wetlands or unusual site conditions were noted at the time of inspection. We have not been provided with a soils report; however, according to the USDA Web Soil Survey, the subject's soils consist of Clallam-Urban Land complex 0%-8% slopes. Such soils are moderately well-drained, with moderately rapid permeability, formed in glacial till over very compact glacial till. Such soils are typically found on glaciated hills at elevations of 25 to 1,800 feet. They are found in a mild marine climate and have cool, dry summers and cool, moist winters.

Adjacent Land Uses

The subject is located on the southern boundary of the Manufacturing and Shipping district and is surrounded by primarily marine-oriented industrial uses except to the south which abuts Anacortes' central business district with light commercial uses.

Zoning Designation

Zoning Jurisdiction:	City of Anacortes
Zoning Classification:	MS, Manufacturing and Shipping
General Plan Designation:	Industrial
Permitted Uses:	Manufacturing, storing, and shipment of goods, research and development, offices, maritime administration and public meeting space, building and repair of boats and ships, boat and marine equipment sales and services, public parks, piers, wharfs, dry docks and related facilities, as well as commercial, private and public parking.
Zoning Comments:	According to the City of Anacortes' zoning code, the manufacturing and shipping district is primarily intended to accommodate manufacturing and shopping uses that can utilize the deep waters of the Guemes Channel. Secondly, the MS district provides for uses supplementary to and compatible with the primary uses noted above.

There is no maximum density in this zone.

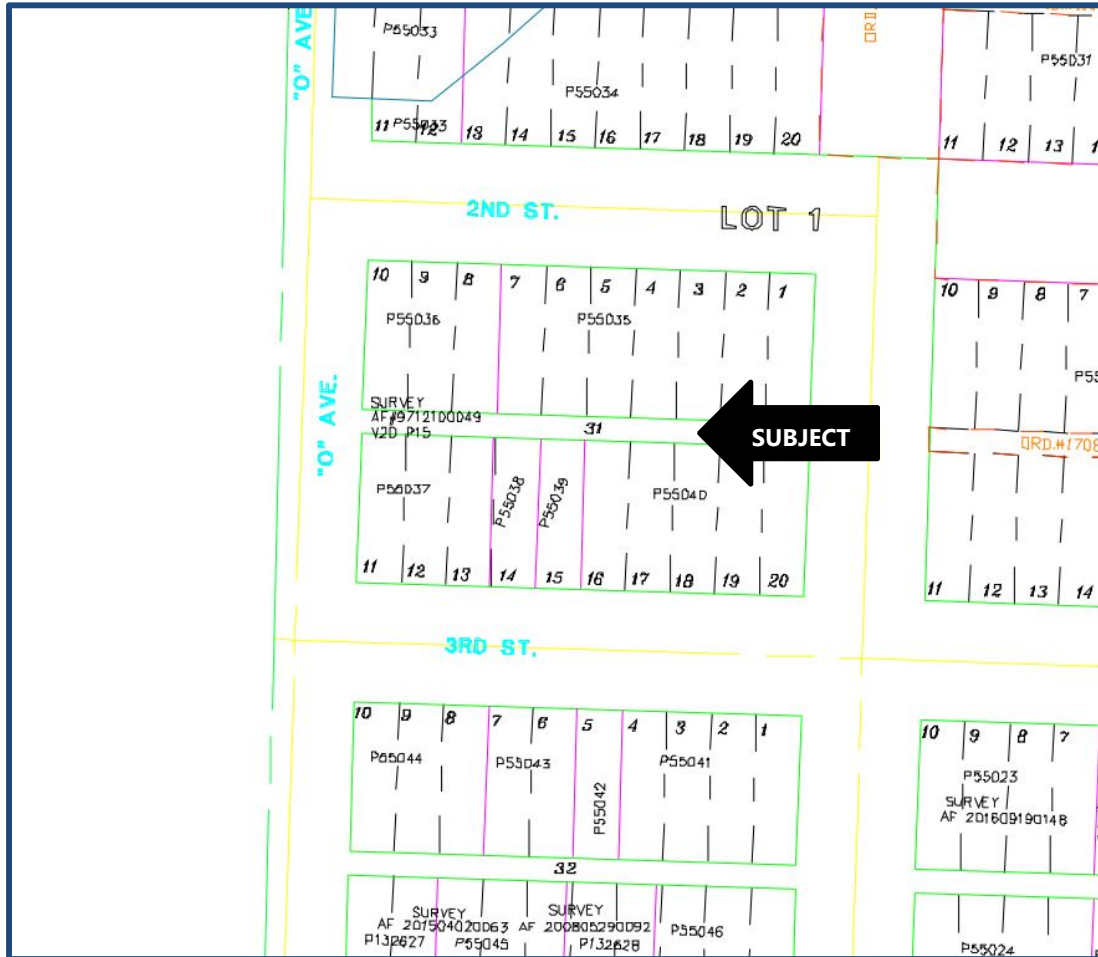
Setbacks: 10 feet from a street right-of-way line and 10 feet from adjacent property lines.

Maximum lot coverage: 60% except that ship and boat building and repair may be up to 75%.

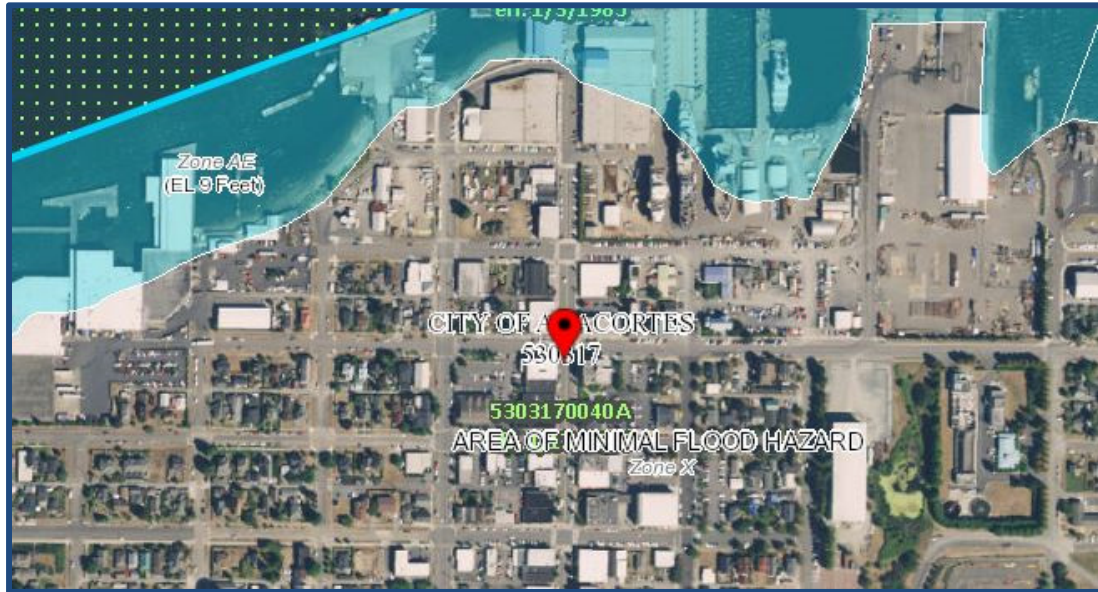
Maximum building height: 50 feet

The Anacortes Planning Commission has drafted an update to the existing zoning code which would allow for live/work and multifamily residential as additional conditional uses.

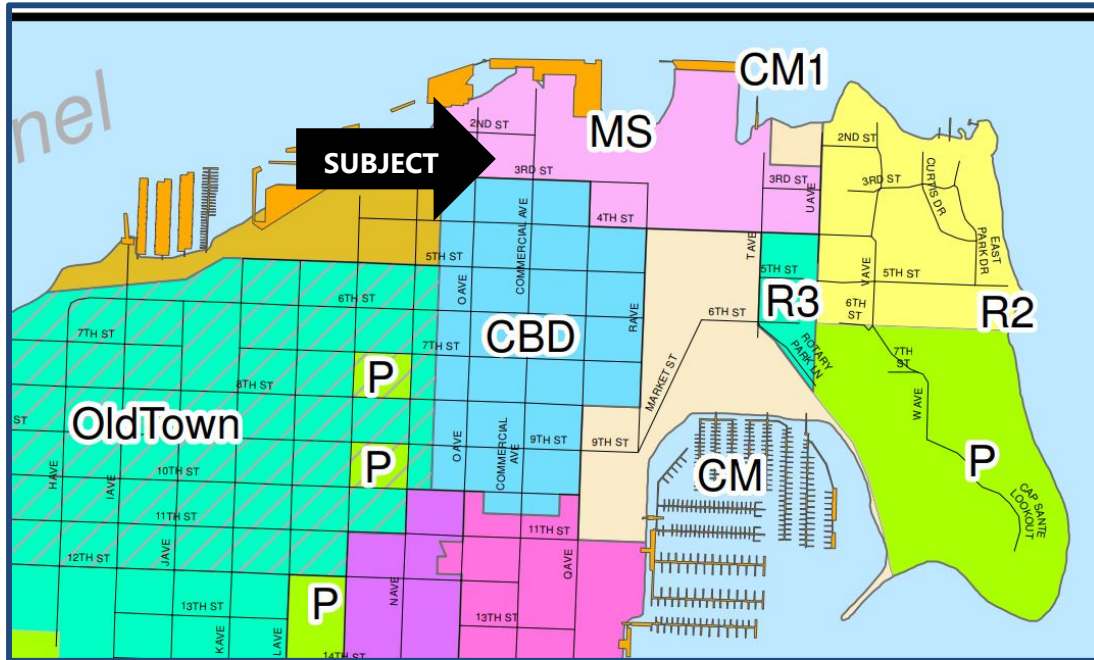
TAX/PLAT MAP



FLOOD MAP



ZONING MAP



Subject Photos



Alley facing west



Alley facing east



Commercial Avenue



O Avenue facing north

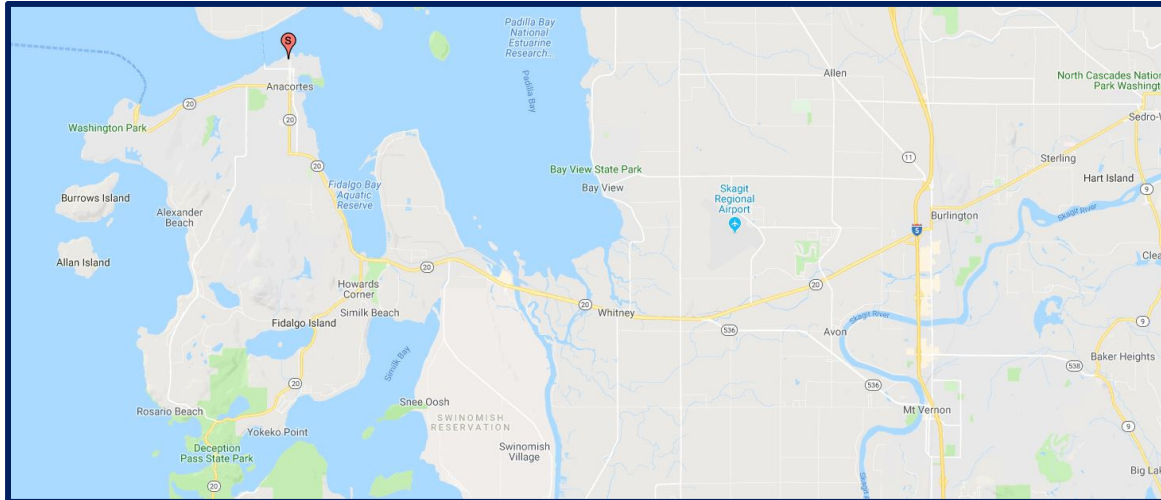
Assessment and Tax Data

Assessment Methodology

Washington State requires that all real property be taxed at 100% fair market value; however, the subject is a city-owned right-of-way and is therefore not assessed or taxed. All abutting properties are currently owned by the Port of Anacortes, which is another tax-exempt agency. Based upon the opinion of market value provided in this report, as well as the levy rate applied nearby taxable property, we estimate property taxes for the subject property would be approximately \$500.

Market Analysis

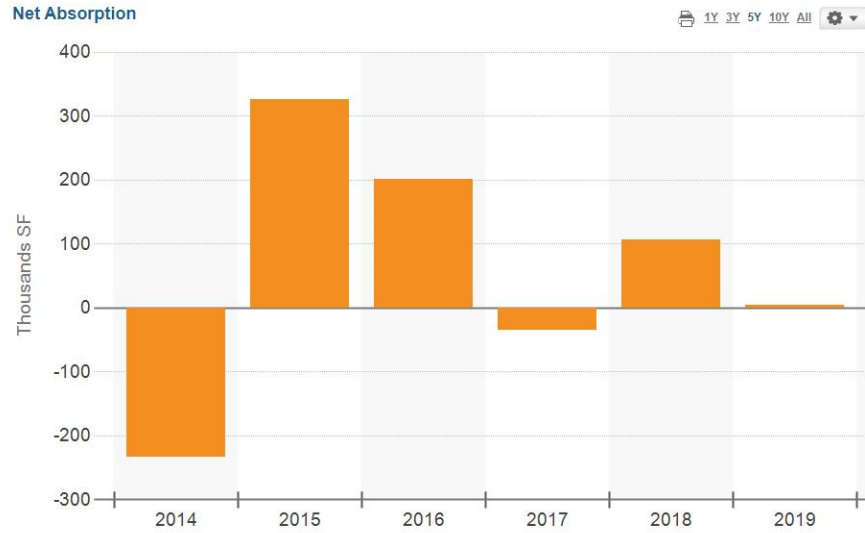
MARKET AREA MAP



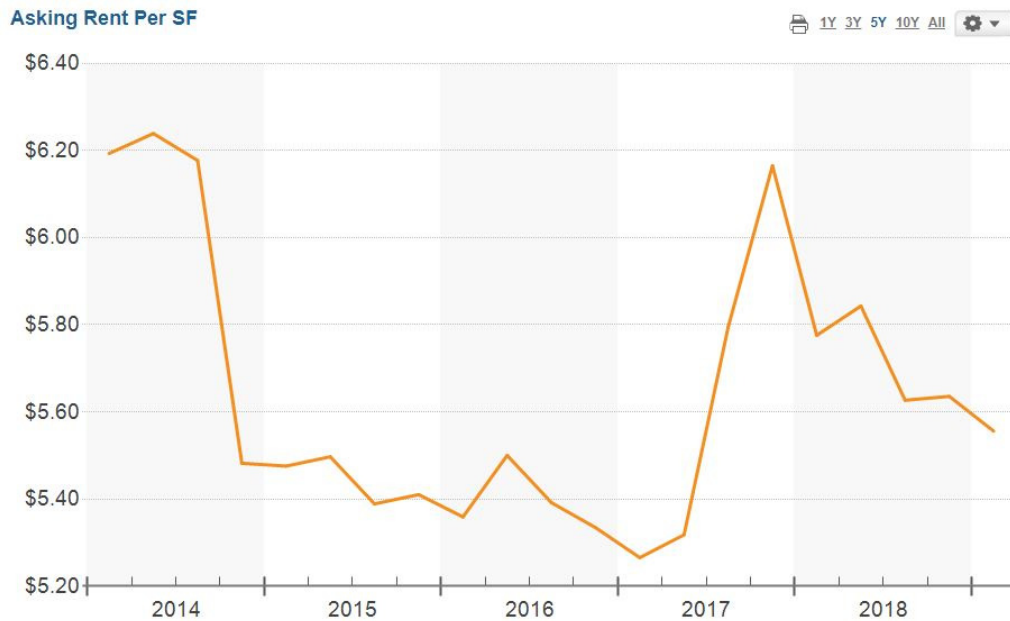
Recent surveys and information obtained from CoStar Inc. provides analytical data for industrial properties in Skagit County. The report indicates the market was characterized by decreasing vacancy rates overall from late 2011 through the beginning of 2019, with a slight uptick in the latter half of 2018. Currently, the vacancy rate seems to be holding steady at 8.8% with an availability rate of 7.9%.



Net absorption of industrial space was a positive 107,000 square feet at year-end 2018 with no new inventory under construction at present.



Asking rents have generally decreased throughout 2018 and currently sit at \$5.56 per square foot in the current quarter.



Overall, the industrial market in the Skagit County market is relatively stable and has not seen the same growth experienced in larger business centers such as Everett and Seattle to the south.

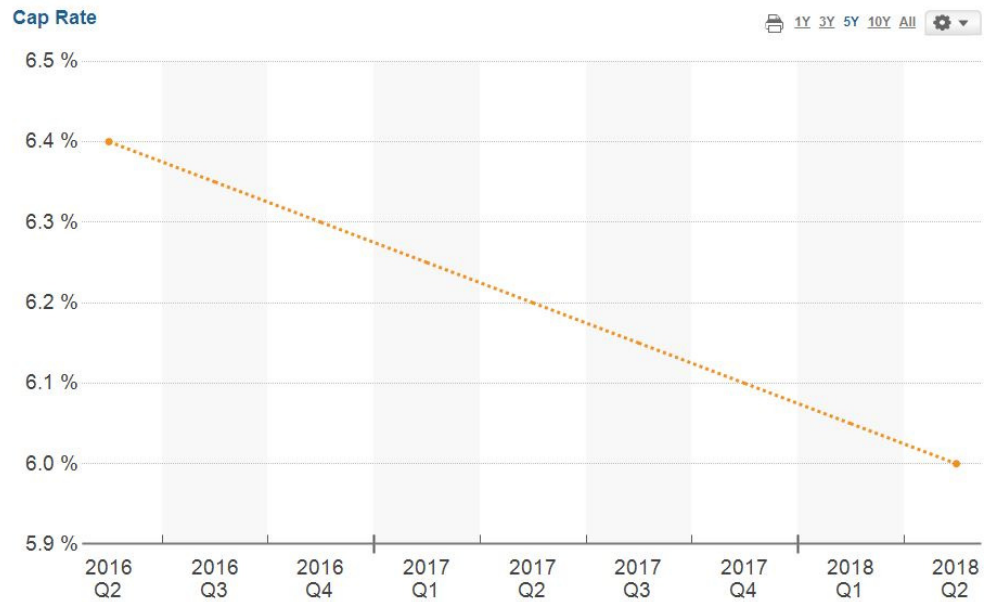
The following chart summarizes Cap rate information for the Puget Sound Region Industrial market

Cap Rate Trends

Puget Sound Industrial

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
8.11%	8.43%	8.20%	6.61%	6.69%	6.83%	6.32%	6.35%	6.19%	5.81%	5.35%

As can be seen, Cap rates in 2018 are generally down from a high of 8.43% in 2010. Rates in Skagit County are somewhat higher than the Puget Sound average:



Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant, we examine the potential for (1) near term development, (2) a subdivision of the site, (3) an assemblage of the site with other land, or (4) holding the land as an investment.

Legally Permissible

The subject site is zoned MS, Manufacturing and Shipping, an industrial zone. The right-of-way bifurcates the abutting parcels and the site is too small for independent industrial development. Parking is a permitted use under MS zoning; however assemblage with abutting parcels would allow for larger-scale industrial uses. The valuation assumes fee title by the City of Anacortes. This is a public use with limited market value and restrictions on use of the parcel to either public alley or vacation and assemblage with abutting lands.

Physically Possible

Elements such as availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. As previously discussed, the subject is comprised of an undeveloped right-of-way remnant with little utility other than for assemblage.

Financially Feasible

As demonstrated by nearby properties, the area tends to support marine-oriented industrial and office uses. While the site has limited physically usable area in itself, the highest and best use is concluded to be for assemblage with abutting ownerships.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for assemblage.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for assemblage.

Analysis of Highest and Best Use as Improved

N/A

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an abutting property owner looking for assemblage opportunities.

Land Valuation

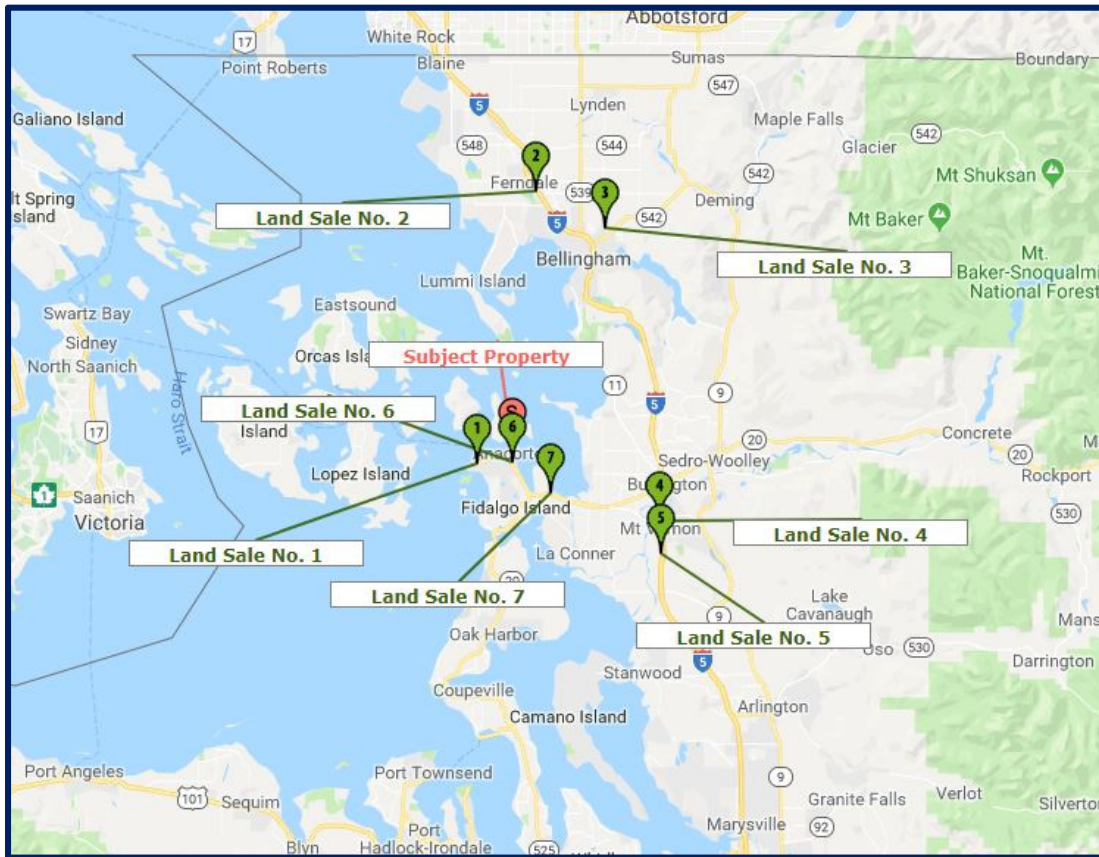
Methodology

The Real Estate community has long-recognized the ATF methodology for valuing corridors and street vacations. The methodology evaluates the abutting properties, essentially as a proxy for the subject, since it is assumed direct comparables are not available. The concept of ATF attempts to recognize the value of a corridor property that was ostensibly assembled from abutting properties to create an economic unit that benefits from a unique size, shape and the element of connectivity between two points. The premium for such assemblage is often the subject of debate (as it may be tied to business value) however the underlying premise that the abutting lands are suitable as the valuation foundation is generally acknowledged by appraisers. As such, the following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable can be found in the Addenda.

Land Sales Alley Vacation

Sale	Property Address	City	Sale Date	Analysis		\$/sf	Zoning
				Price	Size (sf)		
1	Marine-Oriented Land <i>5xxx Ferry Terminal Road</i>	Anacortes	February-18	\$20,000	4,643	\$4.31	CM
2	Former Boat Repair <i>5375 Labounty Road</i>	Ferndale	September-17	\$362,000	42,689	\$8.48	C3/MXD
3	Bellingham Industrial <i>4114 Marblemount Lane</i>	Bellingham	May-17	\$386,000	38,542	\$10.02	PI
4	Mount Vernon Industrial Land <i>205 W. Fir Street</i>	Mount Vernon	October-16	\$600,000	120,661	\$4.97	M1
5	Mount Vernon Site <i>319 Eleanor Lane - Lot 3</i>	Mount Vernon	December-15	\$580,000	91,912	\$6.31	C-L
6	Commercial Vacant Land <i>2419 Commercial Avenue</i>	Anacortes	August-14	\$300,000	12,000	\$25.00	CBD
7	Anacortes Manufacturing Site <i>12375 Reservation Road</i>	Anacortes	December-13	\$275,000	108,900	\$2.53	HM
Subject Property							
	<i>Alley between 2nd and 3rd St</i>	Anacortes			4,800		MS

MARKET AREA MAP



The subject is zoned MS, or Manufacturing and Shipping which involves some requirements for marine-oriented industrial use. It was necessary to expand our search criteria to include older sales, properties throughout Skagit County and parts of Whatcom County, and properties with general industrial and/or commercial zoning without the marine component. In order to analyze the comparable properties, it is necessary to fully understand the differences between zones, thus we have prepared the following matrix which identifies permitted uses under each zone.

Zoning Matrix - Permitted Uses

Anacortes Land Exchange

<u>Anacortes</u>				<u>Mount Vernon</u>		<u>Ferndale</u>	<u>Bellingham</u>
MS	CM	CBD	HM	M1	C-L	C-3/MXD	PI (10)
Manufacturing, storing and shipment of goods, research and development, offices, maritime administration, building and repair of boats and ships, boat and marine equipment sales and services, dry docks and related facilities, wharfs.	Boat moorage, marinas, ship and boat building and repair, boat and marine equipment sales and services, small scale retail shops, eating and drinking establishments, offices, boatels, hotels, motels, movie theaters.	Retail, personal service, offices, financial institutions, restaurants, bed-and-breakfasts, hotels/motels, museums and art galleries, multi-family above the first floor.	Industrial, research and development, office, repair, warehouse, processing, shipping terminal uses.	Gas stations, retail, cold storage, some retail, warehouse and distribution, restaurants, transportation system terminals, veterinary care, hazardous waste treatment.	Restaurants, retail, personal services, banks and financial institutions, hotels/motels, parking garages, research facilities, laboratories, light manufacturing, warehousing.	Restaurants, retail, personal services, automotive repair, general service, spa, eating and drinking establishments, mixed-use residential/commercial with residential on upper floors only, office, medical/dental clinics, financial institutions, research and development, hotel/motel, general retail, wholesale and grocery store.	Warehousing, wholesaling of chemicals, manufacturing of chemicals, retail sales, offices, eating and/or drinking establishments, personal services, laboratories, automotive repair, education, animal care, agricultural nurseries, animal hospitals, transportation construction.

Those zones which allow for additional commercial/retail uses and/or potential for mixed residential/commercial use will typically generate a higher premium than would general industrial or manufacturing properties, and those which are industrially-zoned with a marine-oriented use limitation. While the subject's zone does allow for a number of *conditional* commercial uses, including multifamily residential, such approval would have to be granted by the controlling jurisdiction – in this case, the City of Anacortes – and is not guaranteed. With that said, the subject property does have some commercial potential, but as a conditional use only, a knowledgeable buyer would certainly consider that a risk while considering a purchase.

Discussion of Sales

Sale 1 is located near the ferry terminal and outside of downtown Anacortes. It has sloped topography and no legal access. The property was purchased with the intent to assemble it with abutting properties. Its zone, while marine-oriented, does allow for more commercial use as compared to the subject's industrial nature. It is considered inferior overall as the lack of legal access presents a potential significant hurdle to development for the buyer. Sale 2 is a level parcel located in Ferndale which was previously improved by a shop building which burnt down. The former building was used for boat repair. The underlying zone allows for a wide variety of uses, including mixed-use residential and commercial, though the neighborhood does not appear to be transitioning in this direction at this time. Overall, it is considered slightly inferior to the subject. Sale 3 is in Bellingham which is considered to be a superior location and in an established industrial neighborhood. It is relatively similar to the subject. Sale 4 is a previously-developed site just north of downtown Mount Vernon which is located in a manufacturing zone and is considered to be slightly inferior to the subject property overall. Sale 5 is located south of downtown Mount Vernon in a zone which allows for some light manufacturing and industrial uses, as well as retail, hotels, and personal services. The neighborhood, however, has several existing manufacturing facilities, auto repair, and boat and RV sales lots. Overall, Sale 5 is considered inferior to the subject. Sale 6 is a commercially-zoned lot south of the subject along Commercial Avenue with excellent commercial exposure and an underlying zone which allows for a wide variety of uses – far superior to the subject property. Finally, Sale 8 is an older industrial sale located outside of downtown Anacortes and south of SR-20. It has significant wetlands on-site and is considered significantly inferior.

Summary and Conclusions

The subject is located in a marine-oriented zone which allows for primarily industrial and office uses. While its proximity to the waterfront might otherwise be considered a benefit, the marine-oriented use limitations and current industrial nature of the waterfront does have a significant impact on the subject property. The subject's block abuts the central business district zone which allows for a number of additional commercially-focused uses which, as evidenced by Sale 6, draw a premium over industrial land. Sales 1, 4, 5 and 7 are considered inferior to the subject, and Sale 2 only slightly inferior. Sale 3 is considered relatively similar overall, and Sale 6 is considered significantly superior. In consideration of all of the above, we conclude a value of \$10.00 per square foot for the subject property. As noted above, there are a number of conditional uses which may be allowed on the subject property, and consideration has been given to its close-in location, abutting the CBD zone. However, commercial uses are conditional only under the current zoning designation, and approval of a conditional use is not guaranteed; thus, any prospective buyer would consider this risk with any potential purchase of the subject property.

Valuation Summary

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$48,000

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None.

Hypothetical Conditions:

- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 8, 2018, have been codified.

Analysis of Recent Transactions

N/A

Analysis of Prior Appraisals

N/A

Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of nine and twelve months, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Puget Sound will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Puget Sound is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Puget Sound and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Puget Sound.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Puget Sound both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Puget Sound and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Puget Sound or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Puget Sound for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Puget Sound shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Puget Sound. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Puget Sound and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Puget Sound harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Puget Sound in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Puget Sound. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – S. Murray Brackett, MAI

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

In my opinion the market value of the subject property, as of January 22, 2019, is:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$48,000

January 22, 2019
Date of Value: _____



WA State Cert. No. 27011-1100853

Certification – Christina J. Lovell, Associate Appraiser

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
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12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
14. As of the date of this report, I have not completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

In my opinion the market value of the subject property, as of January 22, 2019, is:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$48,000



Date of Value: January 22, 2019

WA State Cert. No. 27011-1001951

Addenda

Comparable Data

Statement of Purpose

Manufacturing and Shipping Zoning Information

Glossary

Qualifications

- S. Murray Brackett, MAI
- Christina Lovell, Associate Appraiser

Information on Valbridge Property Advisors

Office Locations

Comparable Data

LAND SALE NO. 1



Ferry Terminal Road



Plat Map

Property Identification

Property ID	10624205
Property Type	Commercial Land
Property Name	Unimproved Land
Address	NHN Ferry Terminal Road
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	East side of Ferry Terminal Road (State Route 20 spur), north of Y from mainline.
Section, Township, Range	22 35 1E
Tax ID	P58127
Latitude and Longitude	48.500985 -122.678245

Sale Data

Seller	Jack H. Hinshaw, Margery G. Hinshaw, Catherine R. Hinshaw, Carolyn L. Hinshaw, David H. Hinshaw
Buyer	B & R Investment Group, LLC
Sale Date	02-11-2018
Sale Price	\$20,000
Analysis Price	\$20,000
Deed Type	Statutory Warranty Deed
Reference No.	20180216-0123
Property Rights Transferred	Fee Simple
Market Time	120
Financing	Cash sale
Verified By	Kelly Hao
Verification With	Robert Hyde, Windermere RE Anacortes
Verification Date	08-31-2018

Land Data

Land Size	0.10659 acres or 4,643 SF
Topography	Sloped
Front Footage	Ferry Terminal Road
Utilities	All available
Access	No legal access
In Flood Plain?	No
Zoning Code	Commercial Marine Marine Related Commercial Use
Site Description	All utilities available. Steeply sloping brush and lightly treed, triangular-shaped site with no access.

Indicators

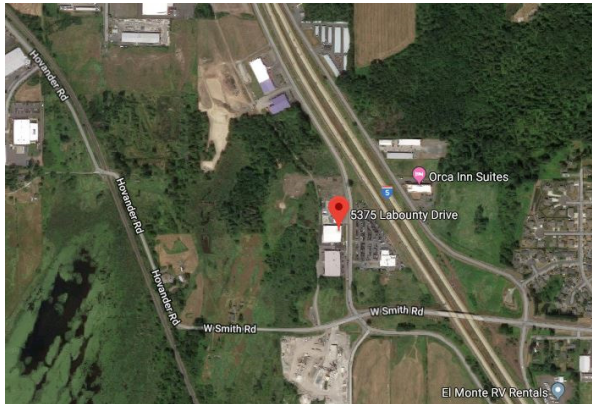
Analysis Price/Gross Acre	\$187,635 per Acre
Analysis Price/Gross SF	\$4.31 per SF

Property Remarks

Steeply sloping brush and lightly treed, triangular-shaped site with no access. According to the broker, the buyer was a developer who plans on trying to purchase adjacent parcels for both access and future commercial use. May do a coffee stand to begin; however, cannot have access along Ferry Terminal Road frontage.

Comp ID No. 10624205

LAND SALE NO. 2



Property Identification

Property ID	10812013
Property Type	Land
Property Name	Unimproved Land
Address	5375 Labounty Road
City, State Zip	Ferndale, Washington 98248
County	Whatcom
Tax ID	390228117082
Latitude and Longitude	48.835879 -122.568726

Sale Data

Seller	Timothy Furre
Buyer	Cougar Mountain Real Estate Company
Sale Date	09-12-2017
Sale Price	\$362,000
Analysis Price	\$362,000
Deed Type	Statutory Warranty Deed
Reference No.	2017091750
Property Rights Transferred	Fee Simple
Verified By	Christina Lovell
Verification With	Jim Sands
Verification Date	02-15-2019

Land Data

Land Size	0.98001 acres or 42,689 SF
Utilities	Access to all public utilities
Zoning Code	C3/MXD

Indicators

Analysis Price/Gross Acre	\$369,384 per Acre
Analysis Price/Gross SF	\$8.48 per SF

Property Remarks

This is the sale of a previously developed site. The former improvements were destroyed in a fire. The property sold previously in 2016 for \$295,000, and the buyer in that transaction cleaned up the property and intended to develop it. In 2017 that owner chose not to develop and re-sold it for \$362,000, or \$8.48 per square foot. The underlying zone allows for mixed-use development; however, it is an existing industrial neighborhood and does not appear to be transitioning that way at this time.

Comp ID No. 10812013

LAND SALE NO. 3



Property Identification

Property ID	10624226
Property Type	Industrial Land
Property Name	Industrial Zoned Site
Address	4114 Marblemount Lane
City, State Zip	Bellingham, Washington 98226
County	Whatcom
Tax ID	380309047040
Latitude and Longitude	48.790477 -122.440676

Sale Data

Seller	John and Lori Walton
Buyer	Walker Property LLC
Sale Date	05-30-2017
Sale Price	\$386,000
Analysis Price	\$386,000
Deed Type	Statutory Warranty Deed
Reference No.	2017-0503815
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Mary Hamel
Verification With	Ken Reinschmidt
Verification Date	09-02-2018

Land Data

Land Size	0.88000 acres or 38,333 SF
Topography	Level
Front Footage	157.00 Marblemount Lane
Depth (Feet)	260.00
Shape	Rectangular
Access	Good
In Flood Plain?	No



Indicators

Analysis Price/Front Foot	\$2,458.60
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This is a 2017 sale of a industrial zoned lot located in the Walton Industrial park. Other business in the park include the Back of the Pacific Headquarters, Northwest Energy, Bellingham Auto and a multi-tenant office building. The property has all public utilities located in its fronting street.

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LAND SALE NO. 4



Property Identification

Property ID	10619257
Property Type	Industrial Land
Property Name	Industrial Redevelopment Site
Address	205 W. Fir Street
City, State Zip	Mount Vernon, Washington 98273
County	Skagit
Location Description	East of I-5, slightly north of downtown and riverwalk area
Tax ID	26114, 26132, 26134, 26161
Latitude and Longitude	48.428758 -122.337372

Sale Data

Seller	Skagit Farmer's Supply
Buyer	Waheguru Holdings
Sale Date	10-27-2016
Sale Price	\$600,000
Analysis Price	\$600,000
Deed Type	Statutory Warranty Deed
Reference No.	201611040105
Property Rights Transferred	Unknown
Verified By	D. Quinn
Verification With	Broker, Learned
Verification Date	09-13-2016

Sale Remarks

This is the sale of a 2.77-acre industrial site located just north of downtown Mount Vernon. It is comprised of 4 parcels, with the rail corridor forming the eastern boundary. The Skagit River is located roughly 800' to the west, with Interstate 5 intervening. The site was previously improved with older shell warehouse structures.

Land Data

Land Size	2.77000 acres or 120,661 SF
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Topography	Mostly level
Front Footage	225.00 W Fir Street
Depth (Feet)	725.00
Utilities	previously developed site
Shape	Irregular
Access	direct
In Flood Plain?	530158-0001 B
Zoning Code	M1 Manufacturing 1

Indicators

Analysis Price/Gross Acre	\$216,606 per Acre
Analysis Price/Gross SF	\$4.97 per SF
Analysis Price/Front Foot	\$2,666.67

Property Remarks

The property consists of 4 parcels of industrial land totaling 2.77 acres. Existing improvements in the form of shell warehouses, do not contribute to value, according to the Broker.

Comp ID No. 10619257

LAND SALE NO. 5



Property Identification

Property ID	10619270
Property Type	Land
Property Name	Industrial Building Site
Address	319 Eleanor Lane - Lot 3
City, State Zip	Mount Vernon, Washington 98273
County	Skagit
Tax ID	P124755
Latitude and Longitude	48.388441 -122.334428

Sale Data

Seller	REO Family Properties LLC
Buyer	HP Mobile Wash, Inc.
Sale Date	12-31-2015
Sale Price	\$580,000
Analysis Price	\$580,000
Deed Type	Warranty Deed
Reference No.	201512310059
Property Rights Transferred	Fee Simple
Market Time	559
Conditions of Sale	Arm's Length
Verified By	D. Quinn
Verification With	Broker, Axthelm
Verification Date	09-15-2016

Sale Remarks

This is the 2015 year end sale of a 2.11-acre parcel of land located in south Mount Vernon. It is zoned Commercial/Light Industrial and sold for \$580,000 or \$6.32 per square foot of land. The purchaser utilized commercial financing and has subsequently constructed a car wash facility.

Land Data

Land Size	2.11000 acres or 91,912 SF
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Topography	Level
Front Footage	230.00
Depth (Feet)	407.00
Utilities	all available in street
Shape	Rectangular
Access	Average
In Flood Plain?	100-year floodplain with shallow flooding of 1-3 feet 530151 0425 C
Zoning Code	C-L Commercial Light Industrial

Indicators

Analysis Price/Gross Acre	\$274,882 per Acre
Analysis Price/Gross SF	\$6.31 per SF
Analysis Price/Front Foot	\$2,521.74

Property Remarks

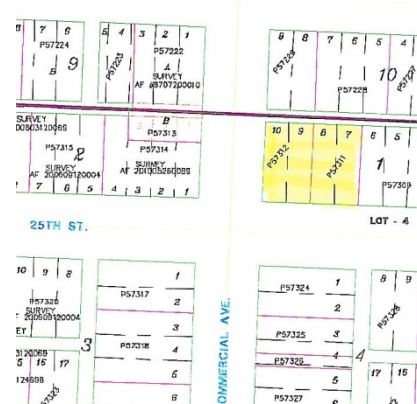
Flat site in newer light industrial park, with good access to Interstate 5, in south Mount Vernon. The Broker indicated the site would need fill, but was otherwise all usable. All utilities were available in the fronting street, including storm sewer system.

Comp ID No. 10619270

LAND SALE NO. 6



sale 3



plat 3

Property Identification

Property ID	10616695
Property Type	Commercial Land
Property Name	Vacant land
Address	2419 Commercial Avenue
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	Northeast corner of Commercial Avenue and 25th Street.
Tax ID	P57311, P57312
Latitude and Longitude	48.502316 -122.612449

Sale Data

Seller	Olav Edvardsen Trust
Buyer	Joey and Holly Goss
Sale Date	08-06-2014
Sale Price	\$300,000
Analysis Price	\$300,000
Deed Type	Statutory Warranty Deed
Property Rights Transferred	Fee Simple
Market Time	605
Verified By	Jim Dodge
Verification With	John Prosser, agent
Verification Date	05-21-2015

Sale Remarks

Assemblage from two separate owners at \$150,000 each. Second seller is Samuel Humble as trustee of Virginia Humble Trust (Lots 7 & 8), \$150,000, A.F. #201408110078.

Land Data

Land Size	0.27548 acres or 12,000 SF
Topography	Mostly level
Front Footage	100.00 100' on Commercial Avenue

Utilities	All available
Shape	Mostly Rectangular
Access	Public streets
In Flood Plain?	No
Zoning Code	commercial
Site Description	A strip retail building is under construction.

Indicators

Analysis Price/Gross Acre	\$1,089,000 per Acre
Analysis Price/Gross SF	\$25.00 per SF
Analysis Price/Front Foot	\$3,000.00

Property Remarks

Level corner tract with good frontage and visibility on primary arterial. A small strip retail building is under construction as of April 2015.

Comp ID No. 10616695

LAND SALE NO. 7



Property Identification

Property ID	10615440
Property Type	Commercial Land
Property Name	Skagit County Commercial Land
Address	12375 Reservation Road
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	Intersection of SR 20 & Reservations Road
Section, Township, Range	03-34-02
Tax ID	P19726, P19704
Latitude and Longitude	48.463782 -122.542357

Sale Data

Seller	Jean Harlow
Buyer	Christopher M. Lawrence
Sale Date	12-27-2013
Sale Price	\$275,000
Analysis Price	\$275,000
Deed Type	Warranty Deed
Reference No.	201312270043
Property Rights Transferred	Fee Simple
Market Time	2143
Financing	Cash to seller
Verified By	M. Brackett
Verification With	Broker, L. Edgeman
Verification Date	06-23-2014

Land Data

Land Size	5.91000 acres or 257,440 SF
Front Footage	400.00 Reservation Road
Utilities	power; city water and sewer available
Shape	Irregular

Access	Direct
In Flood Plain?	No
Zoning Code	MH Manufacturing
Site Description	Initial reconnaissance by the buyer indicated roughly 2.5 acres of usable land, which was the basis of the purchase price. Subsequent wetland study resulted in a reduced usable area of 1.7 acres
Encumbrances Description	Typical utility and 10,000 sf billboard easement

Indicators

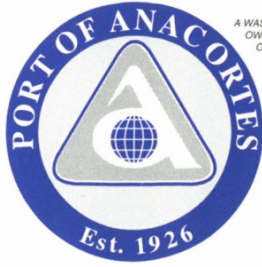
Analysis Price/Gross Acre	\$46,531 per Acre
Analysis Price/Gross SF	\$1.07 per SF
Analysis Price/Front Foot	\$687.50

Property Remarks

This is the December 2013 sale of 5.91 acres of commercial land located at the intersection of State Route 20 and Reservation Road, in Anacortes, WA. The property had been on the market for over 4 years. The broker indicated substantial wetlands were on the site, but not delineated prior to the sale. The broker noted that the buyer estimated roughly 2.5 acres of usable land. No fill was to be required for development, but subsequent wetland studies yielded just 1.7 acres of usable land. The sale sold for \$275,000 cash, with no conditions or concessions.

Comp ID No. 10615440

Statement of Purpose



A WASHINGTON PUBLIC PORT
OWNED BY THE RESIDENTS
OF THE LOCAL COMMUNITY

100 COMMERCIAL AVENUE • ANACORTES, WA 98221 USA
(360) 293-3134 • FAX (360) 293-9608 • WWW.PORTOFANACORTES.COM

Statement of Purpose: Right of Way Vacation

The Port of Anacortes is the owner of the 200 Block, otherwise known as Block 31, Map of the City of Anacortes, having obtained it in 2015 from the Demopoulos family for support of the Marine Terminal as indicated in the Port's Comprehensive Plan. The Port seeks to vacate the alley right-of-way in this block to create one contiguous parcel. This will better position the Port for future development of the block and serve our Mission of fostering economic development.

The Port recognizes that development of workforce housing is an important component of economic development within the Port District. In accordance with RCW 53.08.090, the Port Commission held a public hearing on December 3, 2018, and deleted the Olson Building and Adjacent Lot from its Comprehensive Plan. The Commission then declared the Olson Property and Adjacent Lot as surplus and, as such, available for sale or conveyance. The Anacortes Housing Authority expressed its desire to obtain the Olson Property and Adjacent Lot to fulfill its mission of workforce housing.

The Port, as a public entity will receive fair value in transferring the Olson Building and the property on which it is located to the Anacortes Housing Authority by allowing for the most cost effective and efficient rehabilitation or reconstruction of the Olson Building and providing for a transfer of liability arising from the condition of the Olson Building. As the Adjacent Lot has value separate from the Olson Building, the Port as a public entity would need to receive fair value for that Lot. The City expressed a desire to obtain the Adjacent Lot in support of the Anacortes Housing Authority.

The Port and the Anacortes Housing Authority have executed a Purchase and Sale Agreement for the Olson Building and the property on which it is located, comprising Lots 19 and 20 of Block 31. Under the current proposal, in lieu of payment to the City for vacating the 4,800 sf alley right-of-way, the Port would convey Lot 18, a 3,000 sf parcel of land behind the Olson building, to the City for affordable housing. The City would then convey that property to the Anacortes Housing Authority. This series of agreements will meet the requirements of providing all parties with "true and fair value" as that term is defined in RCW 43.09.210, relevant case law, and attorney general opinion, by allowing for the best possible and most efficient use of the property for workforce housing.

The vacation of the alley will better serve the public by providing the opportunity for that property's use in economic development, a greater use than presently exists, as well as making possible the transfer of the Adjacent Lot, Lot 18, to the City in support of workforce housing. The development of the alley property in the 200 Block for industry will bring additional jobs and commerce to Anacortes. The alley has been unused throughout its history and has never served as a point of public use or access, making the change of the property for economic development a higher and better use. In addition to the alley being unused, there is an existing business, The Bike Spot, currently occupying the alley where it fronts Commercial Avenue. Vacation of the alley allows this active business to continue in its location without issue.

The Port appreciates the cooperation of the City and the Anacortes Housing Authority in working together to obtain objectives that benefit our community and appreciates the opportunity to further address and provide background to our petition to vacate the alley in the 200 Block with this Statement of Purpose.

Manufacturing and Shipping Zoning Information

Chapter 17.17

MANUFACTURING AND SHIPPING DISTRICT (MS)

Sections:

- 17.17.010 Purpose.**
- 17.17.020 Permitted uses.**
- 17.17.030 Permitted accessory uses.**
- 17.17.040 Conditional uses.**
- 17.17.050 Minimum lot size.**
- 17.17.060 Minimum setback requirements.**
- 17.17.070 Maximum density.**
- 17.17.080 Maximum land coverage.**
- 17.17.090 Maximum building height.**
- 17.17.100 Off-street parking and landscaping requirements.**
- 17.17.110 Basic design standards.**

17.17.010 Purpose.

The manufacturing and shipping district (MS) is primarily intended to accommodate manufacturing and shipping uses that can utilize the deep waters of the Guemes Channel. Secondly, the MS district provides for uses supplementary to and compatible with the primary uses. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.020 Permitted uses.

Manufacturing, storing, and shipment of goods, research and development, offices, maritime administration and public meeting space, building and repair of boats and ships, boat and marine equipment sales and services, public parks, piers, wharfs, dry docks and related facilities, commercial parking, private parking, and public parking. (Ord. 2812 § 1 (Att. A), 2010; Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.030 Permitted accessory uses.

Caretaker or security residences serving a permitted use; cafeteria; uses customarily incidental to the permitted principal use; and accessory retail sales. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.040 Conditional uses.

Neighborhood grocery stores; restaurants; public and private recreational facilities; marinas together with related uses such as boat sales and small-scale retail sales and specialty shops; and land coverage in excess of the specified maximum. Any building with more than two hundred thousand square feet of total floor space, otherwise permitted in the underlying zone. (Ord. 2917 § 4, 2013; Ord. 2794 § 1 (Att. A), 2008; Ord. 2706 § 2, 2005; Ord. 2521 Att. A § 3, 2000)

17.17.050 Minimum lot size.

No minimum. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.060 Minimum setback requirements.

The minimum setback requirements of the manufacturing and shipping district are:

- A. No building or other structure other than a fence shall be built closer than ten feet from the street right-of-way lines.
- B. No building or structure, other than a fence, shall be closer than ten feet from adjacent property lines. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.070 Maximum density.

No maximum. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.080 Maximum land coverage.

The maximum coverage of a lot by buildings is sixty percent, except that ship and boat building and repair may be up to seventy-five percent. The city may consider and approve lot coverage in excess of these percentages through the conditional use process. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.090 Maximum building height.

Maximum building height is to be fifty feet. Temporary equipment used in the primary permitted use and not constituting a building or permanent enclosure, such as cranes or scaffolding, may exceed this maximum height. The administrator may authorize construction of fabric enclosures or temporary structures to contain particulates or shelter a vessel under construction which exceed fifty feet in height, provided that the permit is for a specified

length of time for a specific project, and they are taken down at the conclusion of the specific work for which they were erected. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.100 Off-street parking and landscaping requirements.

Off-street parking shall be provided in the manufacturing and shipping district with a minimum of one parking space for each one and one-half employees on the largest shift, and in accordance with specifications in Chapter [17.46](#), Parking. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.110 Basic design standards.

The following requirements shall apply to a building or complex of buildings exceeding fifty thousand square feet in gross floor area, because of the potential for a large structure to overwhelm and dominate this section of the city, to the detriment of existing uses and smaller businesses:

- A. To visually modulate the vast expanses of parking required for a large building, an added two percent of the parking lot areas shall be developed in landscaping, in addition to the basic parking lot landscaping requirement for this zone. The landscaping plan for the project must be approved by the planning commission.
- B. Parking shall be broken into several smaller parking lots, and buildings shall have entrances on more than one side, to reduce walking distances and to reduce the apparent expanse of the parking lots.
- C. To visually modulate the greater size of the building, all sides of the building shall either meet the building standards for being within twenty feet of a pedestrian area or shall be partially screened by landscaped areas not less than five feet in width, with at least one tree for each thirty feet of facade length. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2592 Att. A § 12, 2002)

The Anacortes Municipal Code is current through Ordinance 3028, passed September 24, 2018.

Disclaimer: The city attorney's office has the official version of the Anacortes Municipal Code. Users should contact the city attorney's office for ordinances passed subsequent to the ordinance cited here.

City Website: www.cityofanacortes.org

City Telephone: (360) 293-1900

[Code Publishing Company](#)

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A

conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market.

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's

operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely

to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or

creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)



Qualifications

ANACORTES LAND EXCHANGE ALLEY VACATION
ADDENDA

Qualifications of S. Murray Brackett, MAI

Senior Managing Director

Valbridge Property Advisors | Puget Sound

Education

Bachelor of Arts in Business Administration, Western Washington University, 1985, with an emphasis on real estate.

Professional Education

Appraisal Courses: All appraisal courses required for MAI designation.

Seminars and Continuing Education (abbreviated summary of coursework):

- Easement Valuation
- UASFLA Seminar (Yellow Book)
- Real Estate Law
- Appraising From Blueprints
- Complexities of Predevelopment Land
- The Appraiser as Expert Witness
- Litigation Skills for the Appraiser
- The New Frontier of Takings Law
- Partial Acquisitions Workshop
- Condemnation Appraisal & Mock Trial
- Conservation Easement Appraisal - Certificate Course

Professional Affiliation

Member, Appraisal Institute. Received MAI Designation May 2, 1997 (Member No. 11,258)

Past President (2003), Seattle Chapter of the Appraisal Institute

Member, International Right-of-Way Association

Associate Member, Washington Airport Manager's Association

Appraisal Experience

Senior Managing Director and Principal with *Valbridge Property Advisors|Puget Sound*. Responsibilities include the full range of residential, retail, commercial and industrial real estate valuation. Retail experience includes the full range of properties from single sites to large neighborhood retail complexes. Office and Industrial properties exceeding 100,000 square feet have been prepared for various purposes. Appraisals have been prepared on such diverse properties such as airport-related facilities, park lands, subdivisions and golf courses, as well as traditional commercial and industrial improved property. Improved and Unimproved valuations have been performed for acquisitions in fee, leased fee and leasehold interests, partial takings, and various partial interests including the following: conservation easements, utility easements, subsurface easements, air-rights/aviation easements, and minority interests. Numerous Appraisals have been prepared for use in litigation, including eminent domain dispute resolution, condemnation and inverse condemnations. UASFLA-compliant Appraisals have been prepared for a wide variety of agencies on a wide range of property types.

S. MURRAY BRACKETT, MAI (cont.)

Qualified as an expert witness in King, Kitsap and Pierce County Superior Courts, US District Court, and Federal Bankruptcy Court. Geographic experience includes assignments in Washington, California, Oregon, Idaho, Nebraska, Iowa, Kansas, South Dakota, Alaska, and British Columbia.

Other Experience

Instructor: Instructor, Income Property Appraisal, Lk Wa. Voc-Tec.
Qualified Level 3 Facilitator, IRWA

Presentations: October 2003 - WPMA Conference – “The Valuation of Non-Water Dependent Properties.”

September, 2009 - Valuation of Airport Properties, WAMA

December 9, 2010 - AI-Seattle Fall R.E. Conference – Panelist/presenter for Appraisal Issues relating to Partial Acquisitions in Eminent Domain cases.

Representative Client ListCities/Counties

Cities of Bellevue, Burien, Kirkland, Seattle, Kent, Everett, Renton, Auburn, Arlington, Anacortes, Tacoma, Mount Vernon, North Bend, Snoqualmie, Lake Forest Park, Kenmore, Bothell, Lynnwood, Port Angeles, Maple Valley, Puyallup, Woodinville and SeaTac. Counties of King, Snohomish, Pierce, Kitsap, Thurston, and Skagit.

Government

Ports of Seattle, Everett, Olympia, Grays Harbor, Bremerton, Port Angeles, and Friday Harbor. Washington State Parks, WSDOT (Approved Appraiser List), DNR, Federal Aviation Administration, Internal Revenue Service, King County DNR, GSA, U.S. Navy, San Juan County Land Bank, Northshore School District, Snohomish School District, Sound Transit, USACE.

Financial Institutions

Bank of America, U.S. Bancorp, Key Bank, Wells Fargo Trust, Commerce Bank, Homestreet Bank, Umpqua (Banner) Bank, Charter Bank, Union Bank.

Airports

Sea-Tac International Airport, Renton Municipal, Auburn Municipal, Snohomish County Airport (Paine Field), Arlington Municipal, Bellingham International, Olympia Airport, William Fairchild (Port Angeles), Spokane Int'l, Centralia/Chehalis, Bremerton National, Pullman Airport, and Friday Harbor Airport.

Corporations and Non Profits

Weyerhaeuser Company, WRECO, Tramco, Plum Creek, McDonalds Corporation, Gull Industries, Puget Sound Energy, Development Services of America (DSA), FSA, Winmar Company, Jr. Achievement, Lowe Enterprises, PACCAR, Inc., The Trust for Public Land, Cascade Land Conservancy, Fletcher General Construction, Manke Lumber Company, Simpson Timber Company, New Ventures Group, OTAK, American Forest Resources, HDR, Inc., Hancock Natural Resources Group, Sierra Pacific Industries, Quadrant, Port Blakely Communities, Lowe Enterprises, Parsons Brinckerhoff, CH2M-Hill.

S. MURRAY BRACKETT, MAI (cont.)Attorneys

Hillis, Clark, Martin & Peterson; Kenyon Disend; Perkins Coie; Tousley Brain; Inslee Best; Graham and Dunn; Chmelik, Sitkin & Davis; Foster Pepper; Short Cressman; Davis Wright & Tremaine; Betts Patterson; Karr Tuttle Campbell; Anderson Hunter; Riddell Williams; Williams Kastner; Krutch Lindell; Curran Mendoza; Williams and Williams; and King County Prosecuting Attorney.

State Certification Number - General: 27011-1100853 **Expiration:** 11/21/19

(Revised 11/21/17)

Qualifications of Christina J. Lovell

Associate Appraiser

Valbridge Property Advisors | Puget Sound

Experience

Christina has been involved in various facets of the real estate industry for nearly 15 years, with experience as a Commercial Real Estate Paralegal and Transaction Manager for a large, national law firm, a Right-of-Way Agent for an electric and gas utility company, and appraisal work as an Accredited Real Property Appraiser for the Clallam County Assessor's Office, and an Associate for a small residential firm. Appraisal assignments have included work on commercial and industrial properties, conservation easements, and right-of-way projects in King, Snohomish, Skagit, Okanogan, and Kittitas Counties.

Education

Marylhurst University, Marylhurst, Oregon:

Bachelor of Science

Business Management with a focus in Real Estate and Finance

Edmonds Community College, Lynnwood, Washington:

Associate of Technical Arts

Paralegal Studies

Appraisal Institute:

Basic Appraisal Principles	General Appraiser Income Approach, I
Basic Appraisal Procedures	General Appraiser Income Approach, II
USPAP	Market Analysis and Highest and Best Use

International Right-of-Way Association:

Principles of Land Acquisition

Organizations:

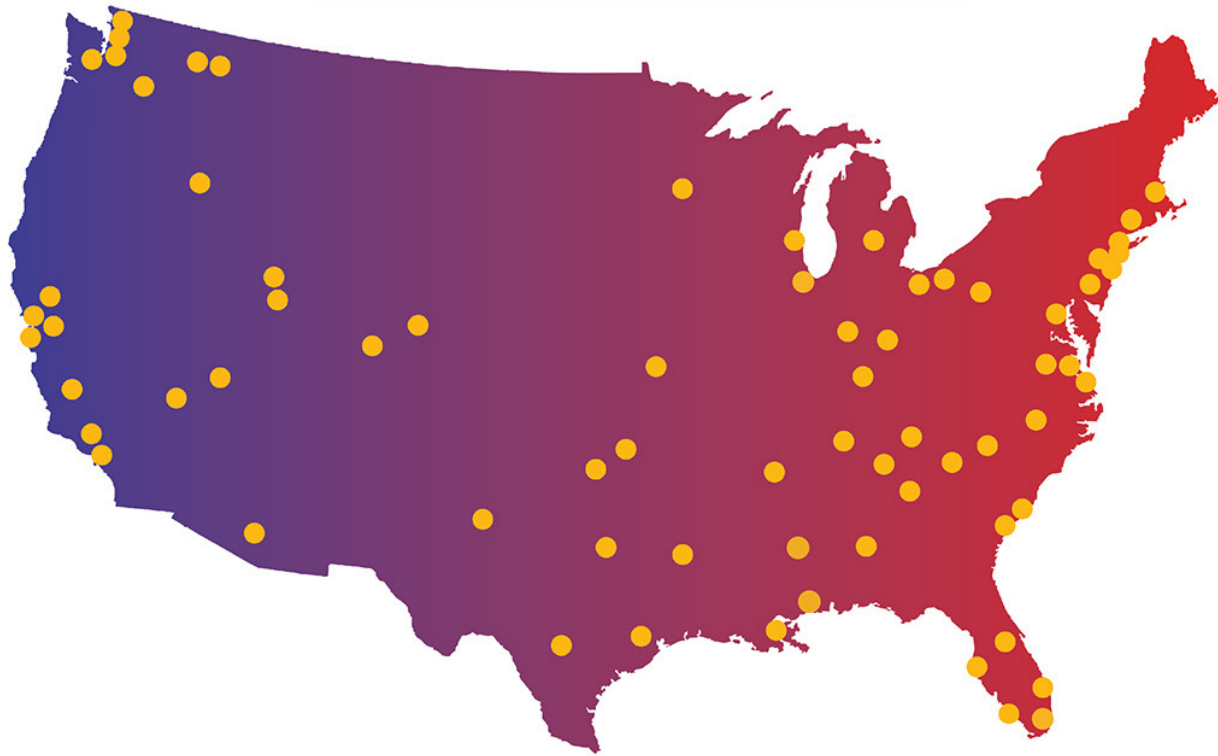
Appraisal Institute: Practicing Affiliate

State Registered Real Estate Appraiser Trainee: 1001951

Expiration: 04/18/20



Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (70+ across U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

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Modesto, CA 95355
209.569.0450

99 S. Lake Avenue
Suite 21
Pasadena, CA 91101
626.744.0428

3353 Bradshaw Road
Suite 213
Sacramento, CA 95827
916.361.2509

55 South Market Street
Suite 1210
San Jose, CA 95113
408.279.1520

3160 Crow Canyon Place
Suite 245
San Ramon, CA 94583
925.327.1660

COLORADO

7445 E. Peakview Avenue
Centennial, CO 80111
303.443.9600

5345 Arapahoe Avenue
Suite 7
Boulder, CO 80303
303.443.9600

23272 Two Rivers Road
Unit 101
Basalt, CO 81621
970.340.1016

1099 Main Avenue
Suite 311
Durango, CO 81301
970.340.1016

CONNECTICUT

15 Concord Street
Glastonbury, CT 06033
860.246.4606

17 Covewood Drive
Norwalk, CT 06853
203.286.6520

FLORIDA

2240 Venetian Court
Naples, FL 34109
239.514.4646

301 Almeria Avenue,
Suite 350
Coral Gables, FL 33134
305.639.8029

603 Hillcrest Street
Orlando, FL 32803
407.839.3626

2711 Poinsettia Avenue
West Palm Beach, FL 33407
561.833.5331

GEORGIA

2675 Paces Ferry Road
Suite 145
Atlanta, GA 30339
678.644.4853

IDAHO

1459 Tyrell Lane
Suite B
Boise, ID 83706
208.336.1097

1875 N. Lakewood Drive
Suite 100
Coeur d'Alene, ID 83814
208.292.2965

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566 W. Lake Street
Suite 240
Chicago, IL 60661
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Indianapolis, IN 46204
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913.451.1451

KENTUCKY

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Louisville, KY 40222
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Marriottsville, MD 21104
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260 Bear Hill Road
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781.790.5645

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Suite 301
Detroit, MI 48226
313.986.3313.

2127 University Park Drive
Suite 390
Okemos, MI 48864
517.336.0001

MINNESOTA

222 South 9th Street
Suite 825
Minneapolis, MN 55402
612.253.0650

275 East 4th Street,
Suite 325
St. Paul, MN 55101
651.983.2408

MISSISSIPPI

1010 Ford Street
Gulfport, MS 39507
228.604.1900

737 Highway 51
Suite 1C
Madison, MS 39110
601.853.0736

MISSOURI

10990 Quivira Road
Suite 100
Overland Park, KS 66210
913.451.1451

NEVADA

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Suite 100
Las Vegas, NV 89117
702.242.9369

NEW JERSEY

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Morris Plains, NJ 07950
973.970.9333

3500 Route 9 South, Suite 202
Howell, NJ 07731
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513.785.0820

1422 Euclid Avenue
Suite 616
Cleveland, OH 44115
216.367.9690

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5909 NW Expressway
Suite 104
Oklahoma City, OK 73132
405.603.1553

6666 South Sheridan Road
Suite 104
Tulsa, OK 74133
918.712.9992

PENNSYLVANIA

150 S. Warner Road
Suite 440
King of Prussia, PA 19406
215.545.1900

4701 Baptist Road
Suite 304
Pittsburgh, PA 15227
412.881.6080

SOUTH CAROLINA

11 Cleveland Court
Greenville, SC 29607
864.233.6277

920 Bay Street
Suite 26
Beaufort, SC 29902
843.342.2302

1250 Fairmont Avenue
Mt. Pleasant, SC 29464
843.881.1266

TENNESSEE

112 Westwood Place
Suite 300
Brentwood, TN 37027
615.369.0670

701 Broad Street
Suite 209
Chattanooga, TN 37402
423.285.8435

213 Fox Road
Knoxville, TN 37922
865.522.2424

756 Ridge Lake Blvd
Suite 225
Memphis, TN 38120
901.753.6977

TEXAS

High Point Center
12225 Greenville Avenue
Suite 490
Dallas, TX 75243
214.446.1611

974 Campbell Road
Suite 204
Houston, TX 77024
713.467.5858

2731 81st Street
Lubbock, TX 79423
806.744.1188

TEXAS (Cont'd)

9901 IH-10 West
Suite 1035
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Suite 301
Pleasant Grove, UT 84062
801.492.9328

1100 East 6600 South
Suite 201
Salt Lake City, UT 84121
801.262.3388

20 North Main
Suite 304
St. George, UT 84770
435.773.6300

VIRGINIA

656 Independence Parkway
Suite 220
Chesapeake, VA 23320
757.410.1222

4914 Fitzhugh Avenue
Suite 102
Richmond, VA 23230
804.672.4473

5107 Center Street
Unit 2B
Williamsburg, VA 23188
757.345.0010

WASHINGTON

18728 Bothell Way, NE
Suite B
Bothell, WA 98011
425.450.0040

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Suite 100
Everett, WA 98201
425.258.2611

419 Berkeley Avenue
Suite A
Fircrest, WA 98466
253.274.0099

8378 W. Grandridge Boulevard
Suite 110-D
Kennewick, WA 99336
509.221.1540

506 Second Avenue
Suite 1001
Seattle, WA 98104
206.209.3016

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Brookfield, WI 53005
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CORPORATE OFFICE

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valbridge.com



Valbridge
PROPERTY ADVISORS

Appraisal Report

Anacortes Land Exchange Lot 18
Lot 18 3rd Street
Anacortes, Skagit County, Washington 98221

Report Date: February 18, 2019



FOR:

Port of Anacortes
Ms. Brenda Treadwell
Director of Planning, Properties and Environmental
100 Commercial Avenue
Anacortes, WA 98221

Valbridge Property Advisors | Puget Sound

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Valbridge File Number:
19-0017-001



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February 18, 2019

S. Murray Brackett, MAI
Senior Managing Director
mbrackett@valbridge.com

Christina J. Lovell
Associate Appraiser
clovell@valbridge.com

Ms. Brenda Treadwell
Director of Planning, Properties and Environmental
Port of Anacortes
100 Commercial Avenue
Anacortes, WA 98221

RE: Appraisal Report
Anacortes Land Exchange Lot 18
Lot 18 3rd Street
Anacortes, Skagit County, Washington 98221

Dear Ms. Treadwell:

In accordance with your request, we have performed an appraisal of the property referenced above. This appraisal report sets forth the pertinent data gathered, the techniques employed, and the reasoning leading to our value opinions. This letter of transmittal is not valid if separated from the appraisal report.

The subject property, as referenced above, is located on 3rd Street in Anacortes, WA, and is further identified as a portion of Assessor's Parcel Number (APN) P55040.

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute; and the requirements of our client as we understand them.

The client in this assignment is Port of Anacortes and the intended users of this report are the Port of Anacortes, the City of Anacortes and no others. The sole intended use is to assist the client by providing an opinion of market value for the subject property in connection with a proposed land exchange between the client and the City. The value opinions reported herein are subject to the definitions, assumptions, limiting conditions, and certifications contained in this report.

The findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results:

Extraordinary Assumptions:

- None.

Hypothetical Conditions:

- The subject property is currently a portion of a larger tax lot (P55040) which includes Lots 19 and 20 and the improvements thereon. At the request of the client, the opinion of market value provided in this report is based upon the hypothetical condition that the subject property is an individual, saleable tax lot – separate from improved lots 19 and 20.
- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 18, 2018, have been codified.

Based on the analysis contained in the following report, our value conclusions are summarized as follows:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$30,000

Respectfully submitted,
Valbridge Property Advisors | Puget Sound



S. Murray Brackett, MAI
Senior Managing Director
Washington License #27011-1100853
11/22/2019



Christina J. Lovell, Associate
Washington License #27011-1001951
04/18/2020

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Summary of Salient Facts

Summary of Salient Facts

Property Identification

Property Name	Anacortes Land Exchange Lot 18
Property Address	Lot 18 3rd Street
	Anacortes, Skagit County, Washington 98221
Tax Parcel Number	Ptn: 55040
Property Owner	City of Anacortes

Site

Zoning	Manufacturing and Shipping (MS)
Primary Land Area (sf)	3,000 sf
Primary Land Area (ac)	0.069 acres

Valuation Opinions

Highest & Best Use - As Vacant	Assemblage with Abutting Ownerships
--------------------------------	-------------------------------------

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$30,000

Aerial and Front Views

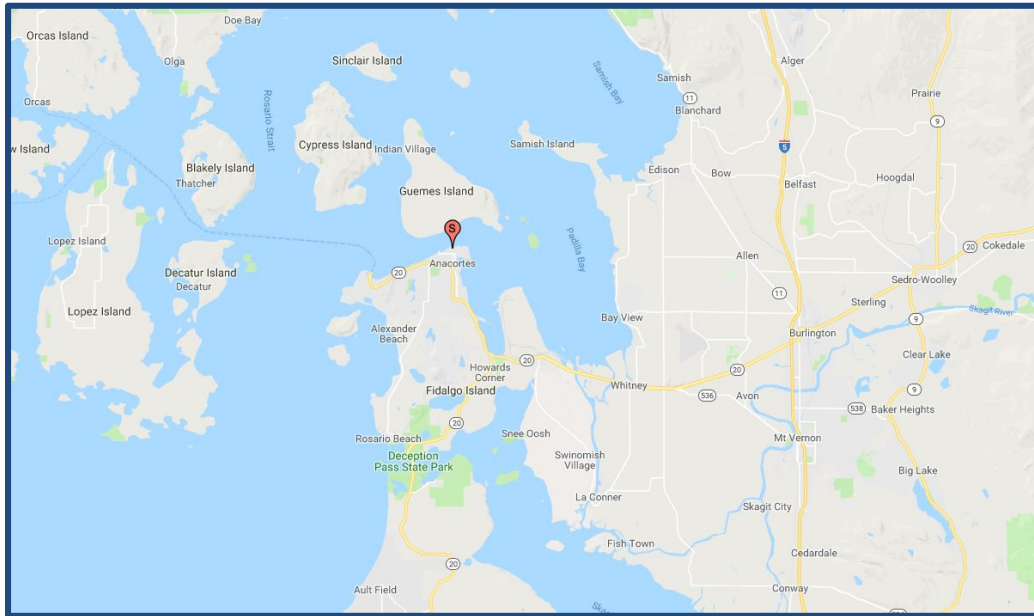
AERIAL VIEW



FRONT VIEW



Location Map



Introduction

Client and Intended Users of the Appraisal

The client in this assignment is Port of Anacortes and the sole intended users of this report are the Client and the City of Anacortes. Under no circumstances shall any of the following parties be entitled to use or rely on the appraisal or this appraisal report:

- i. The borrower(s) on any loans or financing relating to or secured by the subject property,
- ii. Any guarantor(s) of such loans or financing; or
- iii. Principals, shareholders, investors, members or partners in such borrower(s) or guarantors.

Intended Use of the Appraisal

The sole intended use of this report is to assist the client by providing an opinion of market value for the subject property in connection with a proposed land exchange between the client and the City.

Real Estate Identification

The subject property located on 3rd Street between O Avenue to the west and Commercial Avenue to the east in Anacortes, Skagit County, Washington. The subject property is further identified by exhibits and mapping contained in this report.

Legal Description

We have not been provided with a title report for the subject property; however, according to assessor information, the subject's legal description is: Lot 18 Block 31, "Map of the City of Anacortes," as per Plat recorded in Volume 2 of Plats, Pages 4-7, records of Skagit County, Washington.

Use of Real Estate as of the Effective Date of Value

As of the effective date of value, the subject is undeveloped land.

Use of Real Estate as Reflected in this Appraisal

The opinion of value for the subject as is reflects use as vacant land.

Ownership of the Property

We have not been provided a title report for the subject property. According to Skagit County Assessor's information, the subject property is owned by the Port of Anacortes.

History of the Property

The subject was purchased by the Port of Anacortes on November 25, 2014 from TS Anacortes Enterprises LLC according to the Statutory Warranty Deed dated November 25, 2014 and recorded on March 25, 2015 under Recording No. 201503250019. The purchase price was \$2,200,000 and included an entire city block. According to the Port of Anacortes, the purchase price was not based on an appraisal and is believed to be above market.

Listings/Offers/Contracts

To our knowledge, there are no known listings, contracted offers of purchase, though there is an agreement between the City of Anacortes and the Port of Anacortes regarding a property exchange of the subject property for an adjacent lot. There are no current leases of the subject site.

Type and Definition of Value

The appraisal problem is to develop an opinion of the market value of the subject property. "Market Value," as used in this appraisal, is defined as "the most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus." Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- *Buyer and seller are typically motivated.*
- *Both parties are well informed or well advised, each acting in what they consider their own best interests;*
- *A reasonable time is allowed for exposure in the open market;*
- *Payment is made in terms of cash in U.S. dollars or in terms of financial arrangements comparable thereto; and*
- *The price represents the normal consideration for the property sold unaffected by special or creative financing or sale concessions granted by anyone associated with the sale."*¹

The value conclusions apply to the value of the subject property under the market conditions presumed on the effective date of value.

Please refer to the Glossary in the Addenda section for additional definitions of terms used in this report.

Valuation Scenarios and Effective Dates of Value

Per the scope of our assignment we developed opinions of value for the subject property under the following scenarios of value:

Valuation Scenario	Effective Date of Value
As Is Fee Simple Market Value	January 22, 2019

We completed an appraisal inspection of the subject property on January 22, 2019.

Property Rights Appraised

The appraisal value assumes fee simple title and by the Port of Anacortes. The fee simple interest is defined as:²

¹ Source: Code of Federal Regulations, Title 12, Banks and Banking, Part 722.2-Definitions

² From *The Appraisal of Real Estate*, Fourteenth Edition, 2013, Appraisal Institute, page 5

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat.

Date of Report

The date of this report is February 18, 2019, which is the same date as the letter of transmittal.

List of Items Requested but Not Provided

- Title report.

Assumptions and Conditions of the Appraisal

This appraisal assignment and the opinions reported herein are subject to the General Assumptions and Limiting Conditions contained in the report and the following extraordinary assumptions and/or hypothetical conditions, the use of which might have affected the assignment results.

Extraordinary Assumptions

- None.

Hypothetical Conditions

- The subject property is currently a portion of a larger tax lot (P55040) which includes Lots 19 and 20 and the improvements thereon. At the request of the client, the opinion of market value provided in this report is based upon the hypothetical condition that the subject property is an individual, saleable tax lot – separate from improved lots 19 and 20.
- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 8, 2018, have been codified.

Scope of Work

The elements addressed in the Scope of Work are (1) the extent to which the subject property is identified, (2) the extent to which the subject property is inspected, (3) the type and extent of data researched, (4) the type and extent of analysis applied, (5) the type of appraisal report prepared, and (6) the inclusion or exclusion of items of non-realty in the development of the value opinion. These items are discussed as below.

Extent to Which the Property Was Identified

The three components of the property identification are summarized as follows:

- Legal Characteristics - The subject was legally identified via Skagit County Assessor information, Skagit County iMap, and mapping provided by the Client.
- Economic Characteristics - Economic characteristics of the subject property were identified via numerous published sources, as well as a comparison to properties with similar locational and physical characteristics.
- Physical Characteristics - The subject was physically identified via physical inspection and GIS mapping.

Extent to Which the Property Was Inspected

We inspected the subject on January 22, 2019.

Type and Extent of Data Researched

We researched and analyzed: (1) market area data, (2) property-specific market data, (3) zoning and land-use data, and (4) current data on comparable listings and transactions.

Type and Extent of Analysis Applied (Valuation Methodology)

We observed surrounding land use trends, the condition of any improvements, demand for the subject property, and relevant legal limitations in concluding a highest and best use. We then valued the subject based on that highest and best use conclusion.

Appraisers develop an opinion of property value with specific appraisal procedures which typically reflect three distinct methods of data analysis: the cost approach, sales comparison approach, and income capitalization approach. In the case of the subject, however, our task is to develop an opinion of market value for a small lot considered unbuildable on its own and with a highest and best use of assemblage, and thus have utilized the Across-the-fence (ATF) methodology. Further discussion of the extent of our analysis and ATF methodology is provided later in the valuation section.

approach is provided later in the respective valuation sections.

Appraisal Conformity and Report Type

We developed our analyses, opinions, and conclusions and prepared this report in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP) of the Appraisal Foundation; the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal

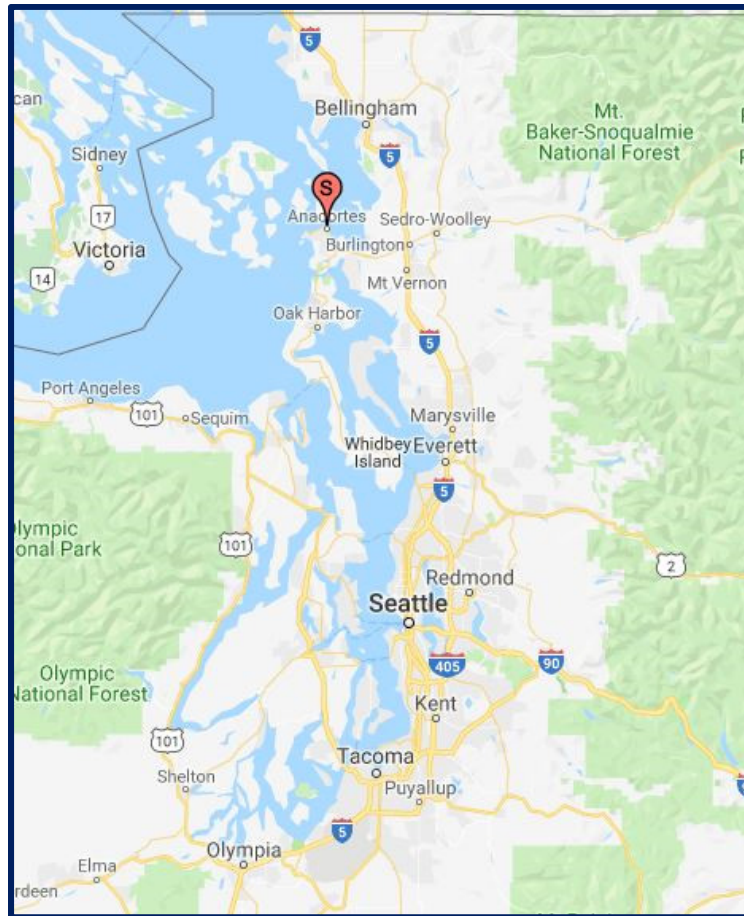
Institute; and the requirements of our client as we understand them. This is an Appraisal Report as defined by the Uniform Standards of Professional Appraisal Practice under Standards Rule 2-2a.

Personal Property/FF&E

All items of non-realty are excluded from this analysis. The opinion of market value developed herein is reflective of real estate only.

Regional and Market Area Analysis

REGIONAL MAP



Overview

The subject is located in Anacortes, in Skagit County. It is part of the Mount Vernon-Anacortes MSA, which essentially consists of Skagit County itself.

The fertile lowlands of western Skagit County, which lie between Puget Sound and the Cascade Mountains, consist mainly of deltas created by the Skagit and Samish rivers. The high and rugged Cascades are the location of the North Cascades National Park, a picturesque protected wilderness area.

The total county area is 1,731 square miles, of which 40±% is in federal ownership, 12±% in Washington State ownership, and the remaining 48±% is privately owned. The eastern portion of Skagit County is largely forested, with much of the area within the Mount Baker-Snoqualmie National Forest and North Cascades National Park. Population in eastern Skagit County is sparse; approximately 50% of the people live in the westernmost portion.

Skagit Valley is known as one of the most fertile valleys in the United States. Leading crops are peas, strawberries and sweet corn, and other crops include broccoli, cucumbers, potatoes, carrots, seeds,

and colorful flower bulbs. Other major industries in Skagit County are food processing, tourism, oil refining and commercial fishing. Port of Skagit County tenants include Paine Field-based International Aero and Hexcel Corporation. Bayview Airport, also known as Skagit Regional Airport, is located approximately one mile north of State Route 20 and eight miles east of Anacortes. In addition to general aviation facilities and a 5,745-foot long runway, its business park houses tenants such as AT&T Broadband, Hexcel Corporation, Eddyline Kayaks, Nordic Tugs and Olympic Pipeline Co.

The emergence of Skagit County as a regional retail trade center has added diversity to the economic base. Since 1989, several anchored shopping centers and Wal-Mart, Lowe's Home Improvement, Costco Wholesale and Home Depot outlets have opened in Burlington and Mount Vernon.

Tourism is prominent because of the wide variety of recreational facilities available in the county, from the waters of Puget Sound to the Cascades. Anacortes is known for numerous protected bays as well as state and federally-owned marine parks providing summer playgrounds for pleasure boaters. In addition, there are a number of resorts and recreational facilities in the islands to serve non-boating tourists. The Cascade Mountains provide areas for hiking, skiing, fishing and wild game hunting.

Population

Population characteristics relative to the subject property are presented in the following table.

Population

Area	2000	2010	Annual % Change 2000 - 10	Estimated 2018	Projected 2023	Annual % Change 2018 - 23
United States	281,421,906	308,745,538	1.0%	330,088,686	343,954,683	0.8%
Washington	5,894,121	6,724,540	1.4%	7,452,102	7,950,929	1.3%
Mount Vernon-Anacortes	102,979	116,901	1.4%	124,183	130,505	1.0%
Skagit County, WA	102,979	116,901	1.4%	124,183	130,505	1.0%
Anacortes City, WA	14,514	15,778	0.9%	17,049	18,064	1.2%

Source: Site-to-Do-Business (STDB Online)

Transportation

Interstate Highway 5 provides the primary highway access to the Greater Seattle area and connects the region with British Columbia to the north. Ferry service extends the state highway system westward and provides a route from Anacortes to the larger islands of San Juan County, as well as Canada's Vancouver Island. Railroad freight service is available by BNSF Railway and the port facilities at Anacortes provide ocean cargo service. The Shell and Tesoro refineries at March's Point, near Anacortes, add to the Skagit County employment base.

State Route 20 (North Cascades Highway) is an east-west route that extends from U.S. Highway 101 near Port Townsend on the Olympic Peninsula to near the Idaho border. The highway runs diagonally through the town of Burlington and follows the Skagit River to the rural community of Marblemount, where it climbs and crosses the Cascades. State Route 9 runs north-south along the Cascade foothills

to the east of Mount Vernon and Burlington, extending from State Route 522 near Woodinville to the Canadian border.

Employment

King, Pierce, Snohomish, Skagit, and Thurston counties are the most populated counties within Washington State and comprise what is commonly referred to as the central Puget Sound Region. Two-thirds of the total jobs in the Puget Sound region are located in King County. Overall, Skagit County is relatively rural in nature as compared to neighboring Snohomish and King Counties, and while the county is best known for its agriculture, manufacturing has historically been the largest contributor to Skagit County's real gross domestic product. As shown below, service industry, retail and manufacturing sectors collectively provide over 70% of jobs in this region.

Employment by Industry - Mount Vernon/Anacortes

Industry	2018 Estimate	Percent of Employment
Agriculture/Mining	2,128	3.80%
Construction	4,536	8.10%
Manufacturing	6,217	11.10%
Wholesale trade	1,288	2.30%
Retail trade	6,833	12.20%
Transportation/Utilities	2,464	4.40%
Information	560	1.00%
Finance/Insurance/Real Estate Services	2,800	5.00%
Services	26,211	46.80%
Public Administration	2,856	5.10%
Total	56,006	99.8%

Source: Site-to-Do-Business (STDB Online)

Unemployment

The following table exhibits current and past unemployment rates as obtained from the Bureau of Labor Statistics. Overall, the Region boasts a higher-than-average unemployment rate as compared to statewide and national statistics.

Unemployment Rates

Area	YE 2011	YE 2012	YE 2013	YE 2014	YE 2015	YE 2016	YE 2017	2018 YTD
United States	8.5%	7.9%	6.7%	5.6%	5.0%	4.7%	4.1%	3.7%
Washington	7.4%	6.6%	5.8%	5.6%	4.9%	4.7%	4.3%	4.3%
Mount Vernon-Anacortes	10.7%	9.5%	8.2%	7.2%	7.2%	6.2%	5.8%	5.1%
Skagit County, WA	10.7%	9.5%	8.2%	7.2%	7.2%	6.2%	5.8%	5.1%
*Mount Vernon, WA	10.9%	9.8%	8.2%	7.7%	7.7%	6.2%	6.1%	5.1%

**Unemployment data provided for Mount Vernon, WA*

Source: Bureau of Labor Statistics - Year End - National & State Seasonally Adjusted

Median Household Income

Total median household income for the region is presented in the following table. Overall, the subject's MSA and county compare favorably to the state and the country.

Median Household Income

Area	Estimated 2018	Projected 2023	Annual % Change 2018 - 23
United States	\$58,100	\$65,727	2.6%
Washington	\$68,734	\$79,382	3.1%
Mount Vernon-Anacortes	\$64,106	\$75,911	3.7%
Skagit County, WA	\$64,106	\$75,911	3.7%
Anacortes City, WA	\$69,857	\$80,810	3.1%

Source: Site-to-Do-Business (STDB Online)

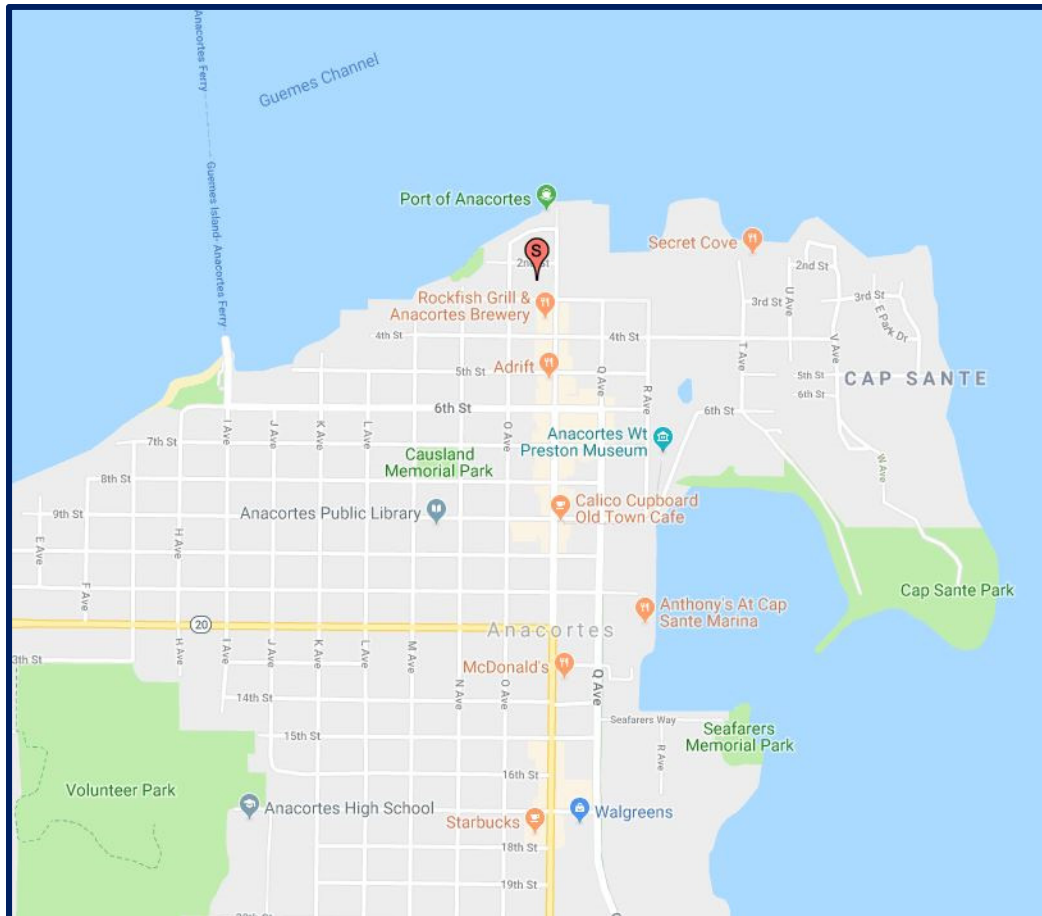
Conclusions

Despite slower growth as compared to Snohomish and King Counties to the south, Skagit County is a highly desirable place to live due to its recreational opportunities, physical features and relatively close proximity to Bellingham and Everett.

Trends in the Seattle area tend to have a ripple effect on the local market of other counties in the Puget Sound area and improving economic conditions in the region have favorably affected Skagit County, as well, particularly for those looking for a more affordable cost of living. Though growth in Skagit County is slower than that of Snohomish and King Counties to the south, it nonetheless appears to indicate a favorable outlook for the region and modestly increasing real estate values over the long term.

City and Neighborhood Analysis

NEIGHBORHOOD MAP



Overview

The subject is located in Anacortes in Skagit County. The subject site is located in downtown Anacortes on the northern tip of Fidalgo Island, which is roughly 15 miles west of Mount Vernon. Fidalgo Island is separated from the mainland by a narrow channel known as the Swinomish Channel. Since Anacortes is the nearest city, it is known as the "Gateway to the San Juan Islands." Many boaters from the region moor their boats at Anacortes to take advantage of the short run to the San Juans. Three major marinas provide over 2,000 boat slips, as well as boat repair, brokerage, fuel, charters, and supplies.

Anacortes is the second largest city in Skagit County, behind Mount Vernon. Both Anacortes and Skagit County have seen steady growth since the recession. Anacortes is the only incorporated city on Fidalgo island. The local economy has historically been based on seafood and timber, and there are several seafood processing plants on the island. The Port facilities include deepwater docks that allow the shipment of logs, lumber, sulfur, and petroleum coke. There are also two oil refineries (Shell and Tesoro) that refine Alaskan oil.

Because of its unique location near the San Juan Islands with a deepwater port, rail service, and 4-lane access to Interstate 5 (I-5), Anacortes is expected to continue the established growth trend. Employment growth is expected to remain marine-oriented, although tourism should also increase.

Demographics

The following table depicts the area demographics in Anacortes within a one-, three-, and five-mile radius from the subject.

Neighborhood Demographics

Radius	1 mile	3 miles	5 miles
Population Summary			
2000 Population	2,687	12,501	16,415
2010 Population	2,624	13,575	17,918
2018 Population	2,699	14,559	19,255
2023 Population Estimate	2,795	15,380	20,352
Annual % Change (2018 - 2023)	0.7%	1.1%	1.1%
Housing Unit Summary			
2000 Housing Units	1,325	5,738	7,714
% Owner Occupied	50.4%	61.2%	63.2%
% Renter Occupied	41.4%	29.4%	26.1%
2010 Housing Units	1,446	6,840	9,258
% Owner Occupied	45.2%	56.1%	58.3%
% Renter Occupied	45.3%	31.4%	27.8%
2018 Housing Units	1,480	7,235	9,827
% Owner Occupied	44.3%	55.7%	57.8%
% Renter Occupied	45.7%	31.8%	28.2%
2023 Housing Units	1,522	7,587	10,321
% Owner Occupied	45.6%	56.8%	58.9%
% Renter Occupied	44.5%	30.8%	27.4%
Annual % Change (2018 - 2023)	0.6%	1.0%	1.0%
Income Summary			
2018 Median Household Income	\$52,784	\$67,175	\$71,334
2023 Median Household Income Estimate	\$62,829	\$78,234	\$82,236
Annual % Change	3.5%	3.1%	2.9%
2018 Per Capita Income	\$35,834	\$38,087	\$41,108
2023 Per Capita Income Estimate	\$42,547	\$43,926	\$47,606
Annual % Change	3.5%	2.9%	3.0%

Source: Site-to-Do-Business (STDB Online)

Transportation Access

The area is accessed by a spur of State Route 20 (SR-20), a 4-lane, divided highway that connects Mount Vernon with Anacortes, and provides access to the ferry terminal. SR-20 turns south and crosses the bridge over Deception Pass onto Whidbey Island, where ferry service is available to

Mukilteo on the mainland. Rail service is available, connecting to the main Burlington Northern lines at Mount Vernon. Air service is provided by both the Anacortes Airport and the Skagit/Bayview Regional Airport. Access to the area is considered average.

Neighborhood Land Use

The subject neighborhood is located in area consisting of marine-oriented industrial land uses, as well as some light commercial as the subject property abuts the Anacortes central business district.

Conclusions

There is some growth in Anacortes, though at a slower rate than would be found in nearby Mount Vernon/Burlington. Overall, we would expect the market to remain relatively stable over the near term.

Site Description

The subject site is a 3,000-square-foot lot located on 3rd Street between "O" Avenue and Commercial Avenue.

Site Characteristics

Gross Land Area:	0.069 acres or 3,000 SF
Shape:	Rectangular
Average Depth:	100 feet
Topography:	Primarily level with gentle slope from south to north.
Drainage:	Appears adequate
Grade:	At or below road grade
Utilities:	All public utilities available
Off-Site Improvements:	None
Interior or Corner:	Interior
Signalized Intersection:	No traffic signal at, or near, the site
Excess Land:	None
Surplus Land:	None

Easements/Encroachments

No title report for the subject property was provided, therefore we are unaware of any easements. We reserve the right to alter our opinion of value should a title report be provided at a later date including information to the contrary.

Flood Zone Data

Flood Map Panel/Number:	5303170040A
Flood Map Date:	09-17-2003
Flood Zone:	X - Zone X is the flood insurance rate zone that corresponds to areas outside the 1% annual chance floodplain, areas of 1% annual chance sheet flow flooding where average depths are less than 1 foot, areas of 1% annual chance stream flooding where the contributing drainage area is less than 1 square mile, or areas protected from the 1% annual chance flood by levees. No Base Flood Elevations or depths are shown within this zone. Insurance purchase is not required in these zones.

Other Site Conditions

No wetlands or unusual site conditions were noted at the time of inspection. We have not been provided with a soils report; however, according to the USDA Web Soil Survey, the subject's soils consist of Clallam-Urban Land complex 0%-8% slopes. Such soils are moderately well-drained, with moderately rapid permeability, formed in glacial till over very compact glacial till. Such soils are

typically found on glaciated hills at elevations of 25 to 1,800 feet. They are found in a mild marine climate and have cool, dry summers and cool, moist winters.

Adjacent Land Uses

The subject is located on the southern boundary of the Manufacturing and Shipping district and is surrounded by primarily marine-oriented industrial uses except to the south which abuts Anacortes' central business district with light commercial uses.

Site Ratings

Access: 3rd Street

Visibility: Good

Zoning Designation

Zoning Jurisdiction: City of Anacortes

Zoning Classification: MS, Manufacturing and Shipping

General Plan Designation: Industrial

Permitted Uses: Manufacturing, storing, and shipment of goods, research and development, offices, maritime administration and public meeting space, building and repair of boats and ships, boat and marine equipment sales and services, public parks, piers, wharfs, dry docks and related facilities, as well as commercial, private and public parking.

Zoning Comments: According to the City of Anacortes' zoning code, the manufacturing and shipping district is primarily intended to accommodate manufacturing and shopping uses that can utilize the deep waters of the Guemes Channel. Secondly, the MS district provides for uses supplementary to and compatible with the primary uses noted above.

There is no maximum density in this zone.

Setbacks: 10 feet from a street right-of-way line and 10 feet from adjacent property lines.

Maximum lot coverage: 60% except that ship and boat building and repair may be up to 75%.

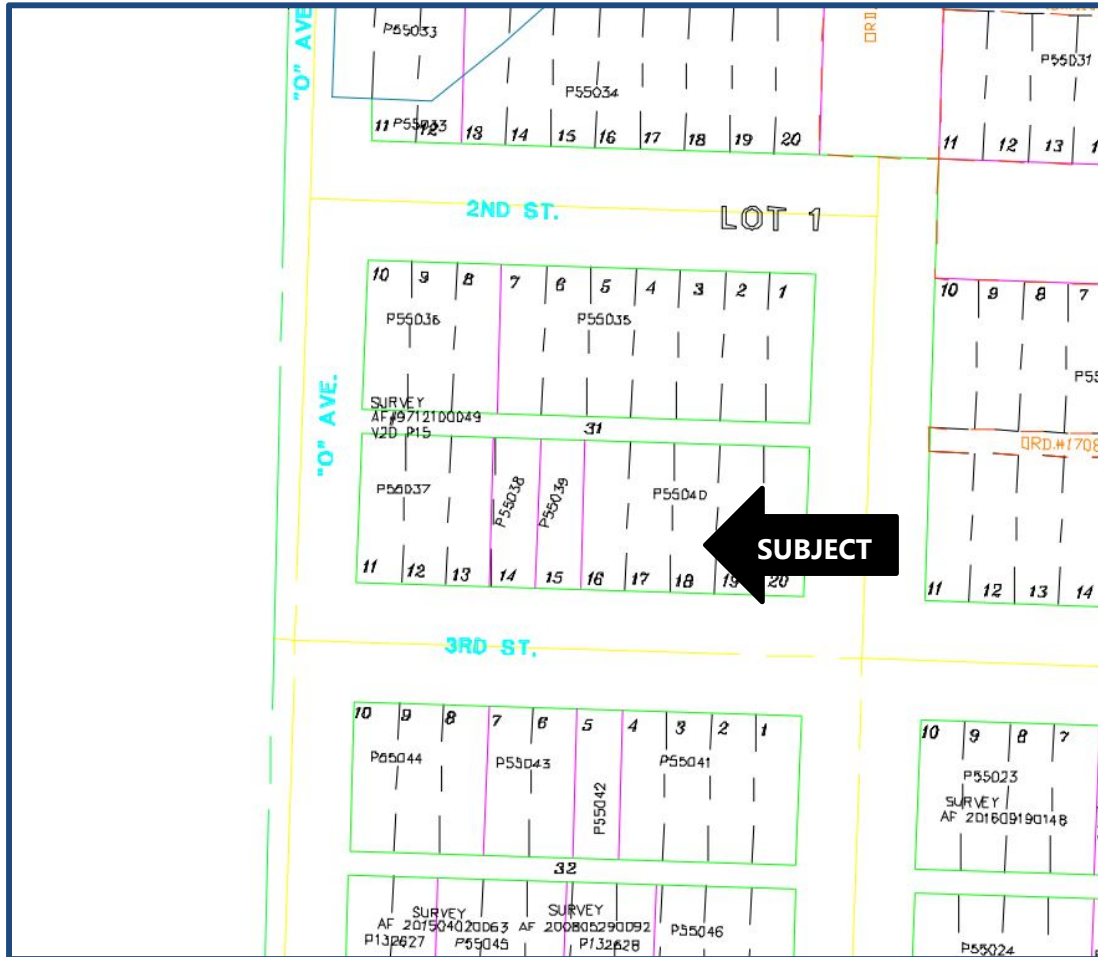
Maximum building height: 50 feet

The Anacortes Planning Commission has drafted an update to the existing zoning code which would allow for live/work and multifamily residential as additional conditional uses.

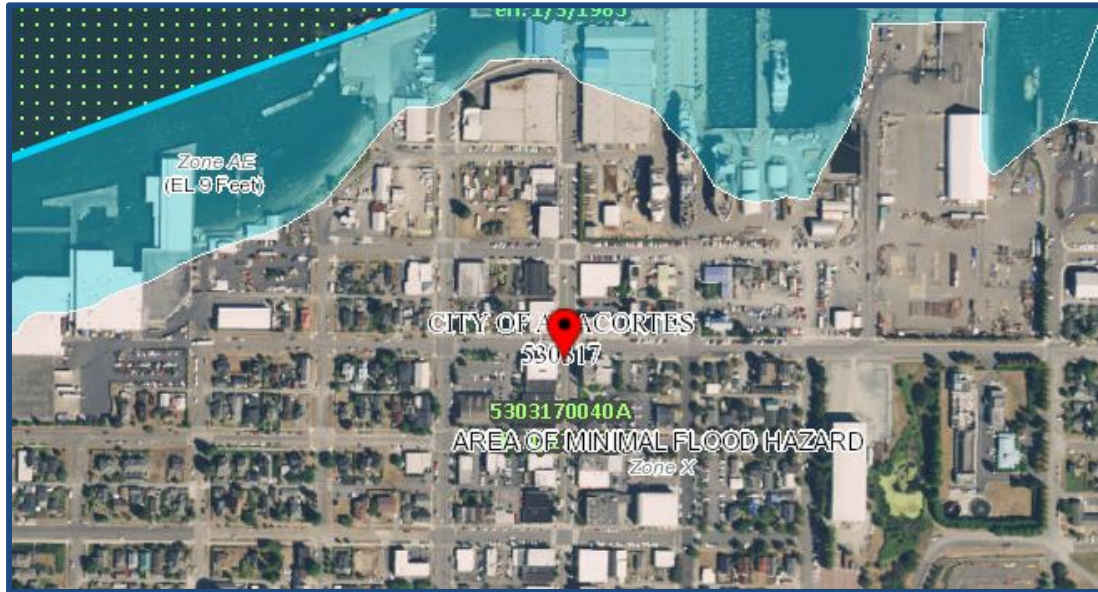
Analysis/Comments on Site

The subject is located on a paved public street with significant public street parking in front of the site and nearby. It is a small, rectangularly-shaped city lot abutting Anacortes' central business district but is zoned for industrial use. The size of the site would be suitable for a number of uses; however, it is considered small for most industrial uses with setbacks which render it unbuildable. Please see additional discussion in our Highest and Best Use analysis below.

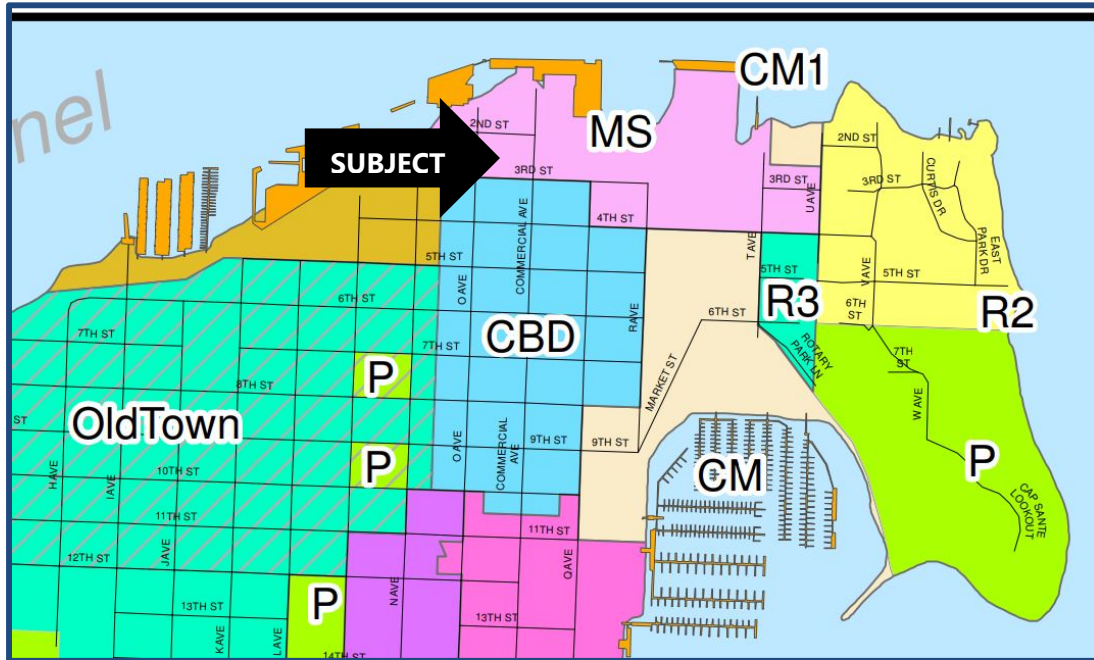
TAX/PLAT MAP



FLOOD MAP



ZONING MAP



Subject Photos



Front of Lot 18



3rd Street facing west



Commercial Avenue



O Avenue facing north

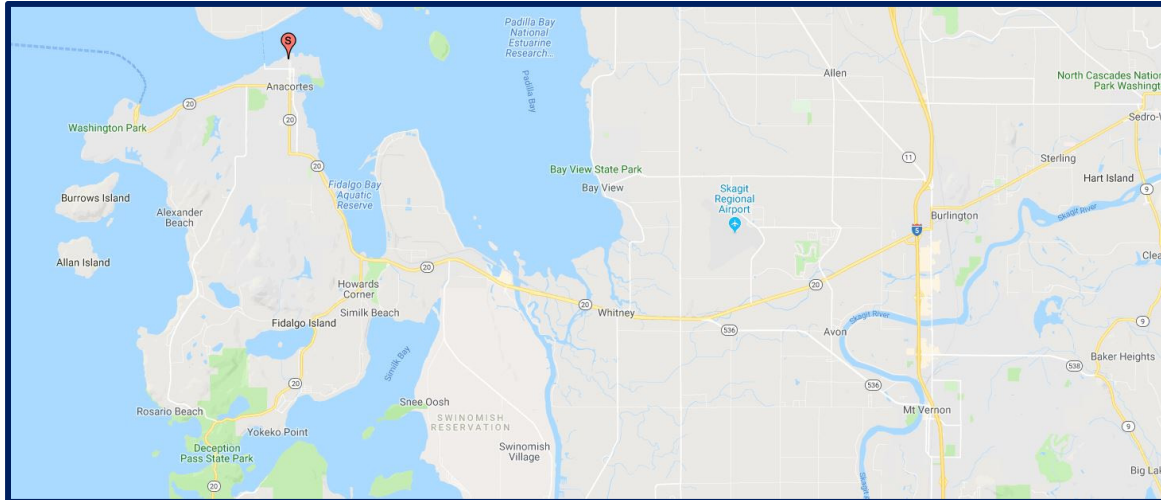
Assessment and Tax Data

Assessment Methodology

Washington State requires that all real property be taxed at 100% fair market value. The subject is owned by the Port of Anacortes, which is a tax-exempt agency. Based upon the opinion of market value provided in this report, as well as the levy rate applied nearby taxable property, we estimate property taxes for the subject property would be: \$300 annually.

Market Analysis

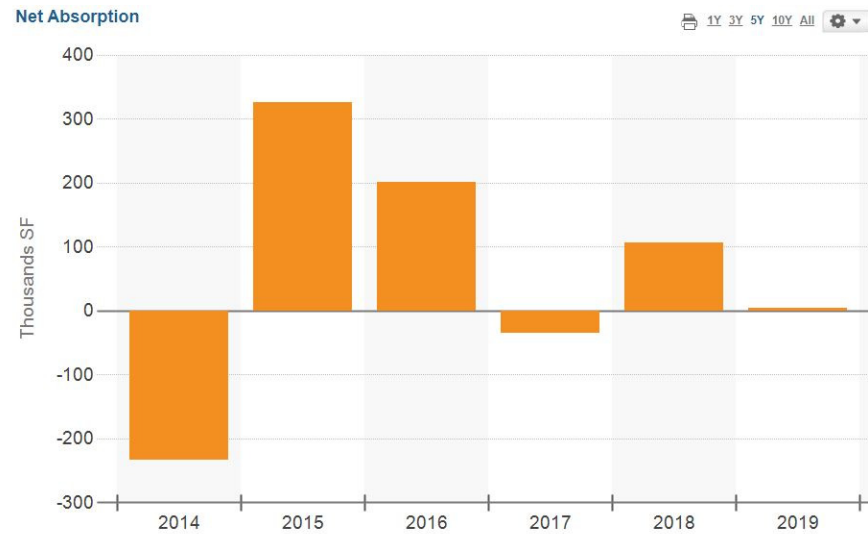
MARKET AREA MAP



Recent surveys and information obtained from CoStar Inc. provides analytical data for industrial properties in Skagit County. The report indicates the market was characterized by decreasing vacancy rates overall from late 2011 through the beginning of 2019, with a slight uptick in the latter half of 2018. Currently, the vacancy rate seems to be holding steady at 8.8% with an availability rate of 7.9%.



Net absorption of industrial space was a positive 107,000 square feet at year-end 2018 with no new inventory under construction at present.



Asking rents have generally decreased throughout 2018 and currently sit at \$5.56 per square foot in the current quarter.



Overall, the industrial market in the Skagit County market is relatively stable and has not seen the same growth experienced in larger business centers such as Everett and Seattle to the south.

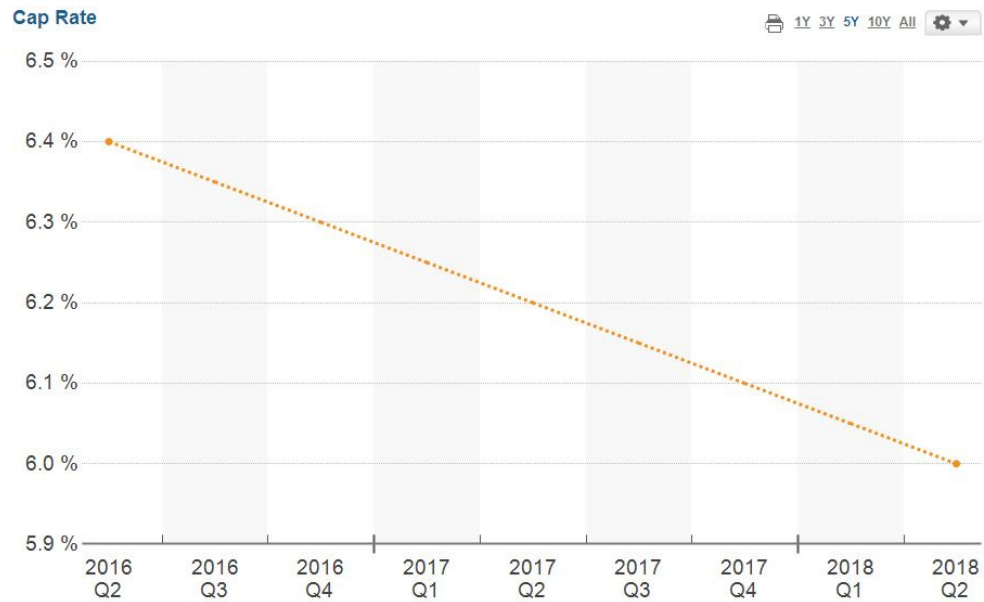
The following chart summarizes Cap rate information for the Puget Sound Region Industrial market

Cap Rate Trends

Puget Sound Industrial

2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
8.11%	8.43%	8.20%	6.61%	6.69%	6.83%	6.32%	6.35%	6.19%	5.81%	5.35%

As can be seen, Cap rates in 2018 are generally down from a high of 8.43% in 2010. Rates in Skagit County are somewhat higher than the Puget Sound average:



Highest and Best Use

The Highest and Best Use of a property is the use that is legally permissible, physically possible, and financially feasible which results in the highest value. An opinion of the highest and best use results from consideration of the criteria noted above under the market conditions or likely conditions as of the effective date of value. Determination of highest and best use results from the judgment and analytical skills of the appraiser. It represents an opinion, not a fact. In appraisal practice, the concept of highest and best use represents the premise upon which value is based.

Analysis of Highest and Best Use As If Vacant

The primary determinants of the highest and best use of the property as if vacant, we examine the potential for (1) near term development, (2) a subdivision of the site, (3) an assemblage of the site with other land, or (4) holding the land as an investment.

Legally Permissible

The subject site is zoned MS, Manufacturing and Shipping, an industrial zone. The subject is too small for independent industrial development. Parking is a permitted use under MS zoning; however, assemblage with abutting parcels would allow for larger-scale industrial uses. There are no known easements, encroachments, covenants or other use restrictions that would unduly limit or impede development of the subject property.

Physically Possible

Elements such as availability of utilities, known hazards (flood, environmental, etc.), and other potential influences are described in the Site Description and have been considered. The subject is essentially a remnant with little utility other than for assemblage.

Financially Feasible

As demonstrated by nearby properties, the area tends to support marine-oriented industrial and office uses. While the site has limited physically usable area in itself, the highest and best use is concluded to be assemblage with abutting ownerships.

Maximally Productive

Among the financially feasible uses, the use that results in the highest value (the maximally productive use) is the highest and best use. Considering these factors, the maximally productive use as though vacant is for assemblage.

Conclusion of Highest and Best Use As If Vacant

The conclusion of the highest and best use as if vacant is for assemblage.

Analysis of Highest and Best Use as Improved

N/A

Most Probable Buyer

As of the date of value, the most probable buyer of the subject property is an abutting property owner looking for assemblage opportunities.

Land Valuation

Methodology

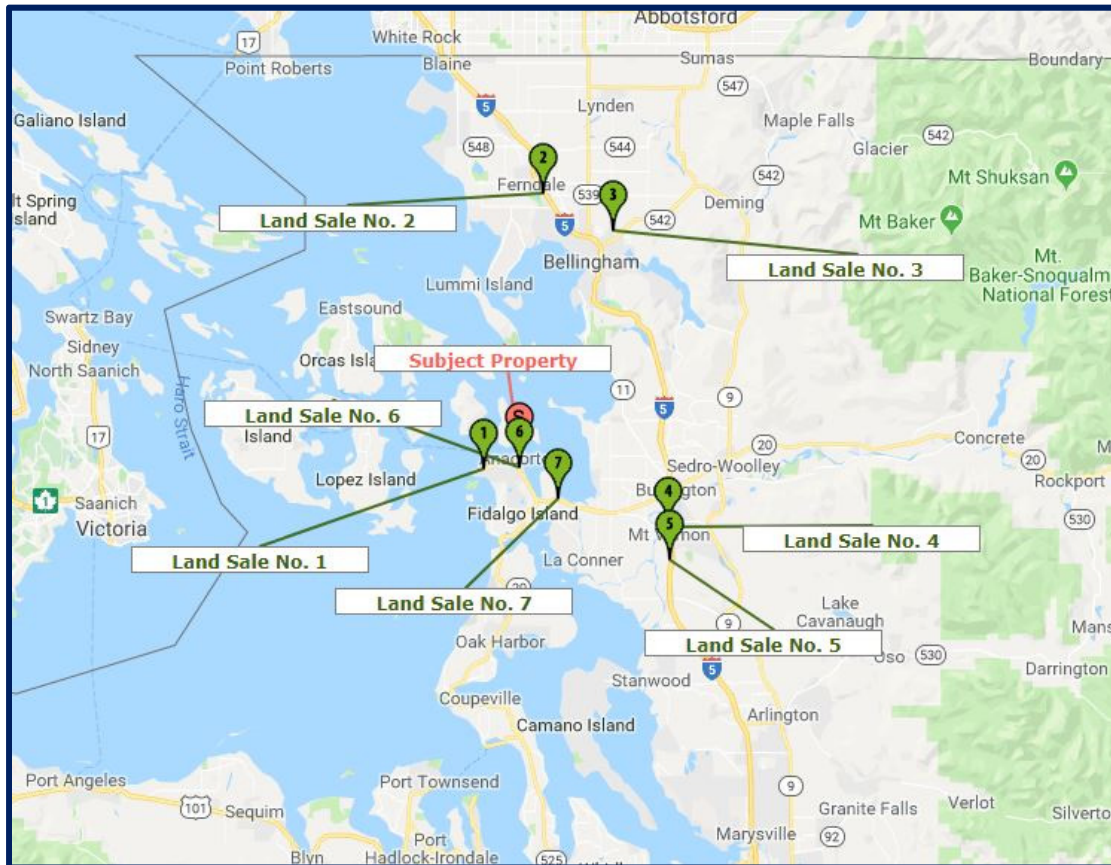
The Real Estate community has long-recognized the ATF methodology for valuing remnants. The methodology evaluates the abutting properties, essentially as a proxy for the subject, since it is assumed direct comparables are not available. The concept of ATF attempts to recognize the value of a corridor property that was ostensibly assembled from abutting properties to create an economic unit that benefits from a unique size, shape and the element of connectivity between two points. The premium for such assemblage is often the subject of debate (as it may be tied to business value); however, the underlying premise that the abutting lands are suitable as the valuation foundation is generally acknowledged by appraisers. As such, the following is a table summarizing each sale comparable and a map illustrating the location of each in relation to the subject. Details of each comparable can be found in the Addenda.

Land Sales

Lot 18

Sale	Property Address	City	Sale Date	Analysis		\$/sf	Zoning
				Price	Size (sf)		
1	Marine-Oriented Land <i>5xxx Ferry Terminal Road</i>	Anacortes	February-18	\$20,000	4,643	\$4.31	CM
2	Former Boat Repair <i>5375 Labounty Road</i>	Ferndale	September-17	\$362,000	42,689	\$8.48	C3/MXD
3	Bellingham Industrial <i>4114 Marblemount Lane</i>	Bellingham	May-17	\$386,000	38,542	\$10.02	PI
4	Mount Vernon Industrial Land <i>205 W. Fir Street</i>	Mount Vernon	October-16	\$600,000	120,661	\$4.97	M1
5	Mount Vernon Site <i>319 Eleanor Lane - Lot 3</i>	Mount Vernon	December-15	\$580,000	91,912	\$6.31	C-L
6	Commercial Vacant Land <i>2419 Commercial Avenue</i>	Anacortes	August-14	\$300,000	12,000	\$25.00	CBD
7	Anacortes Manufacturing Site <i>12375 Reservation Road</i>	Anacortes	December-13	\$275,000	108,900	\$2.53	HM
Subject Property							
	Lot 18	Anacortes			3,000		MS

MARKET AREA MAP



The subject is zoned MS, or Manufacturing and Shipping which involves some requirements for marine-oriented industrial use. It was necessary to expand our search criteria to include older sales, properties throughout Skagit County and parts of Whatcom County, and properties with general industrial and/or commercial zoning without the marine component. In order to analyze the comparable properties, it is necessary to fully understand the differences between zones, thus we have prepared the following matrix which identifies permitted uses under each zone.

Zoning Matrix - Permitted Uses
Anacortes Land Exchange

<u>Anacortes</u>				<u>Mount Vernon</u>		<u>Ferndale</u>	<u>Bellingham</u>
MS	CM	CBD	HM	M1	C-L	C-3/MXD	PI (10)
Manufacturing, storing and shipment of goods, research and development, offices, maritime administration, building and repair of boats and ships, boat and marine equipment sales and services, dry docks and related facilities, wharfs.	Boat moorage, marinas, ship and boat building and repair, boat and marine equipment sales and services, small scale retail shops, eating and drinking establishments, offices, boatels, hotels, motels, movie theaters.	Retail, personal service, offices, financial institutions, restaurants, bed-and-breakfasts, hotels/motels, museums and art galleries, multi-family above the first floor.	Industrial, research and development, office, repair, warehouse, processing, shipping terminal uses.	Gas stations, retail, cold storage, some retail, warehouse and distribution, restaurants, transportation system terminals, veterinary care, hazardous waste treatment.	Restaurants, retail, personal services, banks and financial institutions, hotels/motels, parking garages, research facilities, laboratories, light manufacturing, warehousing.	Restaurants, retail, personal services, automotive repair, general service, spa, eating and drinking establishments, mixed-use, residential/commercial with residential on upper floors only, office, medical/dental clinics, financial institutions, research and development, hotel/motel, general retail, wholesale and grocery store.	Warehousing, wholesaling of chemicals, manufacturing of chemicals, retail sales, offices, eating and/or drinking establishments, personal services, laboratories, automotive repair, education, animal care, agricultural nurseries, animal hospitals, transportation construction.

Those zones which allow for additional commercial/retail uses and/or potential for mixed residential/commercial use will typically generate a higher premium than would general industrial or manufacturing properties, and those which are industrially-zoned with a marine-oriented use limitation. While the subject's zone does allow for a number of *conditional* commercial uses, including multifamily residential, such approval would have to be granted by the controlling jurisdiction – in this case, the City of Anacortes – and is not guaranteed. With that said, the subject property does have some commercial potential, but as a conditional use only, a knowledgeable buyer would certainly consider that a risk while considering a purchase.

Discussion of Sales

Sale 1 is located near the ferry terminal and outside of downtown Anacortes. It has sloped topography and no legal access. The property was purchased with the intent to assemble it with abutting properties. Its zone, while marine-oriented, does allow for more commercial use as compared to the subject's industrial nature. It is considered inferior overall as the lack of legal access presents a potential significant hurdle to development for the buyer. Sale 2 is a level parcel located in Ferndale which was previously improved by a shop building which burnt down. The former building was used for boat repair. The underlying zone allows for a wide variety of uses, including mixed-use residential and commercial, though the neighborhood does not appear to be transitioning in this direction at this time. Overall, it is considered slightly inferior to the subject. Sale 3 is in Bellingham which is considered to be a superior location and in an established industrial neighborhood. It is relatively similar to the subject. Sale 4 is a previously-developed site just north of downtown Mount Vernon which is located in a manufacturing zone and is considered to be slightly inferior to the subject property overall. Sale 5 is located south of downtown Mount Vernon in a zone which allows for some light manufacturing and industrial uses, as well as retail, hotels, and personal services. The neighborhood, however, has several existing manufacturing facilities, auto repair, and boat and RV sales lots. Overall, Sale 5 is considered inferior to the subject. Sale 6 is a commercially-zoned lot south of the subject along Commercial Avenue with excellent commercial exposure and an underlying zone which allows for a wide variety of uses – far superior to the subject property. Finally, Sale 8 is an older industrial sale located outside of downtown Anacortes and south of SR-20. It has significant wetlands on-site and is considered significantly inferior.

Summary and Conclusions

The subject is located in a marine-oriented zone which allows for primarily industrial and office uses. While its proximity to the waterfront might otherwise be considered a benefit, the marine-oriented use limitations and current industrial nature of the waterfront does have a significant impact on the subject property. The subject's block abuts the central business district zone which allows for a number of additional commercially-focused uses which, as evidenced by Sale 6, draw a premium over industrial land. Sales 1, 4, 5, and 7 are considered inferior to the subject, and Sale 2 only slightly inferior. Sale 3 is considered relatively similar overall, and Sale 6 is considered significantly superior. In consideration of all of the above, we conclude a value of \$10.00 per square foot for the subject property. As noted above, there are a number of conditional uses which may be allowed on the subject property, and consideration has been given to its close-in location, abutting the CBD zone. However, commercial uses are conditional only under the current zoning designation, and approval of a conditional use is not guaranteed; thus, any prospective buyer would consider this risk with any potential purchase of the subject property.

Valuation Summary

The indicated values from the approaches used and our concluded market values for the subject property are summarized in the following table.

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$30,000

Our findings and conclusions are further contingent upon the following extraordinary assumptions and/or hypothetical conditions which might have affected the assignment results:

Extraordinary Assumptions:

- None.

Hypothetical Conditions:

- The subject property is currently a portion of a larger tax lot (P55040) which includes Lots 19 and 20 and the improvements thereon. At the request of the client, the opinion of market value provided in this report is based upon the hypothetical condition that the subject property is an individual, saleable tax lot – separate from improved lots 19 and 20.
- The Anacortes Planning Commission is drafting revisions to its zoning code. The opinion of value provided in this report is based upon the hypothetical condition that such revisions, as noted in the third draft dated December 8, 2018, have been codified.

Analysis of Recent Transactions

The subject property was sold in November 2014 for \$2,200,000. Our final opinion of market value is likely inconsistent with the recent transfer as it sold as an assemblage with abutting properties, including improvements. As noted above, the Port of Anacortes did not obtain an appraisal prior to the sale and confirms that the sales price was likely higher than market value.

Analysis of Prior Appraisals

N/A

Exposure Time and Marketing Periods

Based on statistical information about days on market, escrow length, and marketing times gathered through national investor surveys, sales verification, and interviews of market participants, marketing and exposure time estimates of nine and twelve months, respectively, are considered reasonable and appropriate for the subject property.

General Assumptions and Limiting Conditions

This appraisal is subject to the following general assumptions and limiting conditions:

1. The legal description – if furnished to us – is assumed to be correct.
2. No responsibility is assumed for legal matters, questions of survey or title, soil or subsoil conditions, engineering, availability or capacity of utilities, or other similar technical matters. The appraisal does not constitute a survey of the property appraised. All existing liens and encumbrances have been disregarded and the property is appraised as though free and clear, under responsible ownership and competent management unless otherwise noted.
3. Unless otherwise noted, the appraisal will value the property as though free of contamination. Valbridge Property Advisors | Puget Sound will conduct no hazardous materials or contamination inspection of any kind. It is recommended that the client hire an expert if the presence of hazardous materials or contamination poses any concern.
4. The stamps and/or consideration placed on deeds used to indicate sales are in correct relationship to the actual dollar amount of the transaction.
5. Unless otherwise noted, it is assumed there are no encroachments, zoning violations or restrictions existing in the subject property.
6. The appraiser is not required to give testimony or attendance in court by reason of this appraisal, unless previous arrangements have been made.
7. Unless expressly specified in the engagement letter, the fee for this appraisal does not include the attendance or giving of testimony by Appraiser at any court, regulatory or other proceedings, or any conferences or other work in preparation for such proceeding. If any partner or employee of Valbridge Property Advisors | Puget Sound is asked or required to appear and/or testify at any deposition, trial, or other proceeding about the preparation, conclusions or any other aspect of this assignment, client shall compensate Appraiser for the time spent by the partner or employee in appearing and/or testifying and in preparing to testify according to the Appraiser's then current hourly rate plus reimbursement of expenses.
8. The values for land and/or improvements, as contained in this report, are constituent parts of the total value reported and neither is (or are) to be used in making a summation appraisal of a combination of values created by another appraiser. Either is invalidated if so used.
9. The dates of value to which the opinions expressed in this report apply are set forth in this report. We assume no responsibility for economic or physical factors occurring at some point at a later date, which may affect the opinions stated herein. The forecasts, projections, or operating estimates contained herein are based on current market conditions and anticipated short-term supply and demand factors and are subject to change with future conditions. Appraiser is not responsible for determining whether the date of value requested by Client is appropriate for Client's intended use.
10. The sketches, maps, plats and exhibits in this report are included to assist the reader in visualizing the property. The appraiser has made no survey of the property and assumed no responsibility in connection with such matters.

11. The information, estimates and opinions, which were obtained from sources outside of this office, are considered reliable. However, no liability for them can be assumed by the appraiser.
12. Possession of this report, or a copy thereof, does not carry with it the right of publication. Neither all, nor any part of the content of the report, or copy thereof (including conclusions as to property value, the identity of the appraisers, professional designations, reference to any professional appraisal organization or the firm with which the appraisers are connected), shall be disseminated to the public through advertising, public relations, news, sales, or other media without prior written consent and approval.
13. No claim is intended to be expressed for matters of expertise that would require specialized investigation or knowledge beyond that ordinarily employed by real estate appraisers. We claim no expertise in areas such as, but not limited to, legal, survey, structural, environmental, pest control, mechanical, etc.
14. This appraisal was prepared for the sole and exclusive use of the client for the function outlined herein. Any party who is not the client or intended user identified in the appraisal or engagement letter is not entitled to rely upon the contents of the appraisal without express written consent of Valbridge Property Advisors | Puget Sound and Client. The Client shall not include partners, affiliates, or relatives of the party addressed herein. The appraiser assumes no obligation, liability or accountability to any third party.
15. Distribution of this report is at the sole discretion of the client, but third-parties not listed as an intended user on the face of the appraisal or the engagement letter may not rely upon the contents of the appraisal. In no event shall client give a third-party a partial copy of the appraisal report. We will make no distribution of the report without the specific direction of the client.
16. This appraisal shall be used only for the function outlined herein, unless expressly authorized by Valbridge Property Advisors | Puget Sound.
17. This appraisal shall be considered in its entirety. No part thereof shall be used separately or out of context.
18. Unless otherwise noted in the body of this report, this appraisal assumes that the subject property does not fall within the areas where mandatory flood insurance is effective. Unless otherwise noted, we have not completed nor have we contracted to have completed an investigation to identify and/or quantify the presence of non-tidal wetland conditions on the subject property. Because the appraiser is not a surveyor, he or she makes no guarantees, express or implied, regarding this determination.
19. The flood maps are not site specific. We are not qualified to confirm the location of the subject property in relation to flood hazard areas based on the FEMA Flood Insurance Rate Maps or other surveying techniques. It is recommended that the client obtain a confirmation of the subject property's flood zone classification from a licensed surveyor.
20. If the appraisal is for mortgage loan purposes 1) we assume satisfactory completion of improvements if construction is not complete, 2) no consideration has been given for rent loss during rent-up unless noted in the body of this report, and 3) occupancy at levels consistent with our "Income and Expense Projection" are anticipated.
21. It is assumed that there are no hidden or unapparent conditions of the property, subsoil, or structures which would render it more or less valuable. No responsibility is assumed for such conditions or for engineering which may be required to discover them.

22. Our inspection included an observation of the land and improvements thereon only. It was not possible to observe conditions beneath the soil or hidden structural components within the improvements. We inspected the buildings involved, and reported damage (if any) by termites, dry rot, wet rot, or other infestations as a matter of information, and no guarantee of the amount or degree of damage (if any) is implied. Condition of heating, cooling, ventilation, electrical and plumbing equipment is considered to be commensurate with the condition of the balance of the improvements unless otherwise stated. Should the client have concerns in these areas, it is the client's responsibility to order the appropriate inspections. The appraiser does not have the skill or expertise to make such inspections and assumes no responsibility for these items.
23. This appraisal does not guarantee compliance with building code and life safety code requirements of the local jurisdiction. It is assumed that all required licenses, consents, certificates of occupancy or other legislative or administrative authority from any local, state or national governmental or private entity or organization have been or can be obtained or renewed for any use on which the value conclusion contained in this report is based unless specifically stated to the contrary.
24. When possible, we have relied upon building measurements provided by the client, owner, or associated agents of these parties. In the absence of a detailed rent roll, reliable public records, or "as-built" plans provided to us, we have relied upon our own measurements of the subject improvements. We follow typical appraisal industry methods; however, we recognize that some factors may limit our ability to obtain accurate measurements including, but not limited to, property access on the day of inspection, basements, fenced/gated areas, grade elevations, greenery/shrubbery, uneven surfaces, multiple story structures, obtuse or acute wall angles, immobile obstructions, etc. Professional building area measurements of the quality, level of detail, or accuracy of professional measurement services are beyond the scope of this appraisal assignment.
25. We have attempted to reconcile sources of data discovered or provided during the appraisal process, including assessment department data. Ultimately, the measurements that are deemed by us to be the most accurate and/or reliable are used within this report. While the measurements and any accompanying sketches are considered to be reasonably accurate and reliable, we cannot guarantee their accuracy. Should the client desire more precise measurement, they are urged to retain the measurement services of a qualified professional (space planner, architect or building engineer) as an alternative source. If this alternative measurement source reflects or reveals substantial differences with the measurements used within the report, upon request of the client, the appraiser will submit a revised report for an additional fee.
26. In the absence of being provided with a detailed land survey, we have used assessment department data to ascertain the physical dimensions and acreage of the property. Should a survey prove this information to be inaccurate, upon request of the client, the appraiser will submit a revised report for an additional fee.
27. If only preliminary plans and specifications were available for use in the preparation of this appraisal, and a review of the final plans and specifications reveals substantial differences upon request of the client the appraiser will submit a revised report for an additional fee.

28. Unless otherwise stated in this report, the value conclusion is predicated on the assumption that the property is free of contamination, environmental impairment or hazardous materials. Unless otherwise stated, the existence of hazardous material was not observed by the appraiser and the appraiser has no knowledge of the existence of such materials on or in the property. The appraiser, however, is not qualified to detect such substances. The presence of substances such as asbestos, urea-formaldehyde foam insulation or other potentially hazardous materials may affect the value of the property. No responsibility is assumed for any such conditions, or for any expertise or engineering knowledge required for discovery. The client is urged to retain an expert in this field, if desired.
29. The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We have not made a specific compliance survey of the property to determine if it is in conformity with the various requirements of the ADA. It is possible that a compliance survey of the property, together with an analysis of the requirements of the ADA, could reveal that the property is not in compliance with one or more of the requirements of the Act. If so, this could have a negative effect on the value of the property. Since we have no direct evidence relating to this issue, we did not consider possible noncompliance with the requirements of ADA in developing an opinion of value.
30. This appraisal applies to the land and building improvements only. The value of trade fixtures, furnishings, and other equipment, or subsurface rights (minerals, gas, and oil) were not considered in this appraisal unless specifically stated to the contrary.
31. No changes in any federal, state or local laws, regulations or codes (including, without limitation, the Internal Revenue Code) are anticipated, unless specifically stated to the contrary.
32. Any income and expense estimates contained in the appraisal report are used only for the purpose of estimating value and do not constitute prediction of future operating results. Furthermore, it is inevitable that some assumptions will not materialize and that unanticipated events may occur that will likely affect actual performance.
33. Any estimate of insurable value, if included within the scope of work and presented herein, is based upon figures developed consistent with industry practices. However, actual local and regional construction costs may vary significantly from our estimate and individual insurance policies and underwriters have varied specifications, exclusions, and non-insurable items. As such, we strongly recommend that the Client obtain estimates from professionals experienced in establishing insurance coverage. This analysis should not be relied upon to determine insurance coverage and we make no warranties regarding the accuracy of this estimate.
34. The data gathered in the course of this assignment (except data furnished by the Client) shall remain the property of the Appraiser. The appraiser will not violate the confidential nature of the appraiser-client relationship by improperly disclosing any confidential information furnished to the appraiser. Notwithstanding the foregoing, the Appraiser is authorized by the client to disclose all or any portion of the appraisal and related appraisal data to appropriate representatives of the Appraisal Institute if such disclosure is required to enable the appraiser to comply with the Bylaws and Regulations of such Institute now or hereafter in effect.

35. You and Valbridge Property Advisors | Puget Sound both agree that any dispute over matters in excess of \$5,000 will be submitted for resolution by arbitration. This includes fee disputes and any claim of malpractice. The arbitrator shall be mutually selected. If Valbridge Property Advisors | Puget Sound and the client cannot agree on the arbitrator, the presiding head of the Local County Mediation & Arbitration panel shall select the arbitrator. Such arbitration shall be binding and final. In agreeing to arbitration, we both acknowledge that, by agreeing to binding arbitration, each of us is giving up the right to have the dispute decided in a court of law before a judge or jury. In the event that the client, or any other party, makes a claim against Valbridge Property Advisors | Puget Sound or any of its employees in connections with or in any way relating to this assignment, the maximum damages recoverable by such claimant shall be the amount actually received by Valbridge Property Advisors | Puget Sound for this assignment, and under no circumstances shall any claim for consequential damages be made.
36. Valbridge Property Advisors | Puget Sound shall have no obligation, liability, or accountability to any third party. Any party who is not the "client" or intended user identified on the face of the appraisal or in the engagement letter is not entitled to rely upon the contents of the appraisal without the express written consent of Valbridge Property Advisors | Puget Sound. "Client" shall not include partners, affiliates, or relatives of the party named in the engagement letter. Client shall hold Valbridge Property Advisors | Puget Sound and its employees harmless in the event of any lawsuit brought by any third party, lender, partner, or part-owner in any form of ownership or any other party as a result of this assignment. The client also agrees that in case of lawsuit arising from or in any way involving these appraisal services, client will hold Valbridge Property Advisors | Puget Sound harmless from and against any liability, loss, cost, or expense incurred or suffered by Valbridge Property Advisors | Puget Sound in such action, regardless of its outcome.
37. The Valbridge Property Advisors office responsible for the preparation of this report is independently owned and operated by Valbridge Property Advisors | Puget Sound. Neither Valbridge Property Advisors, Inc., nor any of its affiliates has been engaged to provide this report. Valbridge Property Advisors, Inc. does not provide valuation services, and has taken no part in the preparation of this report.
38. If any claim is filed against any of Valbridge Property Advisors, Inc., a Florida Corporation, its affiliates, officers or employees, or the firm providing this report, in connection with, or in any way arising out of, or relating to, this report, or the engagement of the firm providing this report, then (1) under no circumstances shall such claimant be entitled to consequential, special or other damages, except only for direct compensatory damages, and (2) the maximum amount of such compensatory damages recoverable by such claimant shall be the amount actually received by the firm engaged to provide this report.
39. This report and any associated work files may be subject to evaluation by Valbridge Property Advisors, Inc., or its affiliates, for quality control purposes.
40. Acceptance and/or use of this appraisal report constitutes acceptance of the foregoing general assumptions and limiting conditions.

Certification – S. Murray Brackett MAI

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
5. I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
6. My engagement in this assignment was not contingent upon developing or reporting predetermined results.
7. My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.
8. My analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.
9. I have made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
10. No one provided significant real property appraisal assistance to the person signing this certification, unless otherwise noted.
11. The reported analyses, opinions and conclusions were developed, and this report has been prepared, in conformity with the requirements of the Code of Professional Ethics and Standards of Professional Appraisal Practice of the Appraisal Institute.
12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the continuing education program for Designated Members of the Appraisal Institute.

In my opinion the market value of the subject property, as of January 22, 2019, is:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$30,000

January 22, 2019
Date of Value: _____



WA State Cert. No. 27011-1100853

Certification – Christina J. Lovell, Associate Appraiser

I certify that, to the best of my knowledge and belief:

1. The statements of fact contained in this report are true and correct.
2. The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
3. I have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved.
4. I have performed no (or the specified) services, as an appraiser or in any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.
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9. I have made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property.)
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12. The use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives.
13. As of the date of this report, I have completed the Standards and Ethics Education Requirements for Practicing Affiliates of the Appraisal Institute.
14. As of the date of this report, I have not completed the continuing education program for Practicing Affiliates of the Appraisal Institute.

In my opinion the market value of the subject property, as of January 22, 2019, is:

Value Conclusions

Component	As Is
Value Type	Market Value
Property Rights Appraised	Fee Simple
Effective Date of Value	January 22, 2019
Value Conclusion	\$30,000



Date of Value: January 22, 2019

WA State Cert. No. 27011-1001951

Addenda

Comparable Data

Statement of Purpose

Manufacturing and Shipping Zoning Information

Qualifications

- S. Murray Brackett, MAI
- Christina Lovell, Associate Appraiser

Information on Valbridge Property Advisors

Office Locations

Comparable Data

LAND SALE NO. 1



Ferry Terminal Road



Plat Map

Property Identification

Property ID	10624205
Property Type	Commercial Land
Property Name	Unimproved Land
Address	NHN Ferry Terminal Road
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	East side of Ferry Terminal Road (State Route 20 spur), north of Y from mainline.
Section, Township, Range	22 35 1E
Tax ID	P58127
Latitude and Longitude	48.500985 -122.678245

Sale Data

Seller	Jack H. Hinshaw, Margery G. Hinshaw, Catherine R. Hinshaw, Carolyn L. Hinshaw, David H. Hinshaw
Buyer	B & R Investment Group, LLC
Sale Date	02-11-2018
Sale Price	\$20,000
Analysis Price	\$20,000
Deed Type	Statutory Warranty Deed
Reference No.	20180216-0123
Property Rights Transferred	Fee Simple
Market Time	120
Financing	Cash sale
Verified By	Kelly Hao
Verification With	Robert Hyde, Windermere RE Anacortes
Verification Date	08-31-2018

Land Data

Land Size	0.10659 acres or 4,643 SF
Topography	Sloped
Front Footage	Ferry Terminal Road
Utilities	All available
Access	No legal access
In Flood Plain?	No
Zoning Code	Commercial Marine Marine Related Commercial Use
Site Description	All utilities available. Steeply sloping brush and lightly treed, triangular-shaped site with no access.

Indicators

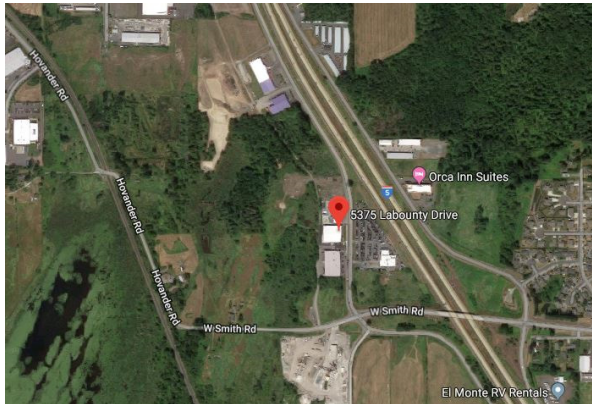
Analysis Price/Gross Acre	\$187,635 per Acre
Analysis Price/Gross SF	\$4.31 per SF

Property Remarks

Steeply sloping brush and lightly treed, triangular-shaped site with no access. According to the broker, the buyer was a developer who plans on trying to purchase adjacent parcels for both access and future commercial use. May do a coffee stand to begin; however, cannot have access along Ferry Terminal Road frontage.

Comp ID No. 10624205

LAND SALE NO. 2



Property Identification

Property ID	10812013
Property Type	Land
Property Name	Unimproved Land
Address	5375 Labounty Road
City, State Zip	Ferndale, Washington 98248
County	Whatcom
Tax ID	390228117082
Latitude and Longitude	48.835879 -122.568726

Sale Data

Seller	Timothy Furre
Buyer	Cougar Mountain Real Estate Company
Sale Date	09-12-2017
Sale Price	\$362,000
Analysis Price	\$362,000
Deed Type	Statutory Warranty Deed
Reference No.	2017091750
Property Rights Transferred	Fee Simple
Verified By	Christina Lovell
Verification With	Jim Sands
Verification Date	02-15-2019

Land Data

Land Size	0.98001 acres or 42,689 SF
Utilities	Access to all public utilities
Zoning Code	C3/MXD

Indicators

Analysis Price/Gross Acre	\$369,384 per Acre
Analysis Price/Gross SF	\$8.48 per SF

Property Remarks

This is the sale of a previously developed site. The former improvements were destroyed in a fire. The property sold previously in 2016 for \$295,000, and the buyer in that transaction cleaned up the property and intended to develop it. In 2017 that owner chose not to develop and re-sold it for \$362,000, or \$8.48 per square foot. The underlying zone allows for mixed-use development; however, it is an existing industrial neighborhood and does not appear to be transitioning that way at this time.

Comp ID No. 10812013

LAND SALE NO. 3



Property Identification

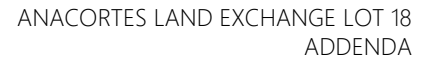
Property ID	10624226
Property Type	Industrial Land
Property Name	Industrial Zoned Site
Address	4114 Marblemount Lane
City, State Zip	Bellingham, Washington 98226
County	Whatcom
Tax ID	380309047040
Latitude and Longitude	48.790477 -122.440676

Sale Data

Seller	John and Lori Walton
Buyer	Walker Property LLC
Sale Date	05-30-2017
Sale Price	\$386,000
Analysis Price	\$386,000
Deed Type	Statutory Warranty Deed
Reference No.	2017-0503815
Property Rights Transferred	Fee Simple
Conditions of Sale	Arm's Length
Verified By	Mary Hamel
Verification With	Ken Reinschmidt
Verification Date	09-02-2018

Land Data

Land Size	0.88000 acres or 38,333 SF
Topography	Level
Front Footage	157.00 Marblemount Lane
Depth (Feet)	260.00
Shape	Rectangular
Access	Good
In Flood Plain?	No



Indicators

Analysis Price/Front Foot	\$2,458.60
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This is a 2017 sale of an industrial zoned lot located in the Walton Industrial park. Other business in the park include the Back of the Pacific Headquarters, Northwest Energy, Bellingham Auto and a multi-tenant office building. The property has all public utilities located in its fronting street.

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LAND SALE NO. 4



Property Identification

Property ID	10619257
Property Type	Industrial Land
Property Name	Industrial Redevelopment Site
Address	205 W. Fir Street
City, State Zip	Mount Vernon, Washington 98273
County	Skagit
Location Description	East of I-5, slightly north of downtown and riverwalk area
Tax ID	26114, 26132, 26134, 26161
Latitude and Longitude	48.428758 -122.337372

Sale Data

Seller	Skagit Farmer's Supply
Buyer	Waheguru Holdings
Sale Date	10-27-2016
Sale Price	\$600,000
Analysis Price	\$600,000
Deed Type	Statutory Warranty Deed
Reference No.	201611040105
Property Rights Transferred	Unknown
Verified By	D. Quinn
Verification With	Broker, Learned
Verification Date	09-13-2016

Sale Remarks

This is the sale of a 2.77-acre industrial site located just north of downtown Mount Vernon. It is comprised of 4 parcels, with the rail corridor forming the eastern boundary. The Skagit River is located roughly 800 feet to the west, with Interstate 5 intervening. The site was previously improved with older shell warehouse structures.

Land Data

Land Size	2.77000 acres or 120,661 SF
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Topography	Mostly level
Front Footage	225.00 W Fir Street
Depth (Feet)	725.00
Utilities	Previously developed site
Shape	Irregular
Access	Direct
In Flood Plain?	530158-0001 B
Zoning Code	M1 Manufacturing 1

Indicators

Analysis Price/Gross Acre	\$216,606 per Acre
Analysis Price/Gross SF	\$4.97 per SF
Analysis Price/Front Foot	\$2,666.67

Property Remarks

The property consists of 4 parcels of industrial land totaling 2.77 acres. Existing improvements in the form of shell warehouses, do not contribute to value, according to the Broker.

Comp ID No. 10619257

LAND SALE NO. 5



Property Identification

Property ID	10619270
Property Type	Land
Property Name	Industrial Building Site
Address	319 Eleanor Lane - Lot 3
City, State Zip	Mount Vernon, Washington 98273
County	Skagit
Tax ID	P124755
Latitude and Longitude	48.388441 -122.334428

Sale Data

Seller	REO Family Properties LLC
Buyer	HP Mobile Wash, Inc.
Sale Date	12-31-2015
Sale Price	\$580,000
Analysis Price	\$580,000
Deed Type	Warranty Deed
Reference No.	201512310059
Property Rights Transferred	Fee Simple
Market Time	559
Conditions of Sale	Arm's Length
Verified By	D. Quinn
Verification With	Broker, Axthelm
Verification Date	09-15-2016

Sale Remarks

This is the 2015 year end sale of a 2.11-acre parcel of land located in south Mount Vernon. It is zoned Commercial/Light Industrial and sold for \$580,000, or \$6.32 per square foot of land. The purchaser utilized commercial financing and has subsequently constructed a car wash facility.

Land Data

Land Size	2.11000 acres or 91,912 SF
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Topography	Level
Front Footage	230.00
Depth (Feet)	407.00
Utilities	All available in street
Shape	Rectangular
Access	Average
In Flood Plain?	100-year floodplain with shallow flooding of 1-3 feet 530151 0425 C
Zoning Code	C-L Commercial Light Industrial

Indicators

Analysis Price/Gross Acre	\$274,882 per Acre
Analysis Price/Gross SF	\$6.31 per SF
Analysis Price/Front Foot	\$2,521.74

Property Remarks

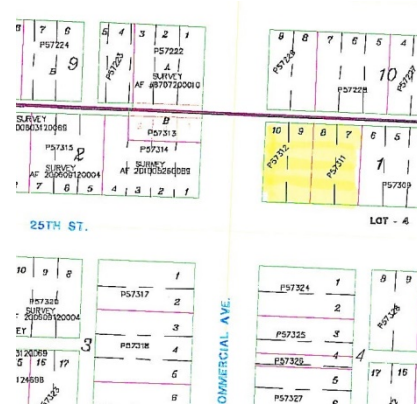
Flat site in newer light industrial park, with good access to Interstate 5, in south Mount Vernon. The Broker indicated the site would need fill, but was otherwise all usable. All utilities were available in the fronting street, including storm sewer system.

Comp ID No. 10619270

LAND SALE NO. 6



sale 3



plat 3

Property Identification

Property ID	10616695
Property Type	Commercial Land
Property Name	Vacant land
Address	2419 Commercial Avenue
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	Northeast corner of Commercial Avenue and 25th Street.
Tax ID	P57311, P57312
Latitude and Longitude	48.502316 -122.612449

Sale Data

Seller	Olav Edvardsen Trust
Buyer	Joey and Holly Goss
Sale Date	08-06-2014
Sale Price	\$300,000
Analysis Price	\$300,000
Deed Type	Statutory Warranty Deed
Property Rights Transferred	Fee Simple
Market Time	605
Verified By	Jim Dodge
Verification With	John Prosser, agent
Verification Date	05-21-2015

Sale Remarks

Assemblage from two separate owners at \$150,000 each. Second seller is Samuel Humble as trustee of Virginia Humble Trust (Lots 7 & 8), \$150,000, A.F. #201408110078.

Land Data

Land Size	0.27548 acres or 12,000 SF
Topography	Mostly level
Front Footage	100.00 100' on Commercial Avenue

Utilities	All available
Shape	Mostly Rectangular
Access	Public streets
In Flood Plain?	No
Zoning Code	Commercial
Site Description	A strip retail building is under construction.

Indicators

Analysis Price/Gross Acre	\$1,089,000 per Acre
Analysis Price/Gross SF	\$25.00 per SF
Analysis Price/Front Foot	\$3,000.00

Property Remarks

Level corner tract with good frontage and visibility on primary arterial. A small strip retail building is under construction as of April 2015.

Comp ID No. 10616695

LAND SALE NO. 7



Property Identification

Property ID	10615440
Property Type	Commercial Land
Property Name	Skagit County Commercial Land
Address	12375 Reservation Road
City, State Zip	Anacortes, Washington 98221
County	Skagit
Location Description	Intersection of SR 20 & Reservations Road
Section, Township, Range	03-34-02
Tax ID	P19726, P19704
Latitude and Longitude	48.463782 -122.542357

Sale Data

Seller	Jean Harlow
Buyer	Christopher M. Lawrence
Sale Date	12-27-2013
Sale Price	\$275,000
Analysis Price	\$275,000
Deed Type	Warranty Deed
Reference No.	201312270043
Property Rights Transferred	Fee Simple
Market Time	2143
Financing	Cash to seller
Verified By	M. Brackett
Verification With	Broker, L. Edgeman
Verification Date	06-23-2014

Land Data

Land Size	5.91000 acres or 257,440 SF
Front Footage	400.00 Reservation Road
Utilities	Power; city water and sewer available
Shape	Irregular

Access	Direct
In Flood Plain?	No
Zoning Code	MH Manufacturing
Site Description	Initial reconnaissance by the buyer indicated roughly 2.5 acres of usable land, which was the basis of the purchase price. Subsequent wetland study resulted in a reduced usable area of 1.7 acres
Encumbrances Description	Typical utility and 10,000 sf billboard easement

Indicators

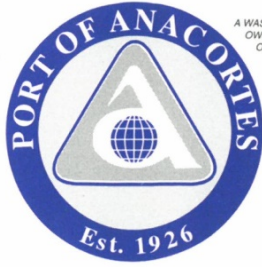
Analysis Price/Gross Acre	\$46,531 per Acre
Analysis Price/Gross SF	\$1.07 per SF
Analysis Price/Front Foot	\$687.50

Property Remarks

This is the December 2013 sale of 5.91 acres of commercial land located at the intersection of State Route 20 and Reservation Road, in Anacortes, WA. The property had been on the market for over 4 years. The broker indicated substantial wetlands were on the site, but not delineated prior to the sale. The broker noted that the buyer estimated roughly 2.5 acres of usable land. No fill was to be required for development, but subsequent wetland studies yielded just 1.7 acres of usable land. The sale sold for \$275,000 cash, with no conditions or concessions.

Comp ID No. 10615440

Statement of Purpose



A WASHINGTON PUBLIC PORT
OWNED BY THE RESIDENTS
OF THE LOCAL COMMUNITY

100 COMMERCIAL AVENUE • ANACORTES, WA 98221 USA
(360) 293-3134 • FAX (360) 293-9608 • WWW.PORTOFANACORTES.COM

Statement of Purpose: Right of Way Vacation

The Port of Anacortes is the owner of the 200 Block, otherwise known as Block 31, Map of the City of Anacortes, having obtained it in 2015 from the Demopoulos family for support of the Marine Terminal as indicated in the Port's Comprehensive Plan. The Port seeks to vacate the alley right-of-way in this block to create one contiguous parcel. This will better position the Port for future development of the block and serve our Mission of fostering economic development.

The Port recognizes that development of workforce housing is an important component of economic development within the Port District. In accordance with RCW 53.08.090, the Port Commission held a public hearing on December 3, 2018, and deleted the Olson Building and Adjacent Lot from its Comprehensive Plan. The Commission then declared the Olson Property and Adjacent Lot as surplus and, as such, available for sale or conveyance. The Anacortes Housing Authority expressed its desire to obtain the Olson Property and Adjacent Lot to fulfill its mission of workforce housing.

The Port, as a public entity will receive fair value in transferring the Olson Building and the property on which it is located to the Anacortes Housing Authority by allowing for the most cost effective and efficient rehabilitation or reconstruction of the Olson Building and providing for a transfer of liability arising from the condition of the Olson Building. As the Adjacent Lot has value separate from the Olson Building, the Port as a public entity would need to receive fair value for that Lot. The City expressed a desire to obtain the Adjacent Lot in support of the Anacortes Housing Authority.

The Port and the Anacortes Housing Authority have executed a Purchase and Sale Agreement for the Olson Building and the property on which it is located, comprising Lots 19 and 20 of Block 31. Under the current proposal, in lieu of payment to the City for vacating the 4,800 sf alley right-of-way, the Port would convey Lot 18, a 3,000 sf parcel of land behind the Olson building, to the City for affordable housing. The City would then convey that property to the Anacortes Housing Authority. This series of agreements will meet the requirements of providing all parties with "true and fair value" as that term is defined in RCW 43.09.210, relevant case law, and attorney general opinion, by allowing for the best possible and most efficient use of the property for workforce housing.

The vacation of the alley will better serve the public by providing the opportunity for that property's use in economic development, a greater use than presently exists, as well as making possible the transfer of the Adjacent Lot, Lot 18, to the City in support of workforce housing. The development of the alley property in the 200 Block for industry will bring additional jobs and commerce to Anacortes. The alley has been unused throughout its history and has never served as a point of public use or access, making the change of the property for economic development a higher and better use. In addition to the alley being unused, there is an existing business, The Bike Spot, currently occupying the alley where it fronts Commercial Avenue. Vacation of the alley allows this active business to continue in its location without issue.

The Port appreciates the cooperation of the City and the Anacortes Housing Authority in working together to obtain objectives that benefit our community and appreciates the opportunity to further address and provide background to our petition to vacate the alley in the 200 Block with this Statement of Purpose.

Manufacturing and Shipping Zoning Information

Chapter 17.17

MANUFACTURING AND SHIPPING DISTRICT (MS)

Sections:

- 17.17.010 Purpose.**
- 17.17.020 Permitted uses.**
- 17.17.030 Permitted accessory uses.**
- 17.17.040 Conditional uses.**
- 17.17.050 Minimum lot size.**
- 17.17.060 Minimum setback requirements.**
- 17.17.070 Maximum density.**
- 17.17.080 Maximum land coverage.**
- 17.17.090 Maximum building height.**
- 17.17.100 Off-street parking and landscaping requirements.**
- 17.17.110 Basic design standards.**

17.17.010 Purpose.

The manufacturing and shipping district (MS) is primarily intended to accommodate manufacturing and shipping uses that can utilize the deep waters of the Guemes Channel. Secondly, the MS district provides for uses supplementary to and compatible with the primary uses. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.020 Permitted uses.

Manufacturing, storing, and shipment of goods, research and development, offices, maritime administration and public meeting space, building and repair of boats and ships, boat and marine equipment sales and services, public parks, piers, wharfs, dry docks and related facilities, commercial parking, private parking, and public parking. (Ord. 2812 § 1 (Att. A), 2010; Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.030 Permitted accessory uses.

Caretaker or security residences serving a permitted use; cafeteria; uses customarily incidental to the permitted principal use; and accessory retail sales. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.040 Conditional uses.

Neighborhood grocery stores; restaurants; public and private recreational facilities; marinas together with related uses such as boat sales and small-scale retail sales and specialty shops; and land coverage in excess of the specified maximum. Any building with more than two hundred thousand square feet of total floor space, otherwise permitted in the underlying zone. (Ord. 2917 § 4, 2013; Ord. 2794 § 1 (Att. A), 2008; Ord. 2706 § 2, 2005; Ord. 2521 Att. A § 3, 2000)

17.17.050 Minimum lot size.

No minimum. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.060 Minimum setback requirements.

The minimum setback requirements of the manufacturing and shipping district are:

- A. No building or other structure other than a fence shall be built closer than ten feet from the street right-of-way lines.
- B. No building or structure, other than a fence, shall be closer than ten feet from adjacent property lines. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.070 Maximum density.

No maximum. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.080 Maximum land coverage.

The maximum coverage of a lot by buildings is sixty percent, except that ship and boat building and repair may be up to seventy-five percent. The city may consider and approve lot coverage in excess of these percentages through the conditional use process. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.090 Maximum building height.

Maximum building height is to be fifty feet. Temporary equipment used in the primary permitted use and not constituting a building or permanent enclosure, such as cranes or scaffolding, may exceed this maximum height. The administrator may authorize construction of fabric enclosures or temporary structures to contain particulates or shelter a vessel under construction which exceed fifty feet in height, provided that the permit is for a specified

length of time for a specific project, and they are taken down at the conclusion of the specific work for which they were erected. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.100 Off-street parking and landscaping requirements.

Off-street parking shall be provided in the manufacturing and shipping district with a minimum of one parking space for each one and one-half employees on the largest shift, and in accordance with specifications in Chapter [17.46](#), Parking. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2521 Att. A § 3, 2000)

17.17.110 Basic design standards.

The following requirements shall apply to a building or complex of buildings exceeding fifty thousand square feet in gross floor area, because of the potential for a large structure to overwhelm and dominate this section of the city, to the detriment of existing uses and smaller businesses:

- A. To visually modulate the vast expanses of parking required for a large building, an added two percent of the parking lot areas shall be developed in landscaping, in addition to the basic parking lot landscaping requirement for this zone. The landscaping plan for the project must be approved by the planning commission.
- B. Parking shall be broken into several smaller parking lots, and buildings shall have entrances on more than one side, to reduce walking distances and to reduce the apparent expanse of the parking lots.
- C. To visually modulate the greater size of the building, all sides of the building shall either meet the building standards for being within twenty feet of a pedestrian area or shall be partially screened by landscaped areas not less than five feet in width, with at least one tree for each thirty feet of facade length. (Ord. 2794 § 1 (Att. A), 2008; Ord. 2592 Att. A § 12, 2002)

The Anacortes Municipal Code is current through Ordinance 3028, passed September 24, 2018.

Disclaimer: The city attorney's office has the official version of the Anacortes Municipal Code. Users should contact the city attorney's office for ordinances passed subsequent to the ordinance cited here.

[City Website: www.cityofanacortes.org](http://www.cityofanacortes.org)

City Telephone: (360) 293-1900

[Code Publishing Company](#)

Glossary

Definitions are taken from The Dictionary of Real Estate Appraisal, 6th Edition (Dictionary), the Uniform Standards of Professional Appraisal Practice (USPAP), and Building Owners and Managers Association International (BOMA).

Absolute Net Lease

A lease in which the tenant pays all expenses including structural maintenance, building reserves, and management; often a long-term lease to a credit tenant. (Dictionary)

Amortization

The process of retiring a debt or recovering a capital investment, typically through scheduled, systematic repayment of the principal; a program of periodic contributions to a sinking fund or debt retirement fund. (Dictionary)

As Is Market Value

The estimate of the market value of real property in its current physical condition, use, and zoning as of the appraisal date. (Dictionary)

Base Rent

The minimum rent stipulated in a lease. (Dictionary)

Base Year

The year on which escalation clauses in a lease are based. (Dictionary)

Building Common Area

In office buildings, the areas of the building that provide services to building tenants but which are not included in the office area or store area of any specific tenant. These areas may include, but shall not be limited to, main and auxiliary lobbies, atrium spaces at the level of the finished floor, concierge areas or security desks, conference rooms, lounges or vending areas, food service facilities, health or fitness centers, daycare facilities, locker or shower facilities, mail rooms, fire control rooms, fully enclosed courtyards outside the exterior walls, and building core and service areas such as fully enclosed mechanical or equipment rooms. Specifically excluded from building common area are floor common areas, parking space, portions of loading docks outside the building line, and major vertical penetrations. (BOMA)

Building Rentable Area

The sum of all floor rentable areas. Floor rentable area is the result of subtracting from the gross measured area of a floor the major vertical penetrations on that same floor. It is generally fixed for the life of the building and is rarely affected by changes in corridor size or configuration. (BOMA)

Certificate of Occupancy (COO)

A formal written acknowledgment by an appropriate unit of local government that a new construction or renovation project is at the stage where it meets applicable health and safety codes and is ready for commercial or residential occupancy. (Dictionary)

Common Area Maintenance (CAM)

The expense of operating and maintaining common areas; may or may not include management charges and usually does not include capital expenditures on tenant improvements or other improvements to the property. (Dictionary)

The amount of money charged to tenants for their shares of maintaining a [shopping] center's common area. The charge that a tenant pays for shared services and facilities such as electricity, security, and maintenance of parking lots. Items charged to common area maintenance may include cleaning services, parking lot sweeping and maintenance, snow removal, security and upkeep. (ICSC – International Council of Shopping Centers, 4th Ed.)

Condominium

A multiunit structure, or a unit within such a structure, with a condominium form of ownership. (Dictionary)

Conservation Easement

An interest in real estate restricting future land use to preservation, conservation, wildlife habitat, or some combination of those uses. A

conservation easement may permit farming, timber harvesting, or other uses of a rural nature as well as some types of conservation-oriented development to continue, subject to the easement. (Dictionary)

Contributory Value

A type of value that reflects the amount a property or component of a property contributes to the value of another asset or to the property as a whole.

The change in the value of a property as a whole, whether positive or negative, resulting from the addition or deletion of a property component. Also called deprival value in some countries. (Dictionary)

Debt Coverage Ratio (DCR)

The ratio of net operating income to annual debt service ($DCR = NOI/Im$), which measures the relative ability of a property to meet its debt service out of net operating income; also called *debt service coverage ratio (DSCR)*. A larger *DCR* typically indicates a greater ability for a property to withstand a reduction of income, providing an improved safety margin for a lender. (Dictionary)

Deed Restriction

A provision written into a deed that limits the use of land. Deed restrictions usually remain in effect when title passes to subsequent owners. (Dictionary)

Depreciation

In appraisal, a loss in property value from any cause; the difference between the cost of an improvement on the effective date of the appraisal and the market value of the improvement on the same date.

In accounting, an allocation of the original cost of an asset, amortizing the cost over the asset's life; calculated using a variety of standard techniques. (Dictionary)

Disposition Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a specified time, which is shorter than the typical exposure time for such a property in that market.
- The property is subjected to market conditions prevailing as of the date of valuation;
- Both the buyer and seller are acting prudently and knowledgeably;
- The seller is under compulsion to sell;
- The buyer is typically motivated;
- Both parties are acting in what they consider to be their best interests;
- An adequate marketing effort will be made during the exposure time;
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold, unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Easement

The right to use another's land for a stated purpose. (Dictionary)

EIFS

Exterior Insulation Finishing System. This is a type of exterior wall cladding system. Sometimes referred to as dry-vit.

Effective Date

The date on which the appraisal or review opinion applies. (SVP)

In a lease document, the date upon which the lease goes into effect. (Dictionary)

Effective Gross Income (EGI)

The anticipated income from all operations of the real estate after an allowance is made for vacancy and collection losses and an addition is made for any other income. (Dictionary)

Effective Rent

Total base rent, or minimum rent stipulated in a lease, over the specified lease term minus rent concessions; the rent that is effectively paid by a tenant net of financial concessions provided by a landlord. (TIs). (Dictionary)

EPDM

Ethylene Propylene Diene Monomer Rubber. A type of synthetic rubber typically used for roof coverings. (Dictionary)

Escalation Clause

A clause in an agreement that provides for the adjustment of a price or rent based on some event or index. e.g., a provision to increase rent if operating expenses increase; also called *escalator clause*, *expense recovery clause* or *stop clause*. (Dictionary)

Estoppel Certificate

A signed statement by a party (such as a tenant or a mortgagee) certifying, for another's benefit, that certain facts are correct, such as that a lease exists, that there are no defaults, and that rent is paid to a certain date. (Black's) In real estate, a buyer of rental property typically requests estoppel certificates from existing tenants. Sometimes referred to as an *estoppel letter*. (Dictionary)

Excess Land

Land that is not needed to serve or support the existing use. The highest and best use of the excess land may or may not be the same as the highest and best use of the improved parcel. Excess land has the potential to be sold separately and is valued separately. (Dictionary)

Excess Rent

The amount by which contract rent exceeds market rent at the time of the appraisal; created by a lease favorable to the landlord (lessor) and may reflect unusual management, unknowledgeable or unusually motivated parties, a lease execution in an earlier, stronger rental market, or an agreement of the parties. (Dictionary)

Expense Stop

A clause in a lease that limits the landlord's expense obligation, which results in the lessee paying operating expenses above a stated level or amount. (Dictionary)

Exposure Time

The time a property remains on the market.

The estimated length of time that the property interest being appraised would have been offered on the market prior to the hypothetical consummation of a sale at market value on the effective date of the appraisal;

Comment: Exposure time is a retrospective opinion based on an analysis of past events assuming a competitive and open market. (Dictionary)

Extraordinary Assumption

An assignment-specific assumption as of the effective date regarding uncertain information used in an analysis which, if found to be false, could alter the appraiser's opinions or conclusions.

Comment: Uncertain information might include physical, legal, or economic characteristics of the subject property; or conditions external to the property, such as market conditions or trends; or the integrity of data used in an analysis. (USPAP)

Fee Simple Estate

Absolute ownership unencumbered by any other interest or estate, subject only to the limitations imposed by the governmental powers of taxation, eminent domain, police power, and escheat. (Dictionary)

Floor Common Area

In an office building, the areas on a floor such as washrooms, janitorial closets, electrical rooms, telephone rooms, mechanical rooms, elevator lobbies, and public corridors which are available primarily for the use of tenants on that floor. (BOMA)

Full Service (Gross) Lease

A lease in which the landlord receives stipulated rent and is obligated to pay all of the property's

operating and fixed expenses; also called a *full service lease*. (Dictionary)

Furniture, Fixtures, and Equipment (FF&E)

Business trade fixtures and personal property, exclusive of inventory. (Dictionary)

Going-Concern Value

An outdated label for the market value of all the tangible and intangible assets of an established and operating business with an indefinite life, as if sold in aggregate; more accurately termed the *market value of the going concern* or *market value of the total assets of the business*. (Dictionary)

Gross Building Area (GBA)

Total floor area of a building, excluding unenclosed areas, measured from the exterior of the walls of the above-grade area. This includes mezzanines and basements if and when typically included in the market area of the type of property involved.

Gross leasable area plus all common areas.

For residential space, the total area of all floor levels measured from the exterior of the walls and including the superstructure and substructure basement; typically does not include garage space. (Dictionary)

Gross Measured Area

The total area of a building enclosed by the dominant portion (the portion of the inside finished surface of the permanent outer building wall which is 50 percent or more of the vertical floor-to-ceiling dimension, at the given point being measured as one moves horizontally along the wall), excluding parking areas and loading docks (or portions of same) outside the building line. It is generally not used for leasing purposes and is calculated on a floor by floor basis. (BOMA)

Gross Up Method

A method of calculating variable operating expenses in income-producing properties when less than 100% occupancy is assumed. Expenses reimbursed based on the amount of occupied space, rather than on the total building area, are described as "grossed up." (Dictionary)

Gross Retail Sellout

The sum of the separate and distinct market value opinions for each of the units in a condominium, subdivision development, or portfolio of properties, as of the date of valuation. The aggregate of retail values does not represent the value of all the units as though sold together in a single transaction; it is simply the total of the individual market value conclusions. Also called the *aggregate of the retail values*, *aggregate retail selling price* or *sum of the retail values*. (Dictionary)

Ground Lease

A lease that grants the right to use and occupy land. Improvements made by the ground lessee typically revert to the ground lessor at the end of the lease term. (Dictionary)

Ground Rent

The rent paid for the right to use and occupy land according to the terms of a ground lease; the portion of the total rent allocated to the underlying land. (Dictionary)

HVAC

Heating, ventilation, air conditioning (HVAC) system. A unit that regulates the temperature and distribution of heat and fresh air throughout a building. (Dictionary)

Highest and Best Use

The reasonably probable use of property that results in the highest value. The four criteria that the highest and best use must meet are legal permissibility, physical possibility, financial feasibility, and maximum productivity.

The use of an asset that maximizes its potential and that is possible, legally permissible, and financially feasible. The highest and best use may be for continuation of an asset's existing use or for some alternative use. This is determined by the use that a market participant would have in mind for the asset when formulating the price that it would be willing to bid. (IVS)

[The] highest and most profitable use for which the property is adaptable and needed or likely

to be needed in the reasonably near future. (Uniform Appraisal Standards for Federal Land Acquisitions) (Dictionary)

Hypothetical Condition

A condition, directly related to a specific assignment, which is contrary to what is known by the appraiser to exist on the effective date of the assignment results, but is used for the purpose of analysis.

Comment: Hypothetical conditions are contrary to known facts about physical, legal, or economic characteristics of the subject property; or about conditions external to the property, such as market conditions or trends; or about the integrity of data used in an analysis. (USPAP)

Industrial Gross Lease

A type of modified gross lease of an industrial property in which the landlord and tenant share expenses. The landlord receives stipulated rent and is obligated to pay certain operating expenses, often structural maintenance, insurance and real property taxes, as specified in the lease. There are significant regional and local differences in the use of this term. (Dictionary)

Insurable Value

A type of value for insurance purposes. (Typically this includes replacement cost less basement excavation, foundation, underground piping and architect's fees). (Dictionary)

Investment Value

The value of a property to a particular investor or class of investors based on the investor's specific requirements. Investment value may be different from market value because it depends on a set of investment criteria that are not necessarily typical of the market. (Dictionary)

Just Compensation

In condemnation, the amount of loss for which a property owner is compensated when his or her property is taken. Just compensation should put the owner in as good a position pecuniarily as he or she would have been if the property had not been taken. (Dictionary)

Leased Fee Interest

The ownership interest held by the lessor, which includes the right to receive the contract rent specified in the lease plus the reversionary right when the lease expires. (Dictionary)

Leasehold Interest

The right held by the lessee to use and occupy real estate for a stated term and under the conditions specified in the lease. (Dictionary)

Lessee (Tenant)

One who has the right to occupancy and use of the property of another for a period of time according to a lease agreement. (Dictionary)

Lessor (Landlord)

One who conveys the rights of occupancy and use to others under a lease agreement. (Dictionary)

Liquidation Value

The most probable price that a specified interest in property should bring under the following conditions:

- Consummation of a sale within a short time period.
- The property is subjected to market conditions prevailing as of the date of valuation.
- Both the buyer and seller are acting prudently and knowledgeably.
- The seller is under extreme compulsion to sell.
- The buyer is typically motivated.
- Both parties are acting in what they consider to be their best interests.
- A normal marketing effort is not possible due to the brief exposure time.
- Payment will be made in cash in U.S. dollars (or the local currency) or in terms of financial arrangements comparable thereto.

The price represents the normal consideration for the property sold, unaffected by special or

creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Loan to Value Ratio (LTV)

The ratio between a mortgage loan and the value of the property pledged as security, usually expressed as a percentage. (Dictionary)

Major Vertical Penetrations

Stairs, elevator shafts, flues, pipe shafts, vertical ducts, and the like, and their enclosing walls. Atria, lightwells and similar penetrations above the finished floor are included in this definition. Not included, however, are vertical penetrations built for the private use of a tenant occupying office areas on more than one floor. Structural columns, openings for vertical electric cable or telephone distribution, and openings for plumbing lines are not considered to be major vertical penetrations. (BOMA)

Market Rent

The most probable rent that a property should bring in a competitive and open market reflecting the conditions and restrictions of a specified lease agreement, including the rental adjustment and revaluation, permitted uses, use restrictions, expense obligations; term, concessions, renewal and purchase options and tenant improvements (TIs). (Dictionary)

Market Value

The most probable price that a property should bring in a competitive and open market under all conditions requisite to a fair sale, the buyer and seller each acting prudently and knowledgeably, and assuming the price is not affected by undue stimulus. Implicit in this definition is the consummation of a sale as of a specified date and the passing of title from seller to buyer under conditions whereby:

- Buyer and seller are typically motivated;
- Both parties are well informed or well advised, and acting in what they consider their own best interests;
- A reasonable time is allowed for exposure in the open market;

- Payment is made in terms of cash in United States dollars or in terms of financial arrangements comparable thereto; and

The price represents the normal consideration for the property sold unaffected by special or creative financing or sales concessions granted by anyone associated with the sale. (Dictionary)

Marketing Time

An opinion of the amount of time it might take to sell a real or personal property interest at the concluded market value level during the period immediately after the effective date of an appraisal. Marketing time differs from exposure time, which is always presumed to precede the effective date of an appraisal. (Advisory Opinion 7 of the Appraisal Standards Board of the Appraisal Foundation)

Master Lease

A lease in which the fee owner leases a part or the entire property to a single entity (the master lease) in return for a stipulated rent. The master lessee then leases the property to multiple tenants. (Dictionary)

Modified Gross Lease

A lease in which the landlord receives stipulated rent and is obligated to pay some, but not all, of the property's operating and fixed expenses. Since assignment of expenses varies among modified gross leases, expense responsibility must always be specified. In some markets, a modified gross lease may be called a *double net lease*, *net net lease*, *partial net lease*, or *semi-gross lease*. (Dictionary)

Operating Expense Ratio

The ratio of total operating expenses to effective gross income (TOE/EGI); the complement of the net income ratio, i.e., $OER = 1 - NIR$ (Dictionary)

Option

A legal contract, typically purchased for a stated consideration, that permits but does not require the holder of the option (known as the *optionee*) to buy, sell, or lease real estate for a stipulated period of time in accordance with specified terms; a unilateral right to exercise a privilege. (Dictionary)

Partial Interest

Divided or undivided rights in real estate that represent less than the whole, i.e., a fractional interest such as a tenancy in common, easement, or life interest. (Dictionary)

Pass Through

A tenant's portion of operating expenses that may be composed of common area maintenance (CAM), real property taxes, property insurance, and any other expenses determined in the lease agreement to be paid by the tenant. (Dictionary)

Potential Gross Income (PGI)

The total income attributable to property at full occupancy before vacancy and operating expenses are deducted. (Dictionary)

Prospective Future Value Upon Completion

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report. ... The prospective market value –as completed- reflects the property's market value as of the time that development is expected to be complete. (Dictionary)

Prospective Future Value Upon Stabilization

A prospective market value may be appropriate for the valuation of a property interest related to a credit decision for a proposed development or renovation project. According to USPAP, an appraisal with a prospective market value reflects an effective date that is subsequent to the date of the appraisal report ...The prospective market value – as stabilized – reflects the property's market value as of the time the property is projected to achieve stabilized occupancy. For an income-producing property, stabilized occupancy is the occupancy level that a property is expected to achieve after the property is exposed to the market for lease over a reasonable period of time and at comparable terms and conditions to other similar properties. (Dictionary)

Replacement Cost

The estimated cost to construct, at current prices as of a specific date, a substitute for a building or other improvements, using modern materials and current standards, design, and layout. (Dictionary)

Reproduction Cost

The estimated cost to construct, at current prices as of the effective date of the appraisal, an exact duplicate or replica of the building being appraised, using the same materials, construction standards, design, layout, and quality of workmanship and embodying all of the deficiencies, superadequacies, and obsolescence of the subject building. (Dictionary)

Retrospective Value Opinion

A value opinion effective as of a specified historical date. The term *retrospective* does not define a type of value. Instead, it identifies a value opinion as being effective at some specific prior date. Value as of a historical date is frequently sought in connection with property tax appeals, damage models, lease renegotiation, deficiency judgments, estate tax, and condemnation. Inclusion of the type of value with this term is appropriate, e.g., "retrospective market value opinion." (Dictionary)

Sandwich Leasehold Estate

The interest held by the sandwich leaseholder when the property is subleased to another party; a type of leasehold estate. (Dictionary)

Sublease

An agreement in which the lessee in a prior lease conveys the right of use and occupancy of a property to another, the sublessee, for a specific period of time, which may or may not be coterminous with the underlying lease term. (Dictionary)

Subordination

A contractual arrangement in which a party with a claim to certain assets agrees to make his or her claim junior, or subordinate, to the claims of another party. (Dictionary)

Surplus Land

Land that is not currently needed to support the existing use but cannot be separated from the property and sold off for another use. Surplus land does not have an independent highest and best use and may or may not contribute value to the improved parcel. (Dictionary)

TPO

Thermoplastic polyolefin, a resilient synthetic roof covering.

Triple Net (Net Net Net) Lease

An alternative term for a type of net lease. In some markets, a net net net lease is defined as a lease in which the tenant assumes all expenses (fixed and variable) of operating a property except that the landlord is responsible for structural maintenance, building reserves, and management; also called *NNN lease*, *net net net lease*, or *fully net lease*. (Dictionary)

(The market definition of a triple net lease varies; in some cases tenants pay for items such as roof repairs, parking lot repairs, and other similar items.)

Usable Area

The measured area of an office area, store area, or building common area on a floor. The total of all the usable areas for a floor shall equal floor usable area of that same floor. (BOMA)

Value-in-Use

The value of a property assuming a specific use, which may or may not be the property's highest and best use on the effective date of the appraisal. Value in use may or may not be equal to market value but is different conceptually. (Dictionary)

VTAB

Value of the Total Assets of a Business. The value of a going concern (i.e. the business enterprise). (Dictionary)



Qualifications

ANACORTES LAND EXCHANGE LOT 18
ADDENDA

Qualifications of S. Murray Brackett, MAI

Senior Managing Director

Valbridge Property Advisors | Puget Sound

Education

Bachelor of Arts in Business Administration, Western Washington University, 1985, with an emphasis on real estate.

Professional Education

Appraisal Courses: All appraisal courses required for MAI designation.

Seminars and Continuing Education (abbreviated summary of coursework):

- Easement Valuation
- UASFLA Seminar (Yellow Book)
- Real Estate Law
- Appraising From Blueprints
- Complexities of Predevelopment Land
- The Appraiser as Expert Witness
- Litigation Skills for the Appraiser
- The New Frontier of Takings Law
- Partial Acquisitions Workshop
- Condemnation Appraisal & Mock Trial
- Conservation Easement Appraisal - Certificate Course

Professional Affiliation

Member, Appraisal Institute. Received MAI Designation May 2, 1997 (Member No. 11,258)

Past President (2003), Seattle Chapter of the Appraisal Institute

Member, International Right-of-Way Association

Associate Member, Washington Airport Manager's Association

Appraisal Experience

Principal with Valbridge Property Advisors | Puget Sound. Responsibilities include the full range of residential, commercial and industrial real estate valuation. Appraisals have been prepared on such diverse properties such as airports and airport-related facilities, park lands, subdivisions and golf courses, as well as typical commercial and industrial improved property. Airport work has included valuation of entire airports to assist in determining lease rates, valuation of adjacent properties for airport expansion, aviation related improved properties and aviation easements. Improved and Unimproved valuations have been performed for acquisitions in fee, leased fee and leasehold interests, partial takings, as well as various partial interests including the following: conservation easements, utility easements, subsurface easements, air-rights/aviation easements, and minority interests. Numerous Appraisals have been prepared for use in litigation, including eminent domain dispute resolution, condemnation and inverse condemnations. UASFLA-compliant Appraisals have been prepared for a wide variety of agencies on a wide range of property types.

S. MURRAY BRACKETT, MAI (cont.)

Qualified as an expert witness in King, Kitsap and Pierce County Superior Courts, US District Court, and Federal Bankruptcy Court. Geographic experience includes assignments in Washington, California, Oregon, Idaho, Nebraska, Iowa, Kansas, South Dakota, Alaska, and British Columbia.

Other Experience

Instructor: Instructor, Income Property Appraisal, Lk Wa. Voc-Tec.
Qualified Level 3 Facilitator, IRWA

Presentations: October 2003 - WPMA Conference – “The Valuation of Non-Water Dependent Properties.”

September, 2009 - Valuation of Airport Properties, WAMA

December 9, 2010 - AI-Seattle Fall R.E. Conference – Panelist/presenter for Appraisal Issues relating to Partial Acquisitions in Eminent Domain cases.

Representative Client ListCities/Counties

Cities of Bellevue, Burien, Kirkland, Seattle, Kent, Everett, Renton, Auburn, Arlington, Anacortes, Tacoma, North Bend, Snoqualmie, Lake Forest Park, Kenmore, Bothell, Lynnwood, Port Angeles, Maple Valley, Puyallup, Woodinville and SeaTac. Counties of King, Snohomish, Pierce, Kitsap, Thurston, and Skagit.

Government

Ports of Seattle, Everett, Olympia, Grays Harbor, Bremerton, Port Angeles, and Friday Harbor. Washington State Parks, WSDOT (Approved Appraiser List), DNR, Federal Aviation Administration, Internal Revenue Service, King County DNR, GSA, U.S. Navy, San Juan County Land Bank, Northshore School District, Snohomish School District, Sound Transit, USACE.

Financial Institutions

Bank of America, U.S. Bancorp, Key Bank, Wells Fargo Trust, Commerce Bank, Homestreet Bank, Banner Bank, Charter Bank, Union Bank.

Airports

Sea-Tac International Airport, Renton Municipal, Auburn Municipal, Snohomish County Airport (Paine Field), Arlington Municipal, Bellingham International, Olympia Airport, William Fairchild (Port Angeles), Spokane Int'l, Centralia/Chehalis, Bremerton National, Pullman Airport, and Friday Harbor Airport.

Corporations and Non Profits

Weyerhaeuser Company, WRECO, Tramco, Plum Creek, McDonalds Corporation, Gull Industries, Puget Sound Energy, Development Services of America (DSA), FSA, Winmar Company, Jr. Achievement, Lowe Enterprises, PACCAR, Inc., The Trust for Public Land, Cascade Land Conservancy, Fletcher General Construction, Manke Lumber Company, Simpson Timber Company, New Ventures Group, OTAK, American Forest Resources, HDR, Inc., Hancock Natural Resources Group, Sierra Pacific Industries, Quadrant, Port Blakely Communities, Lowe Enterprises, Parsons Brinckerhoff, CH2M-Hill.

S. MURRAY BRACKETT, MAI (cont.)Attorneys

Hillis, Clark, Martin & Peterson; Kenyon Disend; Perkins Coie; Tousley Brain; Inslee Best; Graham and Dunn; Chmelik, Sitkin & Davis; Foster Pepper; Short Cressman; Davis Wright & Tremaine; Betts Patterson; Karr Tuttle Campbell; Anderson Hunter; Riddell Williams; Williams Kastner; Krutch Lindell; Curran Mendoza; Williams and Williams; and King County Prosecuting Attorney.

State Certification Number - General: 27011-1100853 **Expiration:** 11/21/19

(Revised 11/22/17)

Qualifications of Christina J. Lovell

Associate Appraiser

Valbridge Property Advisors | Puget Sound

Experience

Christina has been involved in various facets of the real estate industry for nearly 15 years, with experience as a Commercial Real Estate Paralegal and Transaction Manager for a large, national law firm, a Right-of-Way Agent for an electric and gas utility company, and appraisal work as an Accredited Real Property Appraiser for the Clallam County Assessor's Office, and an Associate for a small residential firm. Appraisal assignments have included work on commercial and industrial properties, conservation easements, and right-of-way projects in King, Snohomish, Skagit, Okanogan, and Kittitas Counties.

Education

Marylhurst University, Marylhurst, Oregon:

Bachelor of Science

Business Management with a focus in Real Estate and Finance

Edmonds Community College, Lynnwood, Washington:

Associate of Technical Arts

Paralegal Studies

Appraisal Institute:

Basic Appraisal Principles	General Appraiser Income Approach, I
Basic Appraisal Procedures	General Appraiser Income Approach, II
USPAP	Market Analysis and Highest and Best Use

International Right-of-Way Association:

Principles of Land Acquisition

Organizations:

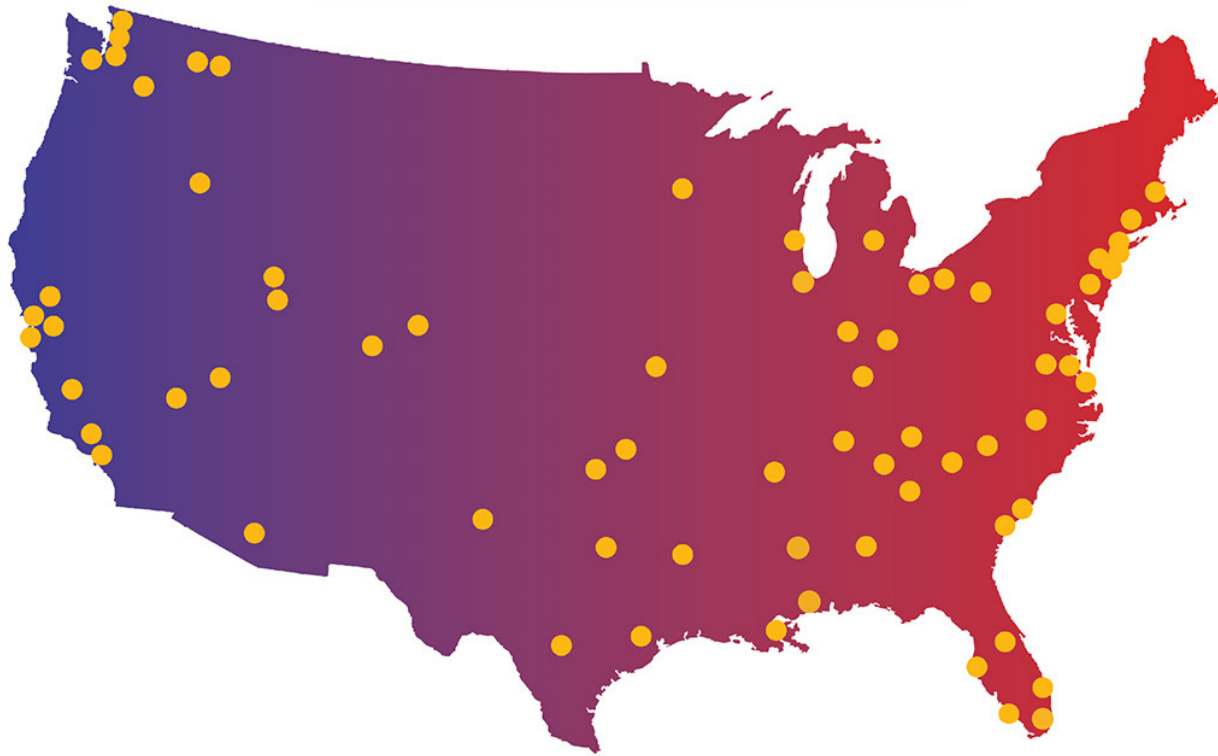
Appraisal Institute: Practicing Affiliate

State Registered Real Estate Appraiser Trainee: 1001951

Expiration: 04/18/20



Valbridge
PROPERTY ADVISORS



FAST FACTS

COMPANY INFORMATION

- Valbridge is the largest independent national commercial real estate valuation and advisory services firm in North America.
 - Total number of MAI-designated appraisers (200+ on staff)
 - Total number of office locations (70+ across U.S.)
 - Total number of staff (675+ strong)
- Valbridge covers the entire U.S. from coast to coast.
- Valbridge services all property types, including special-purpose properties.
- Valbridge provides independent valuation services. We are not owned by a brokerage firm or investment company.
- Every Valbridge office is led by a senior managing director who holds the MAI designation of the Appraisal Institute.
- Valbridge is owned by our local office leaders.
- Valbridge welcomes single-property assignments as well as portfolio, multi-market and other bulk-property engagements.

Valbridge Property Advisors, Inc.

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PROPERTY ADVISORS

ALABAMA

4732 Woodmere Boulevard
Montgomery, AL 36106
334.277.5077

200 Cahaba Park Circle
Suite 213
Birmingham, AL 35242
205.440.2998

ARIZONA

6061 E. Grant Road
Suite 121
Tucson, AZ 85712
520.321.0000

CALIFORNIA

4915 Calloway Drive
Suite 101
Bakersfield, CA 93312
661.587.1010

1370 N. Brea Boulevard
Suite 255
Fullerton, CA 92835
714.449.0852

2813 Coffee Road
Suite E-2
Modesto, CA 95355
209.569.0450

99 S. Lake Avenue
Suite 21
Pasadena, CA 91101
626.744.0428

3353 Bradshaw Road
Suite 213
Sacramento, CA 95827
916.361.2509

55 South Market Street
Suite 1210
San Jose, CA 95113
408.279.1520

3160 Crow Canyon Place
Suite 245
San Ramon, CA 94583
925.327.1660

COLORADO

7445 E. Peakview Avenue
Centennial, CO 80111
303.443.9600

5345 Arapahoe Avenue
Suite 7
Boulder, CO 80303
303.443.9600

23272 Two Rivers Road
Unit 101
Basalt, CO 81621
970.340.1016

1099 Main Avenue
Suite 311
Durango, CO 81301
970.340.1016

CONNECTICUT

15 Concord Street
Glastonbury, CT 06033
860.246.4606

17 Covewood Drive
Norwalk, CT 06853
203.286.6520

FLORIDA

2240 Venetian Court
Naples, FL 34109
239.514.4646

301 Almeria Avenue,
Suite 350
Coral Gables, FL 33134
305.639.8029

603 Hillcrest Street
Orlando, FL 32803
407.839.3626

2711 Poinsettia Avenue
West Palm Beach, FL 33407
561.833.5331

GEORGIA

2675 Paces Ferry Road
Suite 145
Atlanta, GA 30339
678.644.4853

IDAHO

1459 Tyrell Lane
Suite B
Boise, ID 83706
208.336.1097

1875 N. Lakewood Drive
Suite 100
Coeur d'Alene, ID 83814
208.292.2965

ILLINOIS

566 W. Lake Street
Suite 240
Chicago, IL 60661
312.288.8687

INDIANA

820 Fort Wayne Avenue
Indianapolis, IN 46204
317.687.2747

KANSAS

10990 Quivira Road
Suite 100
Overland Park, KS 66210
913.451.1451

KENTUCKY

9000 Wessex Place
Suite 306
Louisville, KY 40222
502.585.3651

LOUISIANA

512 North Causeway Boulevard
Metairie, LA 70001
504.207.7730

MARYLAND

11100 Dovedale Court
Marriottsville, MD 21104
443.333.5522

MASSACHUSETTS

260 Bear Hill Road
Suite 106
Waltham MA 02451
781.790.5645

MICHIGAN

1420 Washington Blvd.
Suite 301
Detroit, MI 48226
313.986.3313.

2127 University Park Drive
Suite 390
Okemos, MI 48864
517.336.0001

MINNESOTA

222 South 9th Street
Suite 825
Minneapolis, MN 55402
612.253.0650

275 East 4th Street,
Suite 325
St. Paul, MN 55101
651.983.2408

MISSISSIPPI

1010 Ford Street
Gulfport, MS 39507
228.604.1900

737 Highway 51
Suite 1C
Madison, MS 39110
601.853.0736

MISSOURI

10990 Quivira Road
Suite 100
Overland Park, KS 66210
913.451.1451

NEVADA

3034 S. Durango Drive
Suite 100
Las Vegas, NV 89117
702.242.9369

NEW JERSEY

2740 Route 10 West, Suite 204
Morris Plains, NJ 07950
973.970.9333

3500 Route 9 South, Suite 202
Howell, NJ 07731
732.807.3113

NEW YORK

424 West 33rd Street
Suite 630
New York, NY 10001
212.268.1113

NORTH CAROLINA

412 E. Chatham Street
Cary, NC 27511
919.859.2666

4530 Park Road, Suite 100
Charlotte, NC 28209
704.376.5400

OHIO

1655 W. Market Street
Suite 130
Akron, OH 44313
330.899.9900

OHIO (Cont'd)

8291 Beechmont Ave.,
Suite B
Cincinnati, OH 45255
513.785.0820

1422 Euclid Avenue
Suite 616
Cleveland, OH 44115
216.367.9690

OKLAHOMA

5909 NW Expressway
Suite 104
Oklahoma City, OK 73132
405.603.1553

6666 South Sheridan Road
Suite 104
Tulsa, OK 74133
918.712.9992

PENNSYLVANIA

150 S. Warner Road
Suite 440
King of Prussia, PA 19406
215.545.1900

4701 Baptist Road
Suite 304
Pittsburgh, PA 15227
412.881.6080

SOUTH CAROLINA

11 Cleveland Court
Greenville, SC 29607
864.233.6277

920 Bay Street
Suite 26
Beaufort, SC 29902
843.342.2302

1250 Fairmont Avenue
Mt. Pleasant, SC 29464
843.881.1266

TENNESSEE

112 Westwood Place
Suite 300
Brentwood, TN 37027
615.369.0670

701 Broad Street
Suite 209
Chattanooga, TN 37402
423.285.8435

213 Fox Road
Knoxville, TN 37922
865.522.2424

756 Ridge Lake Blvd
Suite 225
Memphis, TN 38120
901.753.6977

TEXAS

High Point Center
12225 Greenville Avenue
Suite 490
Dallas, TX 75243
214.446.1611

974 Campbell Road
Suite 204
Houston, TX 77024
713.467.5858

2731 81st Street
Lubbock, TX 79423
806.744.1188

TEXAS (Cont'd)

9901 IH-10 West
Suite 1035
San Antonio, TX 78230
210.227.6229

UTAH

260 South 2500 West
Suite 301
Pleasant Grove, UT 84062
801.492.9328

1100 East 6600 South
Suite 201
Salt Lake City, UT 84121
801.262.3388

20 North Main
Suite 304
St. George, UT 84770
435.773.6300

VIRGINIA

656 Independence Parkway
Suite 220
Chesapeake, VA 23320
757.410.1222

4914 Fitzhugh Avenue
Suite 102
Richmond, VA 23230
804.672.4473

5107 Center Street
Unit 2B
Williamsburg, VA 23188
757.345.0010

WASHINGTON

18728 Bothell Way, NE
Suite B
Bothell, WA 98011
425.450.0040

2927 Colby Avenue
Suite 100
Everett, WA 98201
425.258.2611

419 Berkeley Avenue
Suite A
Fircrest, WA 98466
253.274.0099

8378 W. Grandridge Boulevard
Suite 110-D
Kennewick, WA 99336
509.221.1540

506 Second Avenue
Suite 1001
Seattle, WA 98104
206.209.3016

324 N. Mullan Road
Spokane Valley, WA 99206
509.747.0999

WISCONSIN

12660 W. North Avenue
Brookfield, WI 53005
262.782.7990

CORPORATE OFFICE

2240 Venetian Court
Naples, FL 34109

239-325-8234 phone
239-325-8356 fax

valbridge.com

RCW 39.33.015**Transfer, lease, disposal of public property for affordable housing.**

(1) Any state agency, municipality, or political subdivision, with authority to dispose of surplus public property, may transfer, lease, or other disposal of such property for a public benefit purpose, consistent with and subject to this section. Any such transfer, lease, or other disposal may be made to a public, private, or nongovernmental body on any mutually agreeable terms and conditions, including a no cost transfer, subject to and consistent with this section. Consideration must include appraisal costs, debt service, all closing costs, and any other liabilities to the agency, municipality, or political subdivision. However, the property may not be so transferred, leased, or disposed of if such transfer, lease, or disposal would violate any bond covenant or encumber or impair any contract.

(2) A deed, lease, or other instrument transferring or conveying property pursuant to subsection (1) of this section must include:

(a) A covenant or other requirement that the property shall be used for the designated public benefit purpose; and

(b) Remedies that apply if the recipient of the property fails to use it for the designated public purpose or ceases to use it for such purpose.

(3) To implement the authority granted by this section, the governing body or legislative authority of a municipality or political subdivision must enact rules to regulate the disposition of property for public benefit purposes. Any transfer, lease, or other disposition of property authorized under this section must be consistent with existing locally adopted comprehensive plans as described in RCW **36.70A.070**.

(4) This section is deemed to provide a discretionary alternative method for the doing of the things authorized herein, and shall not be construed as imposing any additional condition upon the exercise of any other powers vested in any state agency, municipality, or political subdivision.

(5) No transfer, lease, or other disposition of property for public benefit purposes made pursuant to any other provision of law prior to June 7, 2018, may be construed to be invalid solely because the parties thereto did not comply with the procedures of this section.

(6) The transfer at no cost, lease, or other disposal of surplus real property for public benefit purposes is deemed a lawful purpose of any state agency, municipality, or political subdivision, for which accounts are kept on an enterprise fund or equivalent basis, regardless of the primary purpose or function of such agency.

(7) This section does not apply to the sale or transfer of any state forestlands, any state lands or property granted to the state by the federal government for the purposes of common schools or education, or subject to a legal restriction that would be violated by compliance with this section.

(8) For purposes of this section:

(a) "Public benefit" means affordable housing for low-income and very low-income households as defined in RCW **43.63A.510**, and related facilities that support the goals of affordable housing development in providing economic and social stability for low-income persons; and

(b) "Surplus public property" means excess real property that is not required for the needs of or the discharge of the responsibilities of the state agency, municipality, or political subdivision.

[**2018 c 217 § 3.**]

When recorded return to:
City of Anacortes
P.O. Box 547
Anacortes, WA 98221

QUIT CLAIM DEED

The Grantors: the Port of Anacortes, Washington municipal corporation

For and in consideration of vacation of a portion of public right-of-way

conveys and quit claims to the City of Anacortes, a Washington municipal corporation

the following described real estate, situated in the County of Skagit, State of Washington together with all after acquired title of the grantor(s) therein:

Lot 18, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Less any portion of the vacated alley in said Block 31 which would attach by operation of law.

Situate in the County of Skagit, State of Washington.

Tax Account Number: Ptn. P55040

DATED: _____

Name

Title

STATE OF WASHINGTON)
COUNTY OF SKAGIT.....) SS

On this ____th day of _____ 2019, before, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared _____, to me known to be the _____ of the PORT OF ANACORTES, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned , and on oath stated that said individual is authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto given my hand and official seal this _____th day of _____, 2019.

Notary Public in and for the State of _____,
Residing at _____.
My appointment expires _____.

Accepted By:

City of Anacortes

When recorded return to:
City of Anacortes
P.O. Box 547
Anacortes, WA 98221

QUIT CLAIM DEED

The Grantors: the City of Anacortes, a Washington municipal corporation

For and in consideration of the public benefit of affordable housing for low income households per RCW 39.33.015

conveys and quit claims to the Anacortes Housing Authority, a Washington municipal corporation

the following described real estate, situated in the County of Skagit, State of Washington together with all after acquired title of the grantor(s) therein:

Lot 18, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Less any portion of the vacated alley in said Block 31 which would attach by operation of law.

Situate in the County of Skagit, State of Washington.

Tax Account Number: Ptn. P55040

DATED: _____

By: _____
Laurie Gere, Mayor

Attest:

By: Steve Hoglund, City Clerk/Treasurer

Approved as to form:

By: _____
Darcy Swetnam, WSBA #40530
City Attorney

STATE OF WASHINGTON)
) SS
COUNTY OF SKAGIT.....)

On this ____th day of _____ 2019, before, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Laurie Gere, to me known to be the Mayor of the CITY OF ANACORTES, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned , and on oath stated that said individual is authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto given my hand and official seal this _____th day of _____, 2019.

Notary Public in and for the State of _____,
Residing at _____.
My appointment expires _____.

Public Hearing on February 25, 2019
Petition submitted by the Port of Anacortes

My name is Daniel Paris and I own the property 1019, 1017 and 1013 3rd St.. I am unable to attend the Public Hearing on the 25th and wish to make my voice heard in writing on the Vacation Petition for the alley way on Block 31.

I seems to me vacating the alley would put more strain on the Fire and Medical response in and around block 31 along with the many events that take place throughout the year. Also, if vacated it would be a forever decision that would most likely be impossible to regaining the alley way again. The alley way is owned by the City of Anacortes is therefore should remain for another on hundred plus years as should our Old Town which seems to be disappearing at a fast pace. I therefore very much do not want to see the Alley or Old Town abandoned.

Sincerely,

A handwritten signature in black ink that reads "Daniel Paris". The signature is written in a cursive style with a large, looping initial "D" and a distinct "P".

Daniel Paris

2019-02-21

Dear Mr. Hohmann and Members of the Council:

Thank you for inviting me to comment on the Port's request that the City vacate the alley in Block 31. I own a residential property 270 feet southwest of this alley. I am generally very supportive of the Port and its place in our community, and I also believe in strong public accountability.

I believe that it is fundamentally un-American for a government entity to give preferential treatment to any person or organization, even if it is another arm of the government. Therefore, when the city receives a request to surrender a public asset or to waive a code or a law—e.g. zoning changes, vehicle parking variances, right-of-way vacations, etc.—I believe that two conditions should both be met before the request is granted:

1. Either the grantee must prove that their project cannot be accomplished without this particular concession, or the grantee must prove that the assets and obligations to be conceded could not offer any future utility to the grantor.
2. The grantee must also prove that the economic and social benefit of the project to the grantor and its stakeholders (viz. the general public) would equal or exceed the fair economic and social value of the asset or concession within a reasonable timeframe (i.e. 10 to 30 years). These proposed benefits could include direct compensation, a net increase in tax revenue, or less tangible claims with credible substantiation.

To that end, I have some questions that I personally would expect to be answered, but more importantly, I hope that you might also expect them to be answered prior to making your decision.

1. Has the Port made clear its intention for the alley and the land surrounding it?
2. Has the Port made a convincing case for the necessity to vacate the alley in order to realize its plan?
3. Does the Port's plan promote the greater good of the community such that it constitutes a positive return on the City's forfeiture of value and utility within a reasonable timeframe?
4. Do the terms of the vacation include a binding commitment to this particular plan?
5. Does the binding commitment include a reasonable timeframe over which to realize the plan?
6. Does the Port's plan fit the City's mission, vision, values, and goals?
7. Would the majority of the public find the Port's plan beneficial and reasonable?
8. Has the City fully evaluated the costs and risks of vacating this alley? Has the City determined or calculated the amount of compensation and benefits that would be required to offset these costs and risks? Does the proposed project and its associated revenue streams offer sufficient recompense to offset these costs and risks?
9. Would custody revert to the City if the Port failed to follow through on its proposal?

In order for this decision to withstand the test of time, inevitable twists of fate, and the unrelenting scrutiny of the public, it seems to me that the City ought to be able to answer all of these questions affirmatively and confidently, in cooperation with the Port, before vacating this alley.

Sincerely,



Brent J. Morrison, P.E.
1109 3rd St.



City Council Agenda Bill

Meeting Date: 3/4/2019

Agenda Item: 6a

Subject: Port of Anacortes Vacation, Alley in Block 31 "Map of the City of Anacortes"

Staff Contact: Fred Buckenmeyer

Approved for Submittal to Council by	
	Laurie Gere, Mayor
	Steve Hoglund, Finance Director
X	Darcy Swetnam, City Attorney

Action Type	
X	Ordinance No. 3037
	Code Revision?
	Resolution No. _____
	Contract
X	Public Hearing
	Staff Report

Summary Statement: Vacation of the following City Right-of-way: The alley in Block 31, Map of the City of Anacortes.

Background:

The right-of-way being considered for vacation is the Alley in Block 31, map of the City of Anacortes. This is an unopened, platted, alley running from Commercial Avenue to "O" Avenue in the block between 2nd Street and 3rd Street. This is the block containing the Olson Building and the Marine Supply and Hardware Building. The building currently occupied by the Bike Spot sits upon the platted alley.

The property adjacent to the alley is currently entirely owned by the Port of Anacortes. The Port of Anacortes currently has a Purchase and Sale agreement with the Anacortes Housing Authority to sell the Olson Building and Lots 19 and 20 of the Block. The Port initiated this right-of-way vacation petition prior to completing the sale to the Housing Authority in order to complete this vacation while they own the whole of Block 31 and to allow for future commercial development flexibility of the block.

Proposed compensation for the alley vacation would consist of a 30' by 100' parcel, being Lot 18 of said Block 31, deeded by Quit Claim deed to the City. As a part of the right-of-way vacation application process the Port of Anacortes provided an appraisal for both the Alley property and Lot 18 in accordance with AMC 12.50.140. The appraised value of the alley property is \$48,000. The required compensation for the alley vacation per AMC 12.50.130(A) is seventy-five percent of this value equaling \$36,000. The appraised value of Lot 18 for alternative compensation to the City per AMC 12.50.135 is \$30,000. Staff recommends the Port pay the City for the additional \$6000 of compensation for the alley.

The application then proposes that the City dedicate Lot 18 to the Anacortes Housing

Authority in accordance with RCW 39.33.015. RCW 39.33.015 allows a municipality to transfer surplus public property for the public benefit of affordable housing for low income households. The quitclaim deed to transfer the property has been updated to include the required covenant to guarantee the property's use for public benefit under RCW 39.33.015.

Please see additional application materials submitted by the Port of Anacortes attached.

Budget Impact	
Amount Budgeted	n/a
Budget Account (BARS)	n/a
Proposed Expenditure	n/a
Budget Amendment Required?	n/a
Revenue Source	n/a

Proposed Contract	
Contractor	n/a
Amount	n/a
Start Date	n/a
End Date	n/a

Previous Council/Committee Action: Approval on January 28, 2019 of [Resolution 2031](#) setting the Public Hearing date of February 25, 2019; public hearing on Ordinance 3037 before City Council on [February 25, 2019](#).

Competing Viewpoints Considered:

Recommended Motion: I move to approve revised Ordinance No. 3037 vacating the alley in Block 31 Map of the City of Anacortes.

Alternative Actions:

Attachments (listed in order presented):

1. ***Updated*** Ordinance #3037 ready for approval and signature.
2. ***Updated*** quitclaim deed to the AHA.
2. Survey map of Block 31 and proposed alley vacation.
3. GIS Vicinity Map
4. Statement of Purpose submitted by the Port of Anacortes.
5. Port of Anacortes Petition for Vacation Authorization Action Item.
6. Appraisal for Alley Property.
7. Appraisal for Lot 18.
8. Copy of RCW 39.33.015.
9. Draft Quit Claim Deed ready for Port of Anacortes signature and notarization.
10. Public Comments as of February 25, 2019.

RETURN TO:

City of Anacortes
P.O. Box 547
Anacortes, WA 98221

ORDINANCE NO. 3037

**AN ORDINANCE VACATING A RIGHT-OF-WAY OF CERTAIN PORTIONS OF
THE ALLEY IN BLOCK 31, MAP OF THE CITY OF ANACORTES**

**THE CITY COUNCIL OF THE CITY OF ANACORTES DOES HEREBY ORDAIN AS
FOLLOWS:**

WHEREAS, at the January 28, 2019, City Council meeting a resolution was passed to set a hearing date for February 25, 2019, to consider a petition to vacate right-of-way (ROW) in certain portions of the alley in Block 31, Map of the City of Anacortes; and

WHEREAS, the Port of Anacortes has approached the City with a plan to remodel the historic Olson Building in conjunction with the Anacortes Housing Authority to develop affordable housing for Anacortes residents. To make the proposed project financially viable, the Anacortes Housing Authority requires additional land to add units; and

WHEREAS, per AMC Chapter 12.50 Street and Alley Vacation the City Council, by motion, elected to forgo review by the board of Adjustments (AMC 12.50.060(F)); and

WHEREAS, AMC Chapter 12.50.135 allows for Alternative Compensation, provided that where the conveyance of real property is made in fee for non-street purposes, the full fair market value of the property is credited to the required compensation payment for the vacated area (AMC 12.50.135(B)); and

WHEREAS, the required compensation payment for the area to be vacated is \$36,000, which represents seventy-five percent of the appraised value per AMC Section 12.50.130(A); and

WHEREAS, the full fair market value of the property provided as alternative compensation pursuant to AMC 12.50.135 is \$30,000; and

WHEREAS, the Port intends to make payment to the City for the remaining \$6000 of required compensation for the area to be vacated; and

WHEREAS, the vacated property described herein is not required for the needs of the City; and

WHEREAS, the City Council held a public hearing on said proposal on February 25, 2019, and agreed to approve the proposal as set-forth below; now, therefore

THE CITY COUNCIL OF THE CITY OF ANACORTES, DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The following described right-of-way on streets and alleys located in the City of Anacortes should be and are hereby vacated:

The alley in Block 31, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Situate in the County of Skagit, State of Washington.

SECTION 2. In-lieu of a portion of the required compensation, based on AMC Section 12.50.135, shall be by means of a Quit Claim Deed, from the Port of Anacortes to the City of Anacortes, for the following parcel of land, which Council hereby finds satisfies the alternative compensation requirements in AMC Section 12.50.135 in part and is authorized by RCW Section 39.33.015 in part:

Lot 18, Block 31, "Map of the City of Anacortes", as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Less any portion of the vacated alley in said Block 31 which would attach by operation of law.

Situate in the County of Skagit, State of Washington.

SECTION 3. In addition to the alternative compensation in Section 2 above, the Port will make payment to the City in the amount of six thousand dollars (\$6000.00) for the remaining balance of the required compensation for the area to be vacated.

SECTION 4. Per RCW 39.33.015 for the public benefit of affordable housing for low income households the City of Anacortes shall by means of a Quit Claim Deed, transfer, at no cost, the property described in Section 2 above to the Anacortes Housing Authority.

SECTION 5. Effective Date: This ordinance shall take effect five days after execution and recording of the Quit Claim Deed described in Section 2 above and receipt of payment in full described in Section 3 above, and publication as required by law.

PASSED AND APPROVED this 4th day of March, 2019.

CITY OF ANACORTES:

BY: _____
Laurie Gere, Mayor

ATTEST:

Steve D. Hoglund, City Clerk Treasurer

APPROVED AS TO FORM:

Darcy J. Swetnam, WSBA #40530
City Attorney

When recorded return to:
City of Anacortes
P.O. Box 547
Anacortes, WA 98221

QUIT CLAIM DEED

The Grantors: the City of Anacortes, a Washington municipal corporation

For and in consideration of the public benefit of affordable housing for public benefit purposes pursuant to Section 39.33.015 RCW, conveys and quit claims to the Anacortes Housing Authority, a Washington municipal corporation, the following described real estate, situated in the County of Skagit, State of Washington together with all after acquired title of the grantor(s) therein:

Lot 18, “Map of the City of Anacortes”, as per Plat recorded in Volume 2 of Plats, page 4, records of Skagit County, Washington.

Less any portion of the vacated alley in said Block 31 which would attach by operation of law.

Situate in the County of Skagit, State of Washington.

The property described and conveyed herein shall be used only for public benefit purposes as defined in Section 39.33.015(8)(a) RCW. In the event that the property is not used for public benefit purposes, all right, title and interest in the property will revert to the City.

Tax Account Number: Ptn. P55040

DATED: _____

By: _____
Laurie Gere, Mayor

Attest:

By: _____
Steve Hoglund, City Clerk/Treasurer

Approved as to form:

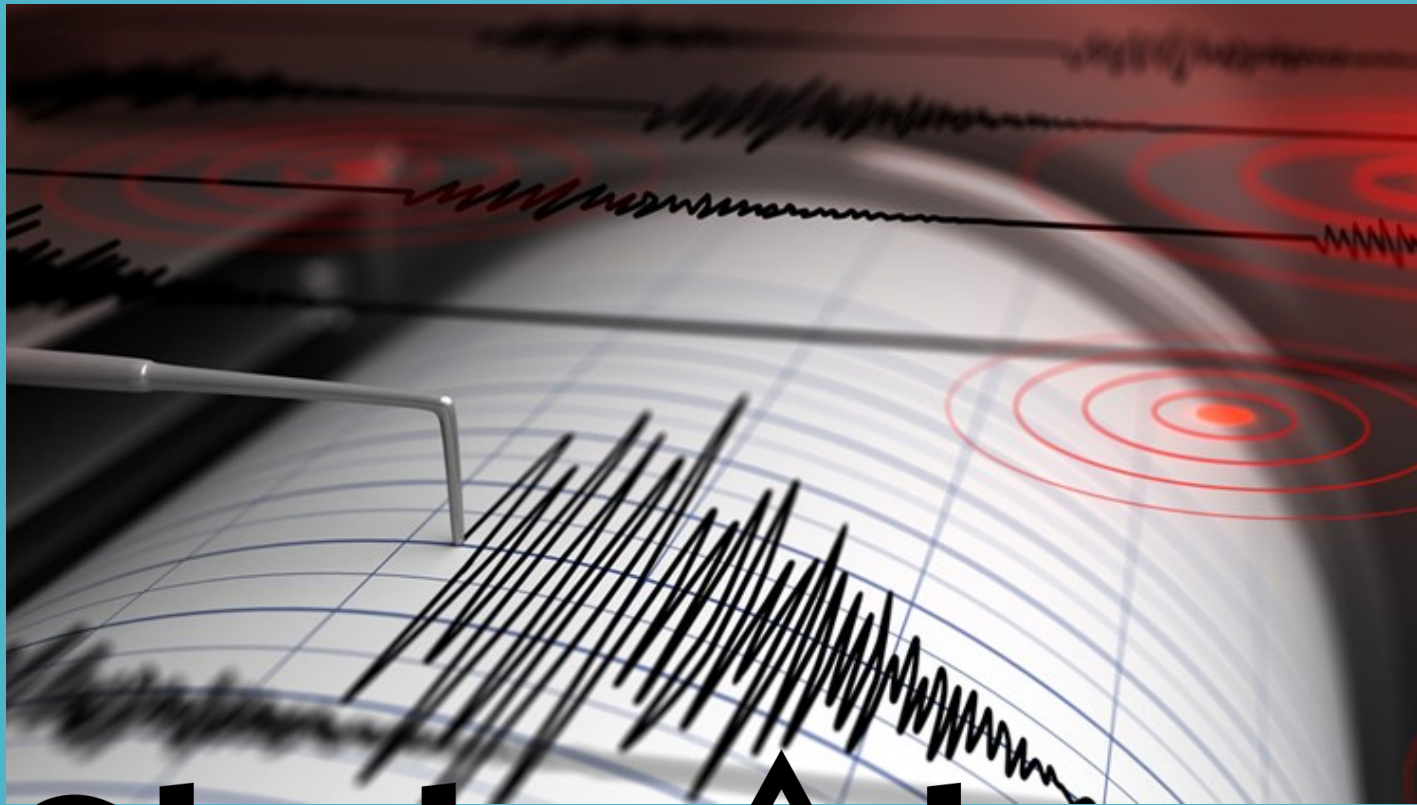
By: _____
Darcy Swetnam, WSBA #40530
City Attorney

STATE OF WASHINGTON)
COUNTY OF SKAGIT.....) SS

On this __th day of _____ 2019, before, the undersigned, a Notary Public in and for the State of Washington, duly commissioned and sworn, personally appeared Laurie Gere, to me known to be the Mayor of the CITY OF ANACORTES, that executed the within and foregoing instrument, and acknowledged said instrument to be the free and voluntary act and deed of said entity, for the uses and purposes therein mentioned , and on oath stated that said individual is authorized to execute said instrument.

IN WITNESS WHEREOF I have hereunto given my hand and official seal this____th day of _____, 2019.

Notary Public in and for the State of _____,
Residing at _____.
My appointment expires _____.



Shake^{Δ!}Alert

Earthquake Early Warning
Pilot Project Orientation

February 2019

EARTHQUAKE EARLY WARNING

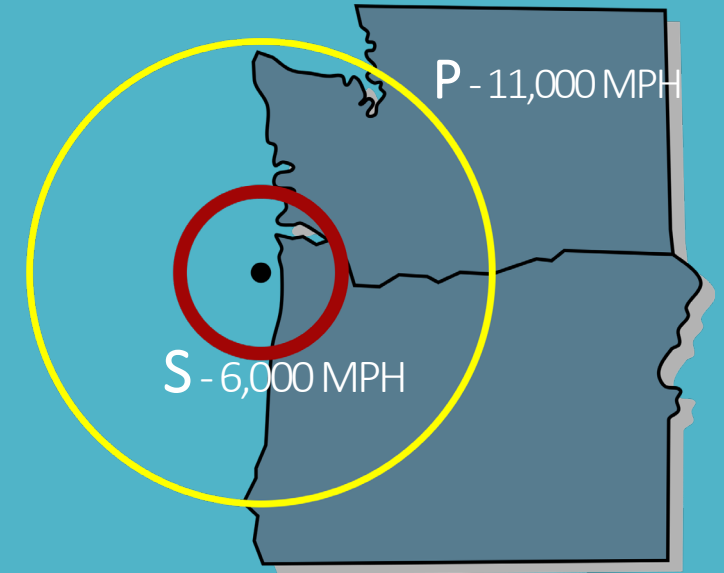
Participants:

Pacific Northwest Seismic Network – Signal Processing

United States Geological Survey – Administration

Varius Inc. – Application/Implementation

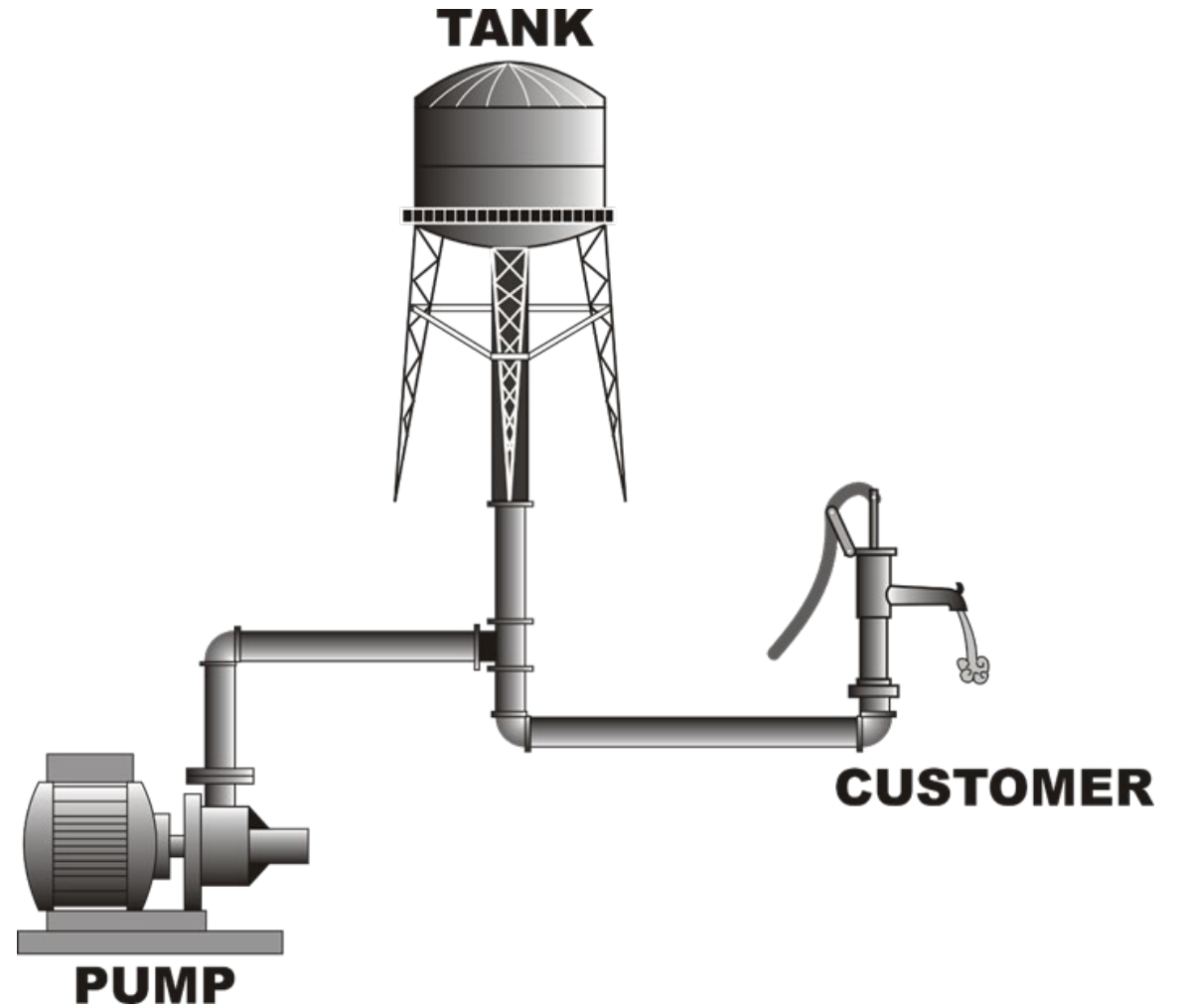




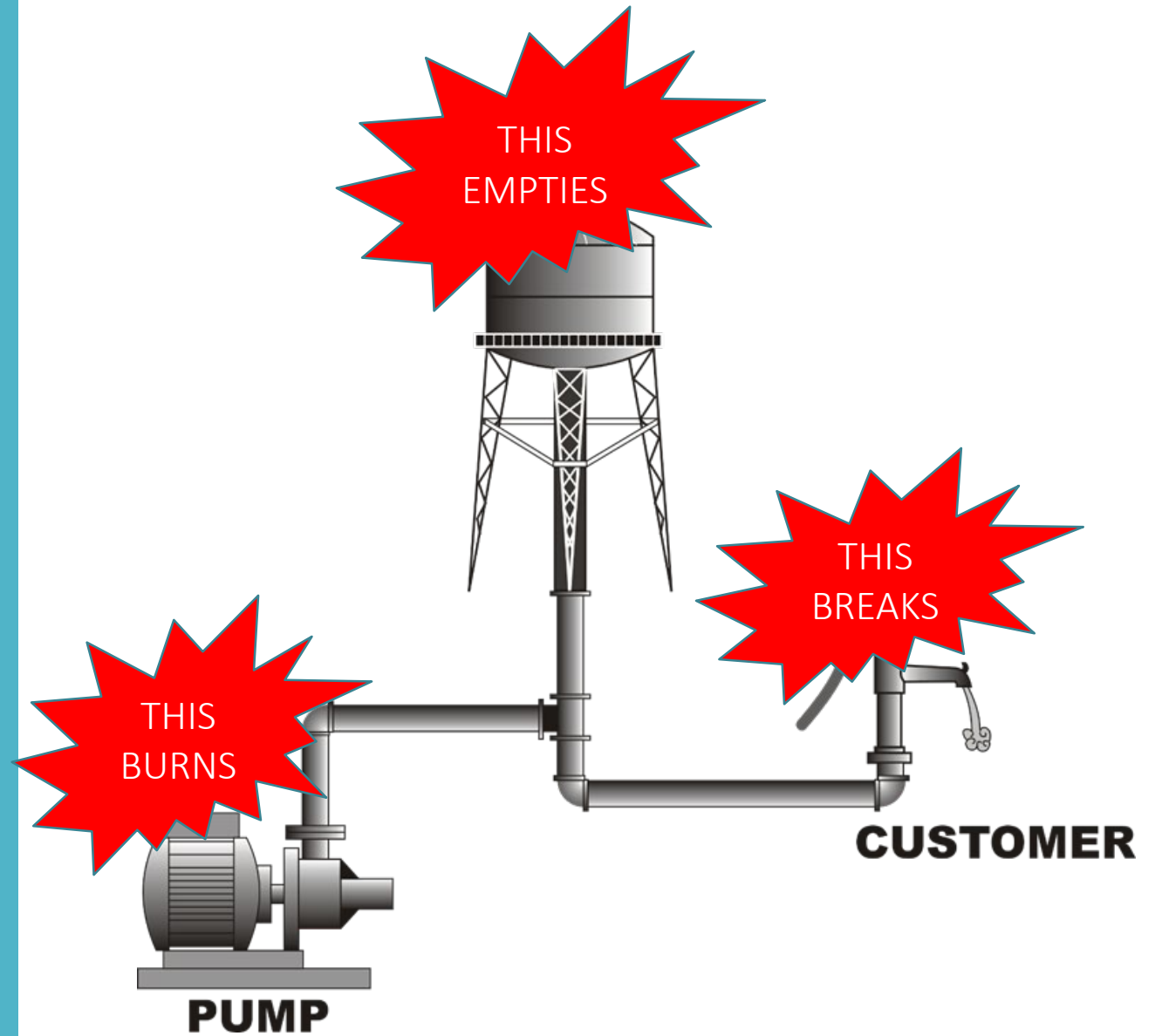
Waves – acoustics vs
displacement

How is Early Warning Possible?

Typical Municipal Water System



During an Earthquake...





Burning Pump Station



Ruptured Water Main

Failed Tank

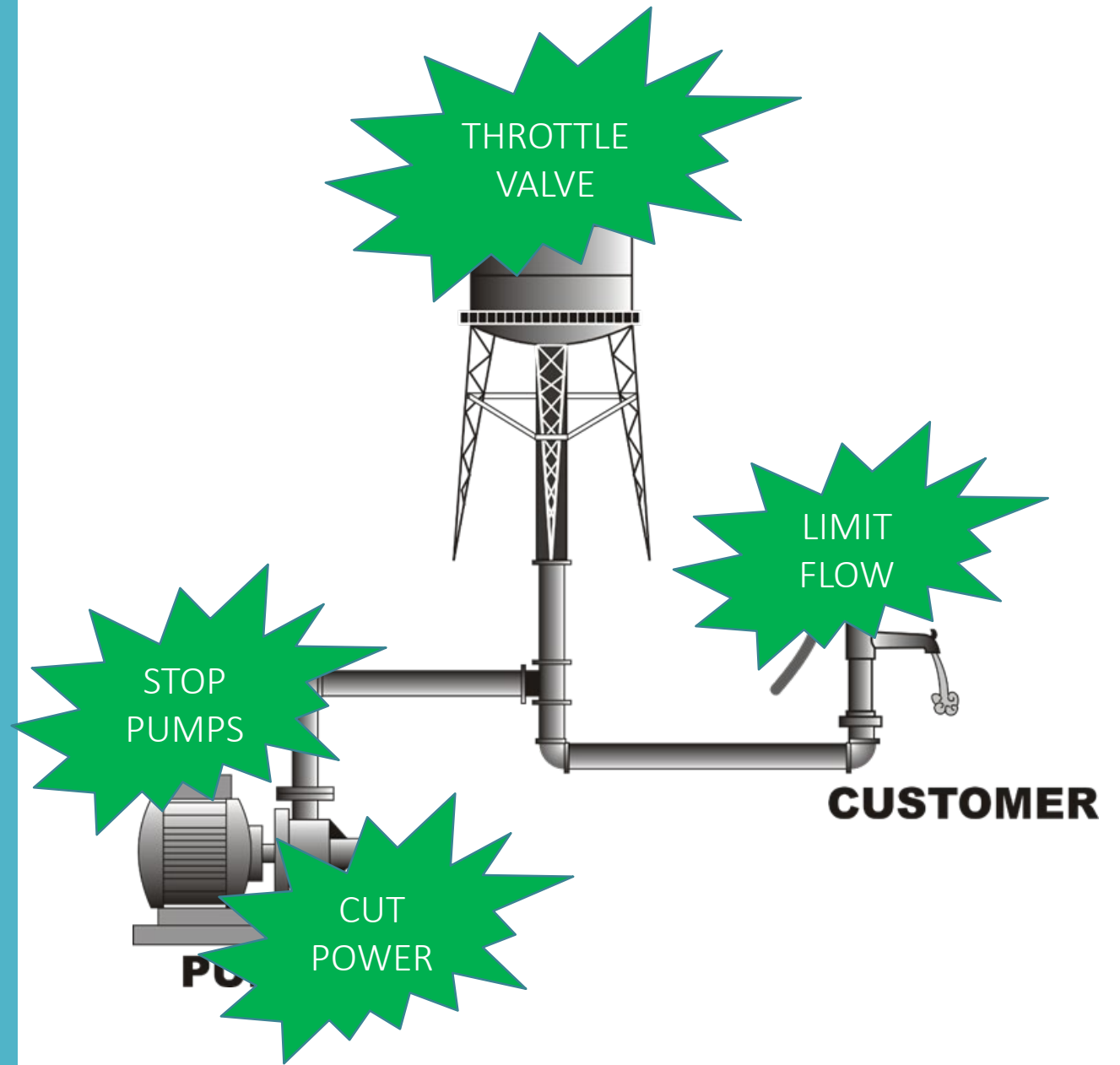


If You Had
Warning?.....

What would you
do?

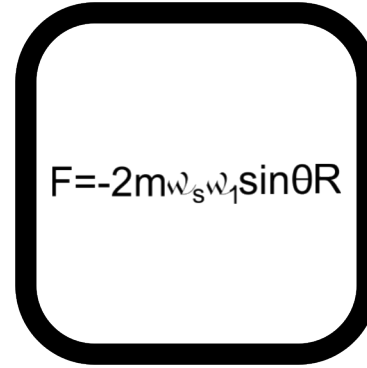
If You Had Warning...

(Automated Actions)

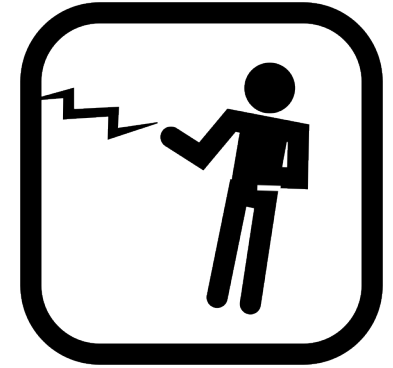


If You Had Warning...

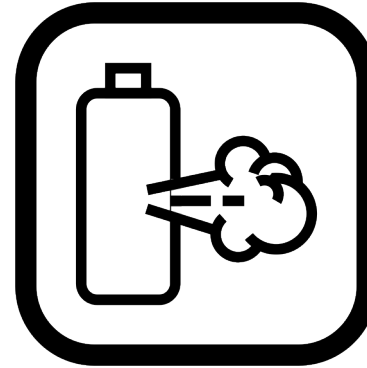
(Personnel Alerts)



STOP
MOTORS



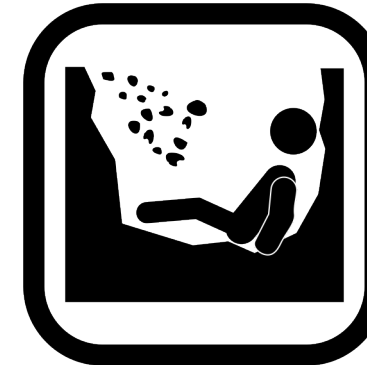
ISOLATE
POWER



ISOLATE
HAZARDS



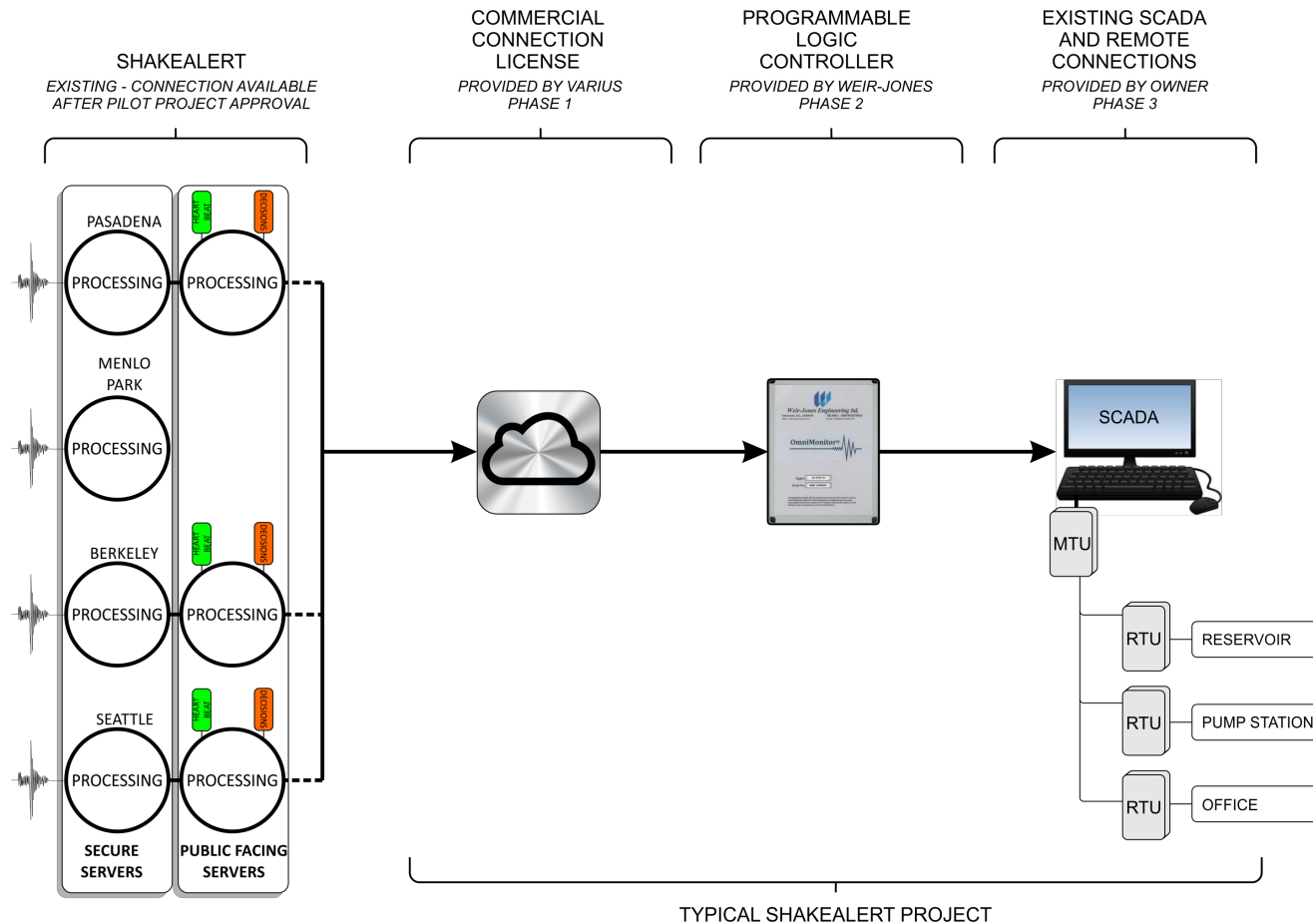
EVACUATE
BUILDINGS



EVACUATE
TRENCHES



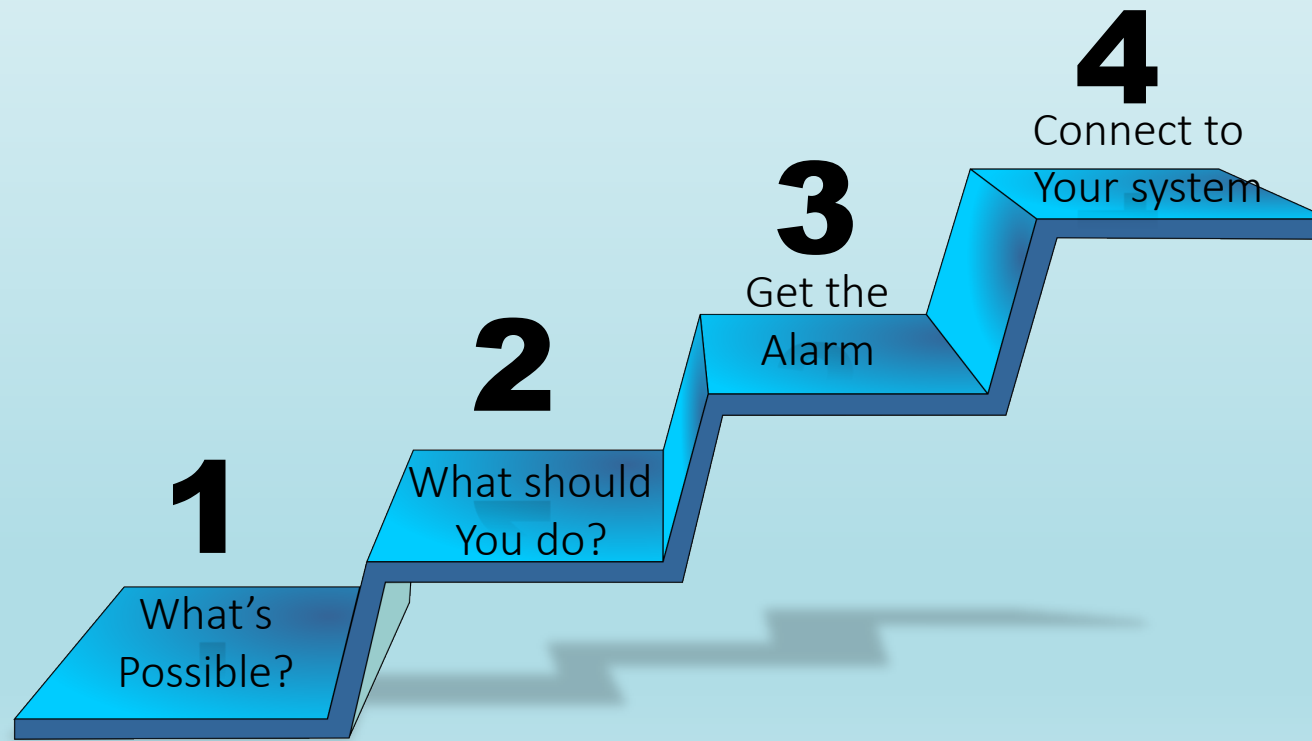
GET OFF
SCAFFOLDING

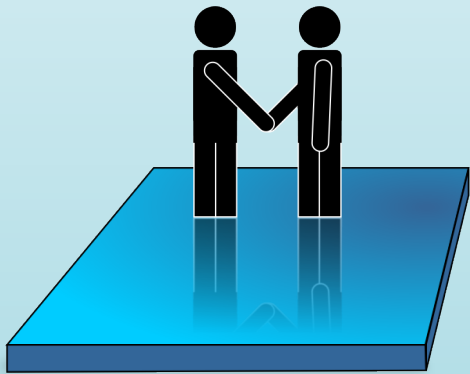


Early Warning Block Diagram

So... you want ShakeAlert:

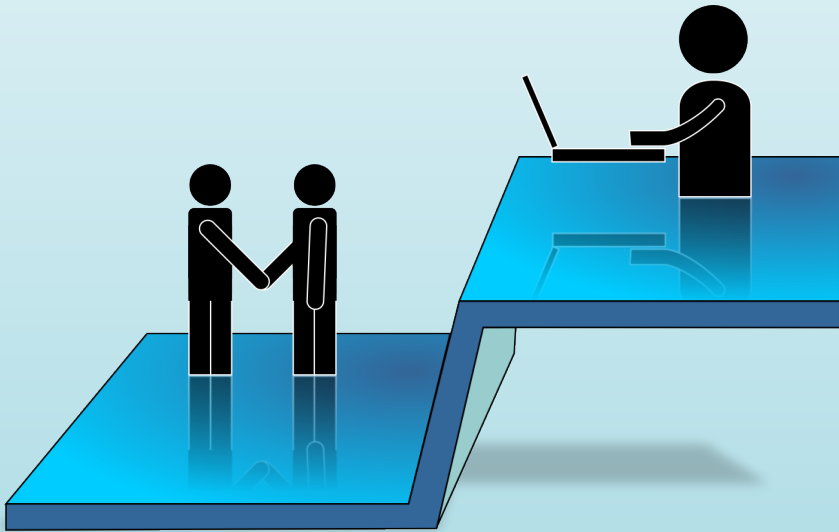
Four steps to earthquake protection:





STEP 1

This
Presentation,
Orientation

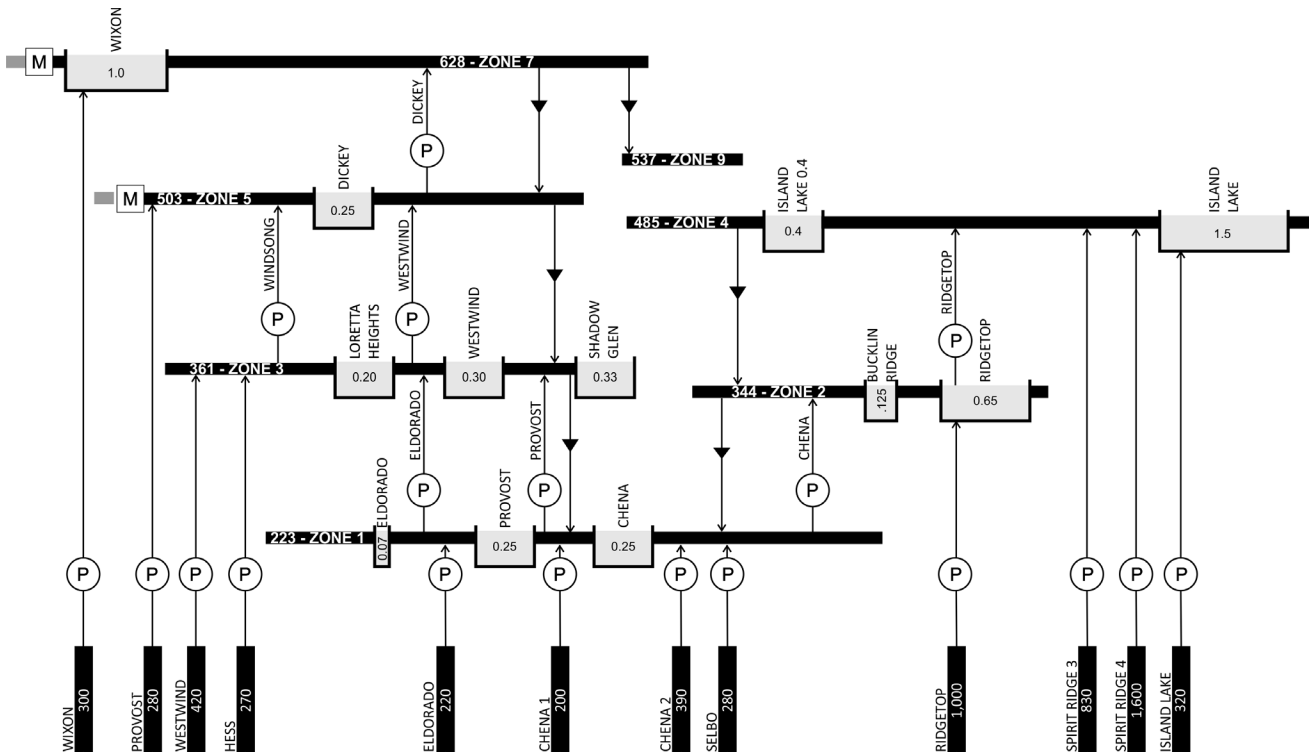


STEP 2

- a. Planning
- b. Predesign
- c. Policies

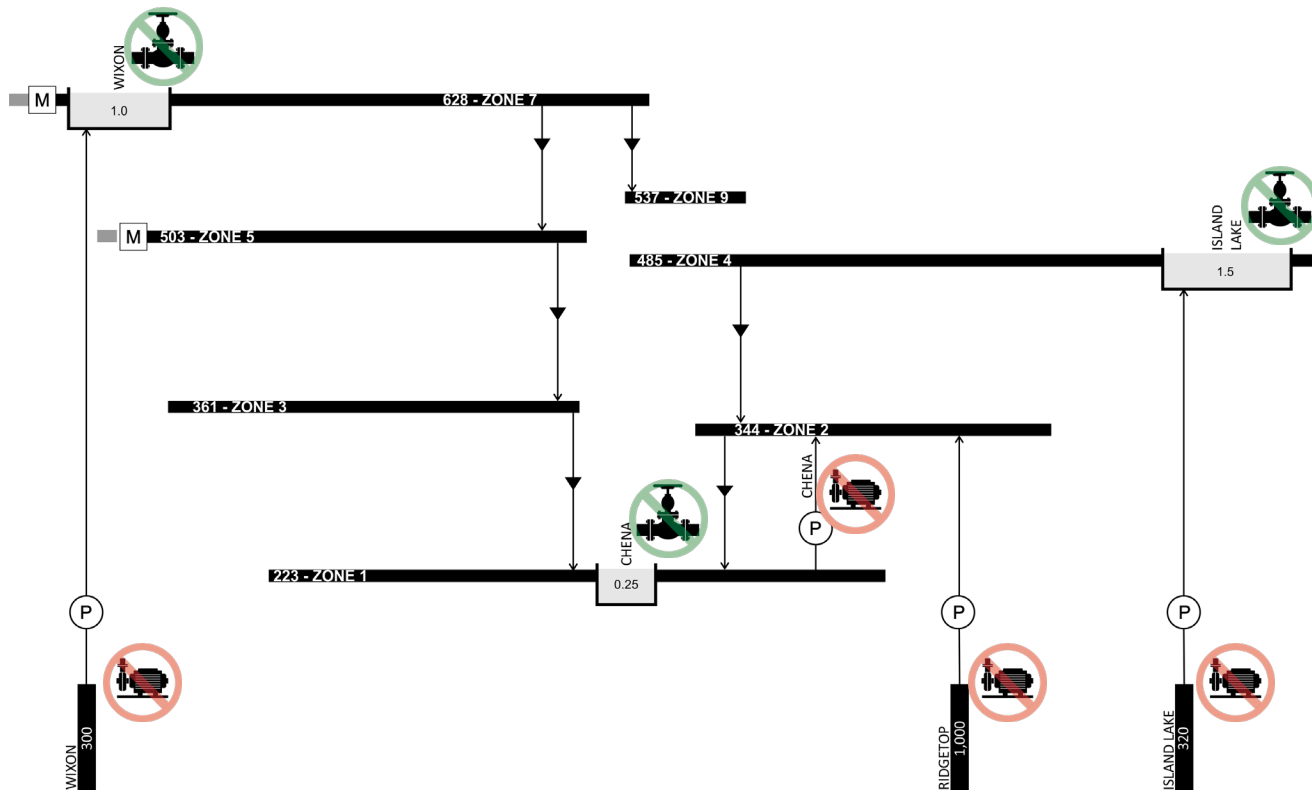
CASE STUDY

Silverdale Water District



HYDRAULIC PROFILE

12 Wells
12 Reservoirs
7 Boosters

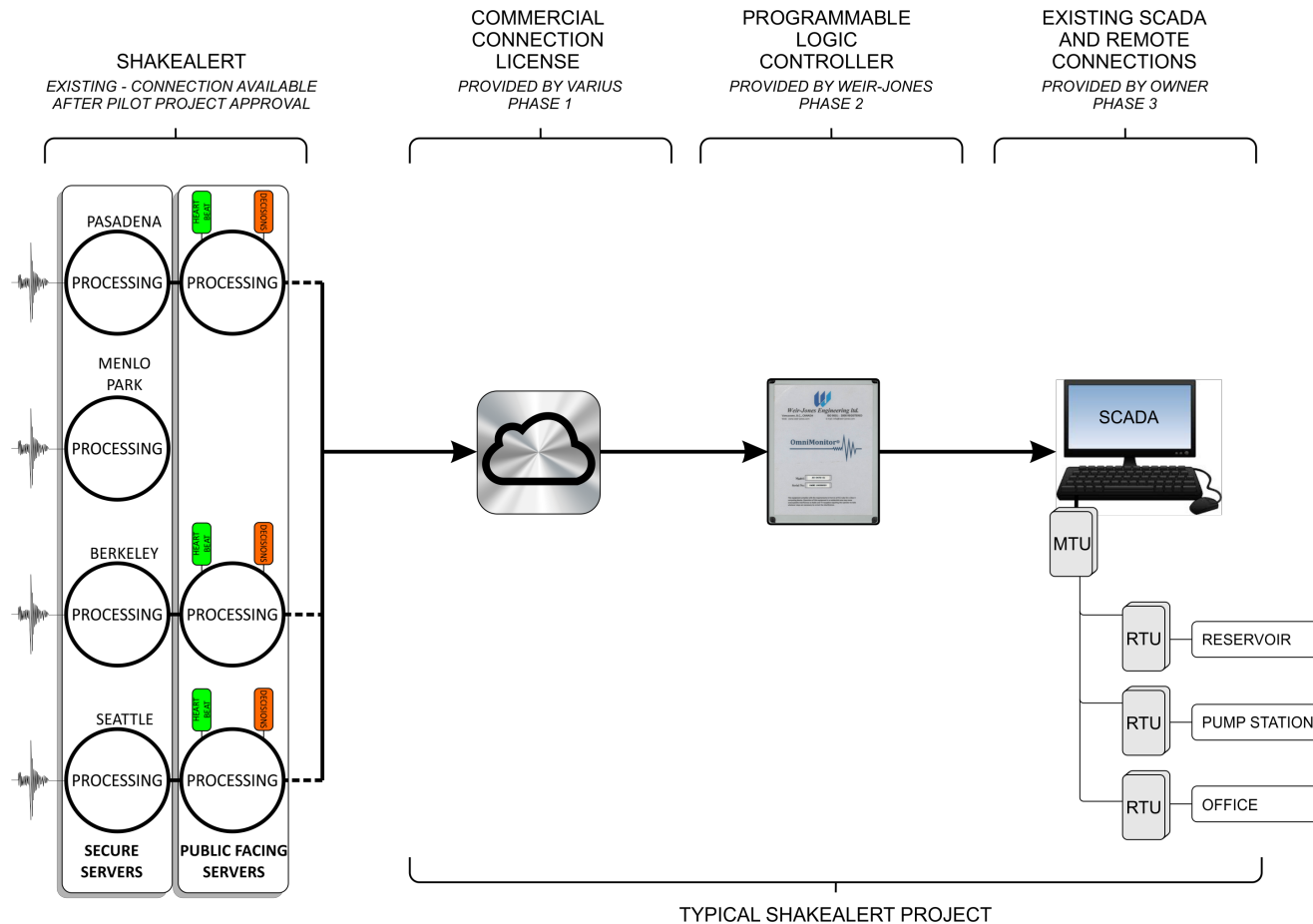


HARDENED FACILITIES

3 Wells
3 Reservoirs
1 Booster

CASE STUDY

Silverdale Water District



Early Warning Block Diagram

Policies:



Long vs. Short Term Supply

First responder volume and who makes a curtailment decision.



Alarm Reset

Automatic or manual and who decides to reset?



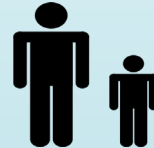
Facility Shutdown

Probability of damage vs. likelihood of protection.



System Test

Automatic or manual, real shutdown vs. simulated shutdown.



User Hierarchy

Would you let a user assume some risk?



Wholesale vs. Retail

Are all customers the same (cost sharing, risk sharing, preparedness)?



Security

SCADA integration vs. standalone system?

DESIGN REPORT SAMPLE

SOOS CREEK WATER AND SEWER DISTRICT

Earthquake Early Warning – Pilot Project Implementation Predesign Report

Daniel R. Ervin, P.E.
Varius Incorporated



The seismic resiliency of a water and sewer system dictates the seismic resiliency of an entire urban region. As a result, it is critical for water and sewer systems to rapidly recover from earthquake impacts. In order to maximize resiliency, there is a need for municipal utility systems to manage seismic programs and implement sound seismic practices.

The United States Geological Survey (USGS) has recently developed a new and powerful technology to give early warning of an impending earthquake. This new technology (called **ShakeAlert**™ on the West Coast of the United States) can be used to prepare for earthquakes and minimize their damage and destruction. Water and sewer systems can take advantage of this new technology to save lives and assets following a large, destructive earthquake. In April 2017, the USGS invited select members of the public to participate in the new ShakeAlert earthquake early warning system which is designed to protect West Coast businesses and residents from a large Cascadia Subduction Zone earthquake. ShakeAlert is currently in beta-testing mode while the accuracy and reliability of the system is being evaluated. Selected users can participate in the beta-testing process by becoming a "Pilot Project" participant through early adoption of the technology and an agreement to participate and assist the USGS in gathering data and perfecting the alarm signal. The Soos Creek Water and Sewer District (District) has been invited to participate in the ShakeAlert system and become one of the early adopters of the early warning technology. Water systems are suitable early adopters of Earthquake Early Warning technology because they can use the warning signal to save a community's most precious resource, water, and they can do this at low cost and low risk. In October 2018, the District authorized a study (by Varius Inc) to identify the details of how Earthquake Early Warning could be used to benefit the District.

I. Background

The earthquake early warning system uses a network of sensors installed up and down the west coast of the United States to "listen" for the acoustic signature of an earthquake (commonly referred to as the "P" wave). The sensors pass data in real-time to computer networks at Cal Tech, Cal Berkeley, and the University of Washington where the size and epicenter of the earthquake is estimated, and the warning signal is processed. This information is then made available to the public through servers at the University of Washington and participating universities. An early warning alarm of several seconds up to 4 minutes can be pushed forward to users via an internet connection from the University of Washington.

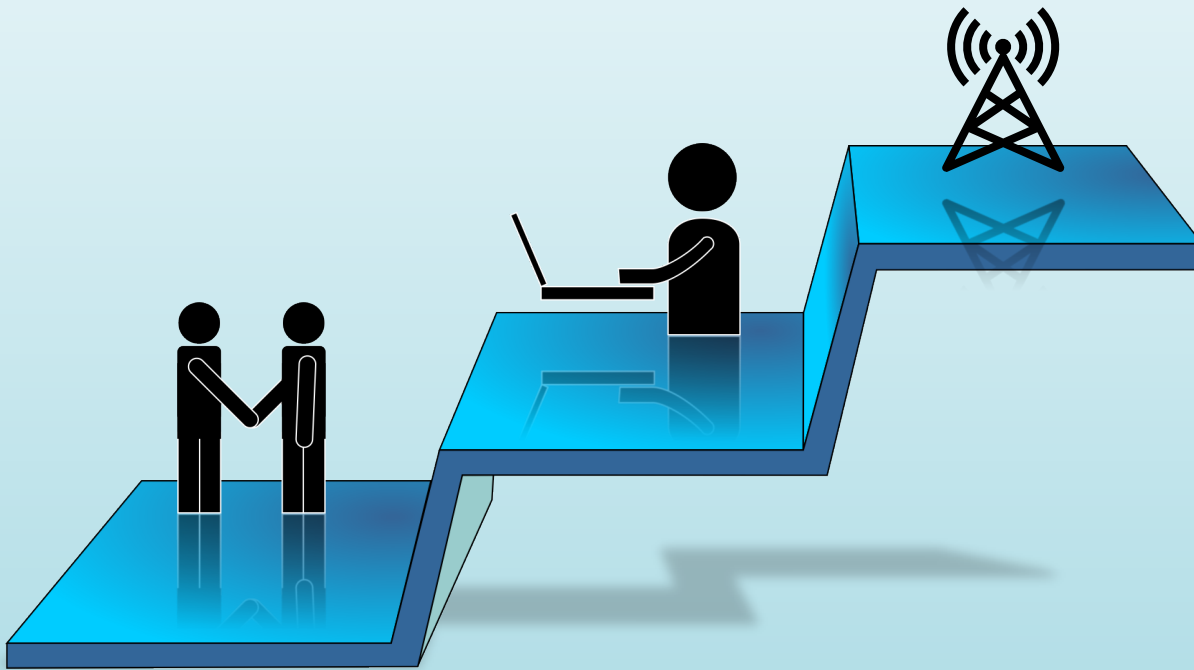
The invitation to participate in the earthquake early warning Pilot Project is limited to organizations and agencies that can take advantage of the alarm signal and take actions to reduce financial losses or improve public health and safety during and after a quake. The actions taken must be fault-tolerant and present little or no liability from false alarms or missed alarms. This limitation will remain in place for several years while the ShakeAlert system is tested, tuned, and perfected.

The District fits the Pilot Project criteria and the District is a suitable candidate for Pilot Project participation in the ShakeAlert system. This will give the District and their customers access to the ShakeAlert system now, before the Earthquake Early Warning system is available to the public.

To become a ShakeAlert user, four steps must be completed.

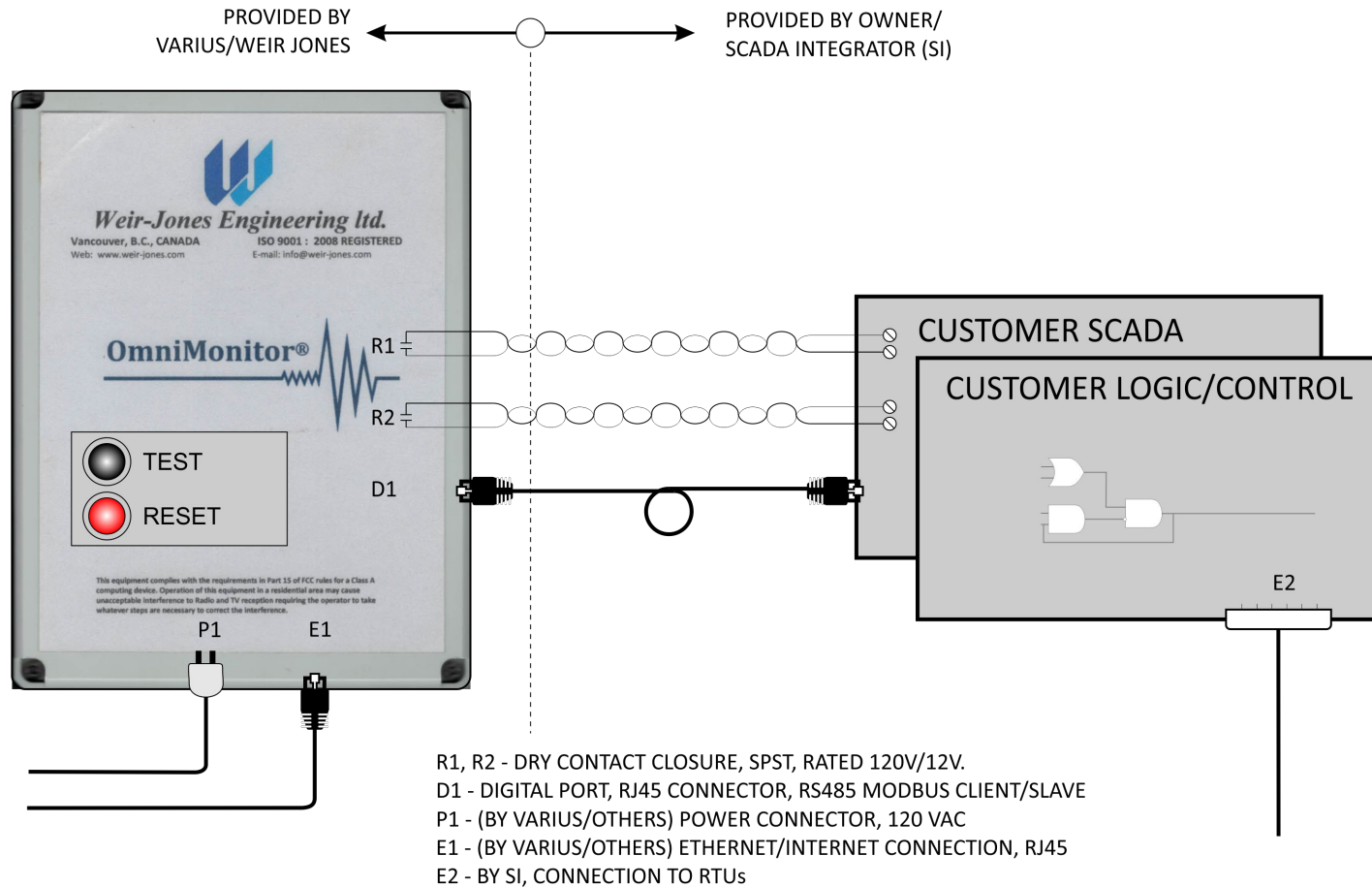
1. The District must develop a **plan** that details how the ShakeAlert signal can be beneficially used in the District to save lives and reduce damage. These uses must be fault-tolerant and able to accommodate false and missed alarms without damage or significant cost.
2. The District must develop **policies** which will ensure that the ShakeAlert alarm will be contained within the District and its authorized personnel (no public notification is allowed at this time) and that the alarm will not cause damage or present a nuisance to the public.
3. The District must make an **application** to the USGS and request Pilot Project status. The Pilot Project application relies on the work included in the first two steps and this information is used by USGS to determine if the District is a suitable beta-testing (Pilot) partner.
4. Following Pilot Project approval, the District must acquire the ability to **connect** to the servers at the University of Washington and convert the USGS alarm signal into a format that can be used by the existing Supervisory Control and Data Acquisition system.

Following completion of these four steps the District will be able to automatically respond to an earthquake alarm and "harden" the water system before destructive shaking begins. The intent of the hardening action is to minimize damage, reduce losses, and improve the reliability of the public water supply and sewage collection system. Recent experience with other large earthquakes in other parts of the

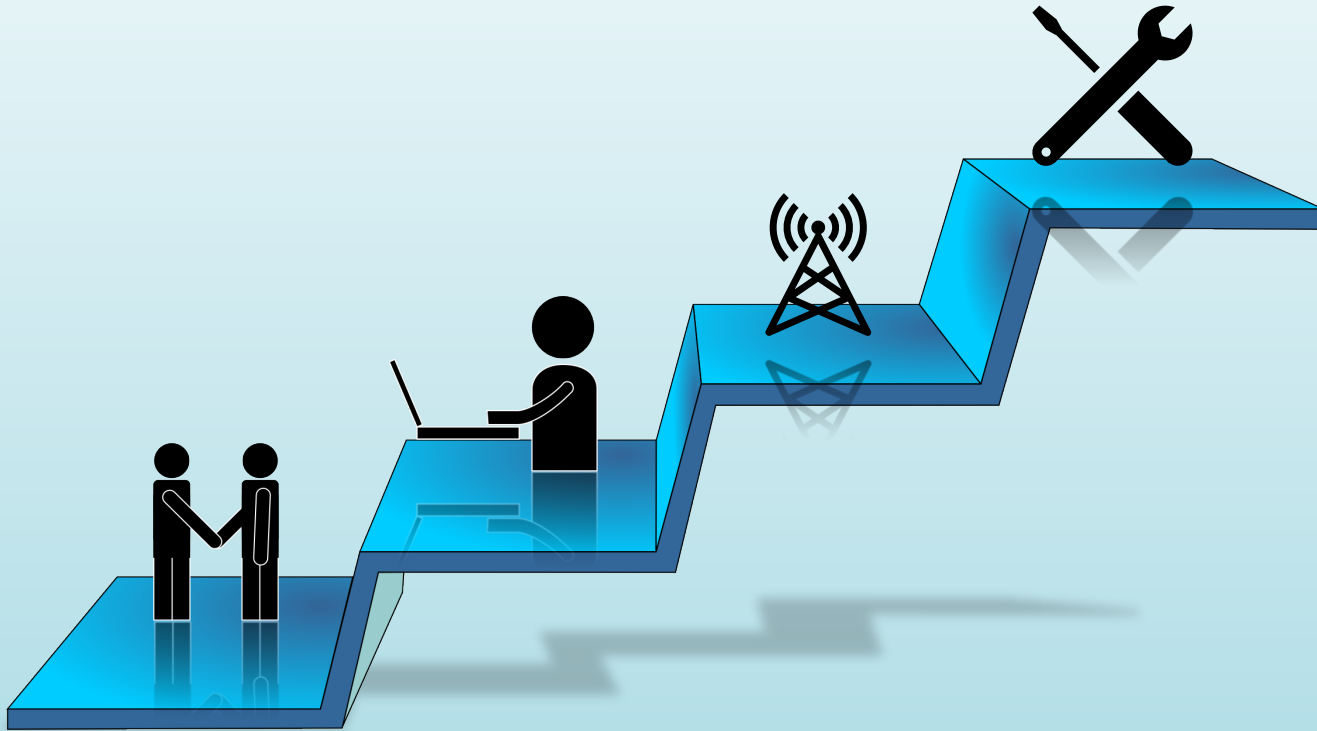


STEP 3

- a. U.S.G.S. Application
- b. Install ShakeAlert



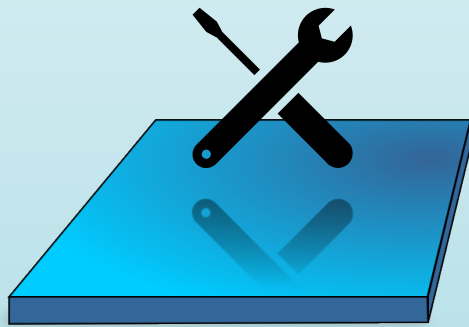
Early Warning Connection Diagram



STEP 4

- a. Facility Connections
- b. SCADA Programming

So... you want ShakeAlert... – Step 4



THROTTLE VALVE



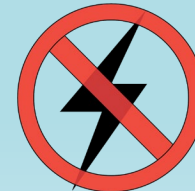
CLOSE VALVE



STOP PUMP



KILL POWER





Contact Information:

Dan Ervin

Varius Inc.

425 269 8479

dan.ervin@variusinc.com

Bill Steele

Pacific Northwest Seismic
Network

wsteele@uw.edu

QUESTIONS?

me

website

dan.ervin@variusinc.com

email





City Council Contract Agenda Bill

Meeting Date: 3/4/2019

Agenda Item: 7c

Subject: Contract Award - Water System Earthquake Early Warning System – Phases 1 & 2
19-038-WTR-001

Staff Contact: Fred Buckenmeyer

Approved for Submittal to Council by:
Darcy Swetnam, City Attorney

Action Type: Contract Award

Summary Statement: City staff seeks City Council consent to award a contract in the amount of \$65,000.00 to Varius, Inc. provide the professional services necessary for the completion of Phase 1 and Phase 2 of the Water System Earthquake Early Warning System project. This contract provides for the integration of early warning capability into select facilities in the City's water system, as a pilot testing participant, to help protect the City facilities and reduce damage following an earthquake.

Background:

1. **History:** The Pacific Northwest Seismic Network (PNSN) at the University of Washington and the U.S. Geological Survey (USGS) have developed a program designed to provide early warning of earthquakes. The result of that collaboration, named "ShakeAlert," has been approved for innovative testing in selected public water and sewer municipalities in Washington and Oregon. ShakeAlert consists of an extensive network of sensors spread throughout California, Oregon, and Washington, each connected to computer systems at the University of Washington, Caltech, and California Berkeley, and configured to provide early warning of an earthquake. The City can take advantage of early warning technology and use it to improve the survivability of the regional water system, reduce loss following an earthquake, and potentially save lives.

The project will be pursued in phases as outlined, wherein later phases will be initiated following completion of the earlier phases. Varius Inc. (Varius) will perform Phases 1 and 2, and it is anticipated that Phase 3 will be performed by Varius and other contractors following the Phase 1 and 2 work. It is anticipated that since this is new technology, these efforts will be highly interactive and involve a collaboration of City staff, Varius staff, and PNSN/USGS staff. Also, it is anticipated that the scope contemplated today may change due to a rapidly advancing state of the art in earthquake warning early (EEW) technology.

2. **Key Terms:**
 - Work will be performed on a time and materials basis not-to-exceed \$65,000.00.
 - The period of performance is through 4/30/19.
3. **Competitive Bidding:** This work is considered a Personal Service and as such the City asked the Consultant for a proposal that included a scope of work and fees. The Project Manager then evaluated the proposal and determined the scope meets our needs and the fees are fair and reasonable.

Previous Council/Committee Action: A presentation was given at the 2/25/19 Council meeting.

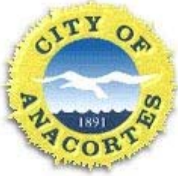
Competing Viewpoints Considered: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign a contract 19-038-WTR-001 with Varius, Inc. in the amount of \$65,000.00 to perform the Water System Earthquake Early Warning System – Phases 1 & 2.

Alternative Actions: Not award the contract

Attachments: Contract 19-038-WTR-001

Contractor	Varius, Inc.
Contract Amount	\$65,000.00
Earmarked Funds	\$0
BARS #	401.000.594.34.63
Budget Amendment Required?	No
Start Date	Inception
End Date	4/30/19



CONTRACT 19-038-WTR-001

**Between
THE CITY OF ANACORTES
AND
VARIUS, INC.**

WATER SYSTEM EARTHQUAKE EARLY WARNING SYSTEM – PHASES 1 & 2

This Agreement, hereinafter referred to as "Agreement", made and entered into between the City of Anacortes, hereinafter referred to as the "City", and Varius, Inc., hereinafter referred to as the "Consultant";

WHEREAS, the City requires professional services of the Consultant;

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

1. **Scope of Work.** Under this Agreement, the Consultant shall provide professional services necessary for the completion of Phase 1 and Phase 2 of the Water System Earthquake Early Warning System project. The work is detailed in Exhibit A, which is hereby incorporated by reference and made a part hereof. Work shall be performed under the direction of the Project Manager, Jeff Marrs, who may be reached at (360) 428-1598 or email jeffm@cityofanacortes.org.
2. **Price.** The work performed under this Agreement shall be performed on a time-and-materials (T&M) basis not-to-exceed **Sixty-Five Thousand Dollars (\$65,000.00)**. The per Phase cost breakdown is included in Exhibit A.
3. **Period of Performance.** The period of performance under this Agreement is from inception through April 30, 2019.
4. **Subcontracts.** The Consultant shall give notice in advance of placing any subcontract and will identify subcontracts before subcontracted work begins. "Subcontract" means any contract entered into by a sub-consultant to furnish supplies or services for performance of the prime Consultant or a sub-consultant. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders. The following information shall be included (i) a description of the supplies or services to be subcontracted, (ii) identification of the type of subcontract to be used (iii) identification of the proposed sub-consultant, (iv) proposed subcontract price. Unless consent or approval specifically provides otherwise, consent by the City shall not constitute a determination –
 - (1) of the acceptability of any subcontract terms or conditions;
 - (2) Of the allowability of any cost under this Agreement,; or
 - (3) To relieve the Consultant of any responsibility for performing this Agreement.

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

5. **Invoicing.** All invoices shall include a cover page that states: Company Name, Invoice Date, Due Date (30 days), Invoice Number, Invoice Period, Project Manager Name, AGREEMENT Number, Agreement Price, amount requested per invoice and cumulative invoiced amount. Invoices shall include actual hours worked by Period, by Labor Category. The Consultant must invoice at least **MONTHLY** for quantities delivered during the invoice period, and no more frequently than monthly, and allow 30 calendar days from receipt of the invoice for payment. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@cityofanacortes.org

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

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

7. **Defense and Indemnity Agreement.** Consultant shall defend, indemnify and hold the Public Entity, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or resulting from the acts, errors or omissions of the Consultant in performance of this Agreement, except for injuries and damages caused by the sole negligence of the Public Entity.

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

8. **General and Professional Liability Insurance.**

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

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

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

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be as least as broad as Insurance Services Office (ISO) form CA 00 01.
2. Professional Liability insurance appropriate to the Consultant's profession.

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

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

E. Other Insurance Provision: The Consultant's Automobile 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 the Consultant's insurance and shall not contribute with it.

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

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

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

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

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

responsibilities under the Agreement. However, the Consultant shall be responsible for its own methods and conduct during the period of performance.

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

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

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

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

14. **The City's Right to Terminate Agreement.**

A. Termination for Default

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

B. Termination for Public Convenience

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

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

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

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

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

19. **Disputes**

A. General

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

B. Notice of Potential Claims

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

C. Detailed Claim

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

D. Dispute Resolution

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

20. **Force Majeure.** Definition: Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement if and to the extent that such party's performance of this Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences. Notification: If either party is delayed by force majeure, said party shall provide written notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other party. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by Agreement modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Agreement. Rights Reserved: The City reserves the right to cancel the Agreement and/or purchase materials, equipment or services from the best available source during the time of force majeure, and Consultant shall have no recourse against the City.

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

22. **Severability.** If any term or condition of this Agreement or the application thereof to any person(s) or circumstances is held invalid, such invalidity shall not affect other terms, conditions or applications which can be given effect without the invalid term, condition or application. To this end, the terms and conditions of this Agreement are declared severable.

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

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

25. **Notices.** Notices to the City of Anacortes shall be sent to the following address:

CITY:	CONSULTANT:
City of Anacortes	Varius, Inc.
Tiffany Matson	Dan Ervin, P.E.
904 6 th Street	13843 62nd Ave NE
PO Box 547	Kirkland, WA 98034
Anacortes, WA 98221	

Receipt of any notice shall be deemed effective three days after deposit of written notice in the U.S. mails, with proper postage and properly addressed.

The parties acknowledge that there has been an opportunity to negotiate the terms and conditions of this Agreement and agree to be bound accordingly;

CITY OF ANACORTES

VARIUS, INC.

By _____
Laurie Gere, Mayor

By _____
Signature

Date _____

Printed Name

Title _____

Date _____

CITY OF ANACORTES CONTRACT 19-038-WTR-001
WATER SYSTEM EARTHQUAKE EARLY WARNING SYSTEM – PHASES 1 & 2

EXHIBIT A

The City of Anacortes (City) operates a regional water system that serves the daily and emergency needs of over 65,000 retail service customers. As part of its responsibility to serve the public, the City plans for emergencies and maintains resources to respond to meet basic life and safety needs following natural disasters, including earthquakes.

The Pacific Northwest Seismic Network (PNSN) at the University of Washington and the U.S. Geological Survey (USGS) have developed a program designed to provide early warning of earthquakes. The result of that collaboration, named “ShakeAlert,” has been approved for Pilot Testing in selected public water and sewer municipalities in Washington and Oregon. ShakeAlert consists of an extensive network of sensors spread throughout California, Oregon, and Washington, each connected to computer systems at the University of Washington, Caltech, and California Berkeley, and configured to provide early warning of an earthquake.

The City can take advantage of early warning technology and use it to improve the survivability of the regional water system, reduce loss following an earthquake, and potentially save lives.

This project involves the integration of early warning capability into select facilities in the City’s water system, as a pilot testing participant, to help protect the City facilities and reduce damage following an earthquake. The project will be pursued in phases as outlined below, wherein later phases will be initiated following completion of the earlier phases. Varius Inc. (Varius) will perform Phases 1 and 2, and it is anticipated that Phase 3 will be performed by Varius and other contractors following the Phase 1 and 2 work. It is anticipated that since this is new technology, these efforts will be highly interactive and involve a collaboration of City staff, Varius staff, and PNSN/USGS staff. Also, it is anticipated that the scope contemplated today may change due to a rapidly advancing state of the art in earthquake warning early (EEW) technology. Since the ShakeAlert system is a combined effort by many entities and consists of new and emerging technologies, no one can warrant that the system will operate perfectly. However, the agencies involved are using their best efforts to provide a system that can help change the outcome of inevitable earthquakes.

Phase 1 – Planning and Predesign Report

1. Review the existing Water Comprehensive Plan and other relevant documents and develop a working knowledge of the municipal water system.
2. Meet with City staff and identify how EEW can be integrated into the municipal water system, current administrative processes, City policies, and response capabilities and identify areas and topics where previous planning efforts have not considered the impacts and opportunities of EEW.

3. Develop a list of policies or planning opportunities for further investigation and development (for example, how much water should be reserved for post-event fire suppression and how much should be reserved for long-term potable supply).
4. Identify actions that can be taken to harden the water system following an early warning alarm to protect water system assets and improve post-earthquake municipal services. Develop a list of facilities where EEW can be implemented and the actions that are most likely to be beneficial at those facilities.
5. Identify priority actions at those facilities to increase serviceability and usability following an earthquake (i.e., close a valve, disconnect power, etc.).
6. Meet with City staff and discuss the items developed from previous tasks. Develop consensus regarding goals and policies.
7. Prepare a report that identifies the policies and criteria to implement EEW, the facilities to be hardened following an EEW alarm and the actions and improvements needed to implement the hardening actions at each facility. The report shall be configured so that it can be used as an appendix or chapter in the next Comprehensive Water System Plan update and can be used as a reference for the USGS Pilot application.
8. Prepare for and attend Council meetings and/or public meetings as requested by City staff to discuss and describe the planned implementation.
9. Develop a budget and schedule for the recommended improvements including the capital improvements needed in the water system (if any). Assist City staff, as requested, to implement improvements based on the budget and schedule provided.

Phase 2 – USGS Application, Enable ShakeAlert

1. Prepare and submit a Pilot Project Application for USGS and PNSN review to add Anacortes to the ShakeAlert alarm program. The application will be submitted to USGS and the PNSN following City review and approval of the application document.
2. Assist USGS and PNSN staff as necessary to respond to questions or provide additional information for processing the Application.
3. Using the items developed in Phase 1, identify and recommend an architecture for implementing EEW. This is likely to include a standalone PLC running dedicated software and connected to the existing SCADA system. (For budgeting purposes, we have assumed we will be using an OmniMonitor from Weir-Jones and Associates, a device manufactured for and dedicated to earthquake early warning). Varius will purchase and provide the OmniMonitor as part of this contract and will assist the City in providing connection instructions and startup services. The City will provide an 18" wide by 24" tall mounting board adjacent to the SCADA Master (assuming the Master is the installation location) and will provide 120 vac power and an ethernet internet connection within 36" of the mounting board. City staff will also provide a data port (coax) to the MTU and program the MTU to accept the alarm signal.

4. Assist City staff to acquire the hardware and software identified above. (The budget listed includes the purchase cost of the OmniMonitor hardware and software, however, installation and programming of the SCADA system (if necessary) are not included in this SOW for Phase 2).
5. Assist City staff in developing a list of criteria and an architecture for integrating EEW into the existing SCADA system. It is assumed this will be transmitted to the City's existing SCADA integrator for programming and startup/testing.
6. Assist City staff to test and startup the EEW system, provide training to City staff as requested, and develop O&M manuals as requested.

Budget & Schedule

Payment shall be on a time and expense basis using the estimates provided below and Varius's standard rates and charges.

Phase 1 - Planning and Predesign Report	\$50,000
Phase 2 – Pilot Application, Enable ShakeAlert	\$15,000

Phase 1 will begin as soon as Notice to Proceed is issued to Varius Inc. and the work will be completed within two (2) months of Notice to Proceed.

The Phase 2 Pilot Application will be completed within two (2) months of Notice to Proceed. Acceptance (or rejection) of the application is beyond the control of Varius and the City, and no date is warranted or implied for USGS approval.

Timelines in this Scope of Work are estimates only due to delays that result from factors beyond Varius's control.

City of Anacortes Contracting Ordinance and Purchasing Policy

March 4, 2019



Questions from Last Meeting



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Contracting Authority in Other Jurisdictions

- Cities
 - SeaTac: \$50k
 - Kirkland: \$50k
 - Spokane: \$49k
 - Tacoma: \$200k
 - Arlington: \$100k
 - Bainbridge Island: \$50k
 - Bothel: \$50k for PW and Pers Svc
\$100k for Supplies/Equipment/Materials
- Other Agencies:
 - Spokane: \$300k for PW
\$50k for
Supplies/Equipment/Materials/Services
 - Port of Everett: \$300k

Contracting Ordinance



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Changes Since Last Time

- Fixed Numbering of Ordinance
- Removed Exception in Applicability that would make ordinance inapplicable to agreements for purchasing goods (not PW) that are budgeted for
- Added Exception for grant agreements
- Added criteria for each of the reviewing parties in Section 1.30.030
- Adjusted the language in the Mayor's authority for contracts that are EITHER
 - Total aggregate value of less than \$30k OR
 - For the purchase of goods which are not used in connection with a public work
- Added a section that include conveyances of real property interests or a lease term for more than one calendar must be approved by council.

Purchasing Policy



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Change since last time

- Added legal authority into the matrix on purchases of goods based on local preference

Local Preference – materials, supplies, equipment

Price	Local Preference Allowed
\$0-\$2,500	<u>Policy</u> : All departments shall make a good faith effort to purchase goods within the City when available and suitable to City needs at a price that is competitive
	<u>Legal Restrictions</u> : Even below bid threshold, City has obligation to procure goods at the best price as steward of public funds. Therefore, City may not require only local purchases.
\$2,501-\$7,500	<u>Policy</u> : Departments encouraged to attempt to obtain at least one quote from a local business when procuring under the bid threshold. Should take into account price, delivery times, and return policy.
	<u>Legal Restrictions</u> : Even below bid threshold, City has obligation to procure goods at the best price as steward of public funds. Therefore, City may not require only local purchases.
\$7,501 +	<u>Policy</u> : RCW 39.30.040 allows local sales tax revenue generated by purchase to be considered in determine lowest responsive and responsible bid.
	<u>Legal Restrictions</u> : Over bid thresholds, Cities are only allowed to procure goods as expressly provided by state law. The only allowance for local preference in state law is as provided in RCW 39.30.040, which allows jdx to take sales tax revenue into account.

Questions?

darcys@cityofanacortes.org





City Council Agenda Bill

Meeting Date: 3/4/2019

Agenda Item: 7d and 7e

Subject: Contracting Ordinance and Purchasing Policy

Staff Contact: Darcy Swetnam

Approved for Submittal to Council by	
x	Laurie Gere, Mayor
x	Steve Hoglund, Finance Director
x	Darcy Swetnam, City Attorney

Action Type	
x	Ordinance No. 3036
	Code Revision? Yes
x	Resolution No. 2030

Summary Statement: Please see the updated marked up and clean version of the contract ordinance incorporating feedback from the February 19, 2019 City Council discussion.

Background: Staff have been working for some time on updating the City's contracting ordinance and purchasing policy to align with state law requirements and provide clear guidance to staff and contracting parties. Ordinance 3036 and Resolution 2030 are presented together because they provide the framework for all City procurement and contracting. Ordinance 3036 clearly lays out Council delegation of authority for contracting, while clarifying key requirements of all City contracts. Resolution 2030 adopts the purchasing policy, which identifies City rules for procurement, contracting, and contract administration. These drafts have been reviewed extensively by the Council Finance Committee. They have also been reviewed by City Department Heads and key City staff user groups, including the public works management team, project managers, and administrative support staff. The drafts presented tonight incorporate feedback and comments from all of these groups.

Budget Impact	
Amount Budgeted	N/A

Previous Council/Committee Action: The purchasing policy and contracting ordinance have been presented to and amended by the Council Finance Committee. There have been three meetings over the past year where these items were considered, most recently on [February 19, 2019](#).

Competing Viewpoints Considered: N/A

Recommended Motion: No motion recommended at this time.

Alternative Actions: N/A

Attachments (listed in order presented): Ordinance 3036

**City of Anacortes
Ordinance No. 3036**

An Ordinance of the City of Anacortes, Washington, adopting a new Chapter 1.30 in the Anacortes Municipal Code and repealing Resolutions

Whereas Resolution 1301, adopted in 1994, authorized the Mayor to execute contracts with total dollar values of less than \$5,000 without City Council approval; and

Whereas Resolution 1591, adopted in 2002, authorized the Mayor to execute Public Works contracts with total dollar values of less than \$30,000 without City Council approval; and

Whereas Resolution 1735, adopted in 2006, authorized the Mayor to execute contracts City-wide with total dollar values of less than \$30,000 without City Council approval; and

Whereas Resolution 1818, adopted in 2011, authorized the Mayor to execute contract change orders associated with the Water Treatment Plant Improvement Project with total dollar values of less than \$100,000 during the project without City Council approval;

Whereas the City is in the process of implementing an Electronic Records Management System capable of retaining documents consistent with RCW Chapter 40.14 and WAC Chapters 434-662 and 434-663 governing preservation and destruction of public records and standards for imaging systems accuracy and durability;

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

- Section 1. A new Chapter 1.30 is created in the Anacortes Municipal Code to read as shown in Attachment A.
- Section 2. Resolutions 1301, 1591, 1735, and 1818, and the provisions of any other resolution delegating contract authority are repealed.
- Section 3. Consistent with RCW 35A.12.130, this ordinance takes effect five days after passage and publication.

PASSED AND APPROVED this ____ day of _____, 2019.

CITY OF ANACORTES:

Laurie Gere, Mayor

ATTEST:

Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:

Darcy Swetnam, City Attorney

Attachment A
Chapter 1.30 Contracts

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1.30.050 Approval by City Council	4
1.30.060 Ratification.....	4
1.30.070 Numbering, Recording, and Retention	4

Chapter 1.30.010 General Provisions

A. Purpose.

1. Per RCW 35A.11.010, the City's authority to contract, and be contracted with, is vested in the City Council.
2. The City Council wishes to delegate certain authority to contract to the Mayor and provide for the orderly review, presentation, and publication of City contracts.

B. Applicability

1. Generally. This Chapter applies to all contracts, as defined in this section, between the City of Anacortes and any person or entity, and amendments to contracts.
2. Exceptions. This Chapter does not apply to:
 - a. Agreements for the purchase of goods, not used in connection with a public works project, that are provided for in the City budget.

Any agreements for the acceptance of donations or interests in real property, which are addressed in Chapter 3.10 AMC.

C. Definitions

1. "Contract" means any agreement, written or spoken, between two or more parties that is intended to be enforceable by law, and includes, but is not limited to:
 - a. Public Works agreements;
 - b. Personal services agreements;
 - c. Employment contracts;
 - d. Grant agreements;
 - e. Agreements pursuant to the Interlocal Cooperation Act, RCW Chapter 39.34;
 - f. Leases of real property.
2. "Goods" means products, materials, supplies, or equipment.

Chapter 1.30.020 Form

- A. Contracts must be written in the name of the City of Anacortes and not any particular city official or department.
- B. Contracts for services must include a detailed scope of work.
- C. The City Attorney must develop form contracts to implement these requirements.

Chapter 1.30.030 Review

- A. All contracts must be reviewed by the City Clerk-Treasurer, the City Attorney, the Department Head responsible for the agreement, and Contract Specialist prior to approval.

Chapter 1.30.040 Approval by mayor.

- A. The mayor is authorized to approve contracts that meet all of the following criteria:
 1. One of the following applies:
 - a. The total aggregate value of the contract is less than \$30,000; OR
 - b. The contract is exclusively for the City's purchase of goods which are not to be used in connection with any public work.

2. The contract amount is within budget authority for the specified BARS numbers.
 3. The contract is made, and the vendor has been selected, consistent with the City's purchasing policy.
 4. The contract has been approved by the City Attorney.
- B. The mayor is authorized to approve modifications to contracts that meet all of the following criteria:
1. One of the following applies:
 - a. The modification, either singly or combined with all previous modifications, results in a total contract value under \$30,000.00; OR
 - b. Cost modifications for contracts with an original value between \$30,000-\$99,999 which results in a new total contract amount less than \$10,000 over the original contract amount; OR
 - c. Cost modifications for contracts with an original value \$100,000 or more which results in a new total contract amount less than 110% over the original contract amount.
 2. The modification does not modify the contract's general terms and conditions or extend the term of the contract more than one year.
 3. The modification has been approved by the City Attorney.
- C. Any contract that the mayor is not authorized to approve must be approved by the City Council.
- D. All agreements made pursuant to the Interlocal Cooperation Act at RCW 39.34 must be approved by the City Council.
- E. Any contract that includes the conveyance of a real property interest to or from the City or a lease to which the City is party with a term of one calendar year or more must be approved by the City Council.
- F. The mayor may not delegate authority to sign contracts to any other person.
- G. The City Council reserves the authority to modify this delegation of authority by resolution or motion.

Chapter 1.30.050 Approval by City Council

- A. Any contract to be approved by City Council must be presented in its entirety to the City Council, with all attachments.
- B. Prior to presentation to City Council, all contracts must be reviewed in accordance with Section 1.30.030.

Chapter 1.30.060 Ratification

- A. Contracts executed inconsistent with this Chapter are not valid contracts unless ratified by action of the City Council.

Chapter 1.30.070 Numbering, Recording, and Retention

- A. The City Contract Specialist must assign every contract and modification a unique identifier. Contracts must be identified in the form YY-####-CAT-###, where YY is the two-digit year of project initiation and #### is a number with leading zeros incremented for each contract approved that resets to 1 at the beginning of each year. CAT is the category of the contract, and the final ### is the number of the instrument related to the project.
- B. Effective August 1, 2018, all contracts must be recorded in the City's Electronic Records Management System and made available to the public on the City's website within five days of approval.
- C. After recording in the City's Electronic Records Management System and verification of imaging accuracy, the paper version of a contract may be destroyed consistent with RCW.

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PASSED AND APPROVED this ____ day of _____, 2019.

CITY OF ANACORTES:

Laurie Gere, Mayor

ATTEST:

Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:

Darcy Swetnam, City Attorney

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Any agreements for the acceptance of donations or interests in real property, which are addressed in Chapter 3.10 AMC.

C. Definitions

1. "Contract" means any agreement, written or spoken, between two or more parties that is intended to be enforceable by law, and includes, but is not limited to:
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2. "Goods" means products, materials, supplies, or equipment.

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- A. Contracts must be written in the name of the City of Anacortes and not any particular city official or department.
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- A. The mayor is authorized to approve contracts that meet all of the following criteria:
 1. One of the following applies:
 - a. The total aggregate value of the contract is less than \$30,000; OR
 - b. The contract is exclusively for the City's purchase of goods which are not to be used in connection with any public work.

Commented [SD1]: We tweaked this section to make these two elements either/or, instead of both being requirements.

2. The contract amount is within budget authority for the specified BARS numbers.
 3. The contract is made, and the vendor has been selected, consistent with the City's purchasing policy.
 4. The contract has been approved by the City Attorney.
- B. The mayor is authorized to approve modifications to contracts that meet all of the following criteria:
1. One of the following applies:
 - a. The modification, either singly or combined with all previous modifications, results in a total contract value under \$30,000.00; OR
 - b. Cost modifications for contracts with an original value between \$30,000-\$99,999 which results in a new total contract amount less than \$10,000 over the original contract amount; OR
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- D. All agreements made pursuant to the Interlocal Cooperation Act at RCW 39.34 must be approved by the City Council.
- E. Any contract that includes the conveyance of a real property interest to or from the City or a lease to which the City is party with a term of one calendar year or more must be approved by the City Council.
- F. The mayor may not delegate authority to sign contracts to any other person.
- G. The City Council reserves the authority to modify this delegation of authority by resolution or motion.

Commented [SD2]: Added section based on discussion and recommendations on real property conveyances and leases.

Chapter 1.30.050 Approval by City Council

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- C. After recording in the City's Electronic Records Management System and verification of imaging accuracy, the paper version of a contract may be destroyed consistent with RCW.

Commented [SD3]: Staff recommends leaving the two digit year because the administrative burden of changing the numbering system throughout the City systems is outweighed by the benefit.

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Laurie Gere, Mayor

ATTEST:

Steven D. Hoglund, City Clerk-Treasurer

Approved as to Form:

Darcy Swetnam, City Attorney

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~~a.—Agreements for the purchase of goods, not used in connection with a public works project, that are provided for in the City budget.—Any grant agreements.~~

~~b.a.~~ Any agreements for the acceptance of donations or interests in real property, which are addressed in Chapter 3.10 AMC.

C. Definitions

1. "Contract" means any agreement, written or spoken, between two or more parties that is intended to be enforceable by law, and includes, but is not limited to:
 - a. Public Works agreements;
 - b. Personal services agreements;
 - c. Employment contracts;
 - d. Grant agreements;
 - e. Agreements pursuant to the Interlocal Cooperation Act, RCW Chapter 39.34;
 - f. Leases of real property.
2. "Goods" means products, materials, supplies, or equipment.

Section 1.30.020 Form

- A. Contracts must be written in the name of the City of Anacortes and not any particular city official or department.
- B. Contracts for services must include a detailed scope of work.
- C. The City Attorney must develop form contracts to implement these requirements.

Section 1.30.030 Review

- A. All contracts must be reviewed by the following City staff members for consistency with the following criteria prior to approval:
 1. The City Clerk-Treasurer must determine the contract is consistent with budget provisions and City finance policies and procedures.
 2. The City Attorney must determine the contract is consistent with state, local, federal, and common law.
 3. The Department Head responsible for the agreement must determine the contract is consistent with the Department's budget, capital plan, or department objectives.
 4. The City Contract Specialist must determine the contract is consistent with City procurement and contracting policies and procedures.

Section 1.30.040 Approval by mayor.

- A. The mayor is authorized to approve contracts that meet all of the following criteria:
1. One of the following applies:
 - a. The total aggregate value of the contract is less than \$30,000; OR
 - b. The contract is exclusively for the City's purchase of goods which are not to be used in connection with any public work.
 2. The contract amount is within budget authority for the specified BARS numbers.
 3. The contract is made, and the vendor has been selected, consistent with the City's purchasing policy.
 4. The contract has been approved by the City Attorney.
- B. The mayor is authorized to approve modifications to contracts that meet all of the following criteria:
1. One of the following applies:
 - a. The modification, either singly or combined with all previous modifications, results in a total contract value under \$30,000.00; OR
 - b. Cost modifications for contracts with an original value between \$30,000-\$99,999 which results in a new total contract amount less than \$10,000 over the original contract amount; OR
 - c. Cost modifications for contracts with an original value \$100,000 or more which results in a new total contract amount less than 110% over the original contract amount.
 2. The modification does not modify the contract's general terms and conditions or extend the term of the contract more than one year.
 3. The modification has been approved by the City Attorney.
- C. Any contract that the mayor is not authorized to approve must be approved by the City Council.
- D. All agreements made pursuant to the Interlocal Cooperation Act at RCW 39.34 must be approved by the City Council.

Commented [SD1]: I tweaked this section to make these two elements either/or, instead of both being requirements.

- E. Any contract that includes the conveyance of a real property interest to or from the City or a lease to which the City is party with a term of one calendar year or more must be approved by the City Council.

Commented [SD2]: Added section based on discussion and recommendations on real property conveyances and leases.

- F. The mayor may not delegate authority to sign contracts to any other person.
- G. The City Council reserves the authority to modify this delegation of authority by resolution or motion.

Section 1.30.050 Approval by City Council

- A. Any contract to be approved by City Council must be presented in its entirety to the City Council, with all attachments.
- B. Prior to presentation to City Council, all contracts must be reviewed in accordance with Section 1.30.030.

Section 1.30.060 Ratification

Contracts executed inconsistent with this Chapter are not valid contracts unless ratified by action of the City Council.

Section 1.30.070 Numbering, Recording, and Retention

- A. The City Contract Specialist must assign every contract and modification a unique identifier. Contracts must be identified in the form YY-###-CAT-###, where YY is the two-digit year of work of project initiation and ### is a number with leading zeros incremented for each contract approved that resets to 1 at the beginning of each year. CAT is the category of the contract, and the final ### is the number of the instrument related to the project.
- B. Effective August 1, 2018, all contracts must be recorded in the City's Electronic Records Management System and made available to the public on the City's website within five days of approval.
- C. After recording in the City's Electronic Records Management System and verification of imaging accuracy, the paper version of a contract may be destroyed consistent with RCW.

Commented [SD3]: Staff recommends leaving the two digit year because the administrative burden of changing the numbering system throughout the City systems is outweighed by the benefit.

RESOLUTION NO. 2030

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
ANACORTES ADOPTING THE CITY OF ANACORTES PURCHASING POLICY**

WHEREAS, Section 35A.11.010 of the Revised Code of Washington vest contracting authority in the City Council of the City of Anacortes; and

WHEREAS, Council has decided to delegate some of its contracting authority to the Mayor by Ordinance 3036; and

WHEREAS, Council now wishes to formally adopt procurement policies for City procurement and contracting with the City of Anacortes.

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Anacortes, Washington, that the attached Purchasing Policy is hereby adopted.

**INTRODUCED, PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY
OF ANACORTES on this ____ day of _____, 2019.**

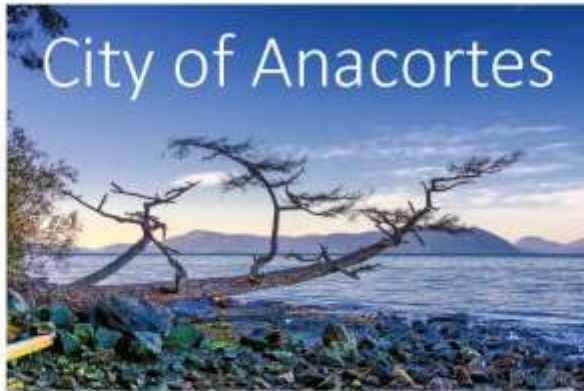
LAURIE M. GERE, MAYOR

Approved as to form and legality:

Steve D. Hoglund, City Clerk Treasurer

Darcy Swetnam, WSBA #40530
City Attorney

ATTEST:



PURCHASING POLICY



2019

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I. GENERAL

A. Purpose

This document is intended to direct the purchase of goods and services at a reasonable cost. An open, fair, documented, and competitive process is to be used whenever reasonable and possible. The purchasing function's integrity, efficiency, and effectiveness are critical elements of sound government.

B. Objectives

The objectives of the city's purchasing program are as follows:

- To provide a uniform system to obtain supplies, materials, equipment, and services in an efficient and timely manner;
- To facilitate responsibility and accountability with the use of city resources;
- To ensure equal opportunity and competition among suppliers and contractors;
- To promote effective relationships and clear communication between the city and its suppliers and contractors;
- To comply with the comprehensive State procurement statutes which govern expenditures of public funds;
- To promote use of recycled materials and products, and dispose of surplus and scrap materials with regards to cost savings and the environment.

C. Scope

These guidelines apply to purchases of:

- Public works projects
- Professional services (including architectural and engineering design)
- Non-professional services
- Supplies, materials, and equipment

The guidelines do not apply to the acquisition, sale, or lease of real property. If grant funding is involved in the proposed purchase, applicable requirements should be obtained from the funding agency. Such requirements may be more restrictive than the city's policy.

D. Controlling Laws

All purchases shall comply with appropriate and relevant federal, state, and city laws and policies. If the appropriate and relevant federal or state laws, regulations, grants, or requirements are more restrictive than these guidelines, such laws, regulations, grants, or requirements should be followed.

The City Attorney shall be consulted when questions regarding potential conflicts arise. Applicable laws and regulations will be cited throughout this document.

II. ETHICS OF PROCUREMENT

A. Gifts and Conflicts of Interest

The city is committed to providing a very fair, transparent and equitable process to our purchases. We ask all staff participating in a solicitation and/or award process to be thoughtful of any perceived or actual conflicts of interest. Many of the situations defined as prohibited conduct in the city's [Personnel Policies](#) could arise in the procurement context.

1. Reasonable Person Standard. The city seeks to avoid situations that involve conflicts of interests or the appearance of such conflicts based on inappropriate opportunities to influence the solicitation and/or award process. The city uses the measures of how a reasonable person would perceive the situation. A reasonable person standard might consider how the situation would appear if covered by a news story, or viewed from the perspective of a public interest group. Common questions to ask are: Could you comfortably explain your actions? Would taxpayers believe you were acting in their best interest?
2. Limitations on gifts. City staff should refuse gifts, meals and invitations to events such as concerts or sporting events, that could be reasonably perceived as: improperly influencing performance of your official duties; a reward for awarding a contract; or offered or given to influence, find favor, or with a reasonable expectation of creating an obligation to the giver.

Vendors are prohibited from offering gifts during the solicitation and ensuing contract award process.

Contact the Legal Department for assistance if you encounter unusual situations.

B. Former Employees as Vendors/Consultants/Contractors

Contact Legal before initiating a contract with former city employees to determine if doing so would create an actual conflict of interest or the appearance of a conflict of interest.

III. ACCOUNTABILITY AND COMMUNICATIONS

City staff involved in specification development must carefully consider conflicts of interest and other public accountability rules. Consider each of the following:

A. Public Disclosure

The city's procurement process, and the submittals, materials, information, decisions and many of the notes related to that process are all public records subject to public disclosure unless an exemption applies under the Washington Public Records Act (PRA), Chapter [42.56 RCW](#).

- Submittals are subject to disclosure. Certain state law exemptions may apply and disclosure may be reasonably delayed to avoid unreasonable interference with the evaluation and award decision.
- Your notes are subject to disclosure as they pertain to the city's official business, processes and decisions. Do not make remarks or comments that you would not be comfortable sharing with a public audience.
- Keep those notes that help to document the process and decisions, and clearly organize them so they can be understood in the future.
- Important notes and materials that are significant to documenting the decision and process should be given to the Contract Specialist at the end of the process and saved in the event of a public records request.
- The city is not required to create summaries or new public records in response to a PRA request. The city is not required to do research or analysis for vendors under PRA. However, summaries or analyses are subject to disclosure if the city has already created such records.
- Further information regarding public disclosure may be obtained from the Public Records Coordinator.

B. Maintain Confidentiality

Documents, decisions, information and opinions are generally to be kept confidential, except as required to be disclosed under the Public Records Act. Do not share information other than with city staff who are directly involved in the evaluation and selection process. Project Managers, the Contract Specialist, and in some cases selection advisory committee members, may contact respondents to city solicitations seeking additional information and clarification regarding vendor submittals, as well as to negotiate a contract. However, conversations or contact with respondents regarding details of the evaluation process should otherwise be limited, and care must be taken to maintain the objectivity of the evaluation process. If respondents call with questions, particularly with regard to evaluation, or to request documents, refer them to the Contract Specialist.

C. Fair, Prudent and Thorough Evaluation

The process must be fair to all respondents; be thoughtful and deliberative in order to preserve the integrity of the public bid process.

1. The Project Manager, and city staff invited to assist in specification development, solicitation efforts, and/or award processes, must be considerate of conflicts of interest and other public accountability rules.
2. In the event a member of a RFP selection advisory committee has a conflict of interest, he or she must immediately withdraw from the process. If you have a conflict or perceived conflict of interest, you must consult with the Legal Department.

Use caution:

- a) when discussing any aspect or any opinion you might have of the solicitation process, vendors, bids or results until the award is complete.
- b) to avoid actions that give, or may be perceived to give, preferential treatment to any vendor.

IV. GRANTS & FEDERAL FUNDING

Are you trying to procure something that involves any type of grant or federal funding? Then STOP!



Purchases or work that have received a grant or federal funding may not be covered by this manual. These types of purchases often have their own procurement requirements.

ALL GRANTS ARE DIFFERENT, so one size does not fit all. Some grants simply require you to use your own procurement rules, while others require you to insert their contracting clauses into your contract. Contact Legal for advice on how to proceed. We will review your specific grant and guide you on what the next steps are.

The City of Anacortes' internal controls for Federal Awards are detailed in the [Federal Award Standards](#) document.

V. CONTROLLED COMMODITIES

The following items require approval from designated people. They are:

- Cell phones, telephone equipment - **IT Manager**.
- Computers and related equipment, printers, scanners and copiers, software or systems - **IT Manager**.
- Anything purchased using Equipment Rental and Revolving (ER&R) funds – **Fleet Services Manager**.

VI. DETERMINING CONTRACT VALUE

Contract value refers to the total aggregate value of the contract including all base periods, plus potential renewal periods.

- Example #1: A three year contract for \$40,000 per year is considered a \$120,000 contract.
- Example #2: A contract originally routed as a one year \$25,000 contract. If a renewal is negotiated for an additional year for another \$25,000, the aggregate value of the contract becomes \$50,000, which will require City Council authorization.
- Exception: Hardware/software maintenance agreements are treated as stand-alone agreements and do not need to be aggregated to the original hardware/ software purchase agreement.

VII. BID SPLITTING

The breaking of any project into units, or accomplishing any projects by phases, is prohibited if it is done for the purpose of avoiding compliance with bidding statutes¹.

The Washington Supreme Court has held that a city cannot break a public work into phases for the purpose of estimating the cost of a public works project, even though those phases are performed at different intervals of time. Instead, a city, while completing the actual project in phases, must total the cost of all phases of the public work or purchase. If the aggregate cost exceeds the applicable bid limit, the city must bid each phase of the project even though a single phase may cost less than the bid limit.

To avoid bid splitting:

- A. Combine all phases of a public work project when estimating cost.
- B. Combine the total of foreseen identical items purchased at the same time or within a calendar years' time, in which the cost exceeds competition limits (i.e. office supplies, laundry services, janitorial paper products, etc.)
- C. Items that are designed, or intended to be used together (i.e., water meters and covers), and the cost exceeds competition limits should be bid together.

¹ [RCW 35.23.352\(1\)](#)

VIII. SIGNATURE AUTHORITY AND APPROVAL

Per [RCW 35A.11.010](#), the City's authority to contract, and be contracted with, is vested in the City Council. City Council has delegated authority to the Mayor to execute contracts and modifications that meet the criteria of Anacortes Municipal Code Chapter 1.30². **Only the Mayor has the designated signature authority to sign contracts and binding agreements for the City.**

City Council approval is required for public works, professional, purchased, or personal services contracts that:

- A. Are contracts with a total aggregate value of \$30,000 or more
or
- B. Are cost modifications that, either singly or combined with all previous modifications, pushes the total contract amount from under to over the \$30,000 signature threshold
or
- C. Are cost modifications for contracts with an original value between \$30,000-\$99,999 that results in a new total contract amount \$10,000 or more over the original contract amount.
or
- D. Are cost modifications for contracts with an original value \$100,000 or more that results in a new total contract amount 110% over the original contract amount

Example 1: a \$200,000 contract has a modification for \$18,000 for a new contract amount of \$218,000. The original contract amount is over \$100k so the next step is to figure out if the new total contract amount is 110% over the original value(D). 110% of \$200,000 would be \$220,000, so this modification does not result in a new total contract amount 110% over the original contract amount and does not need to be approved by Council.

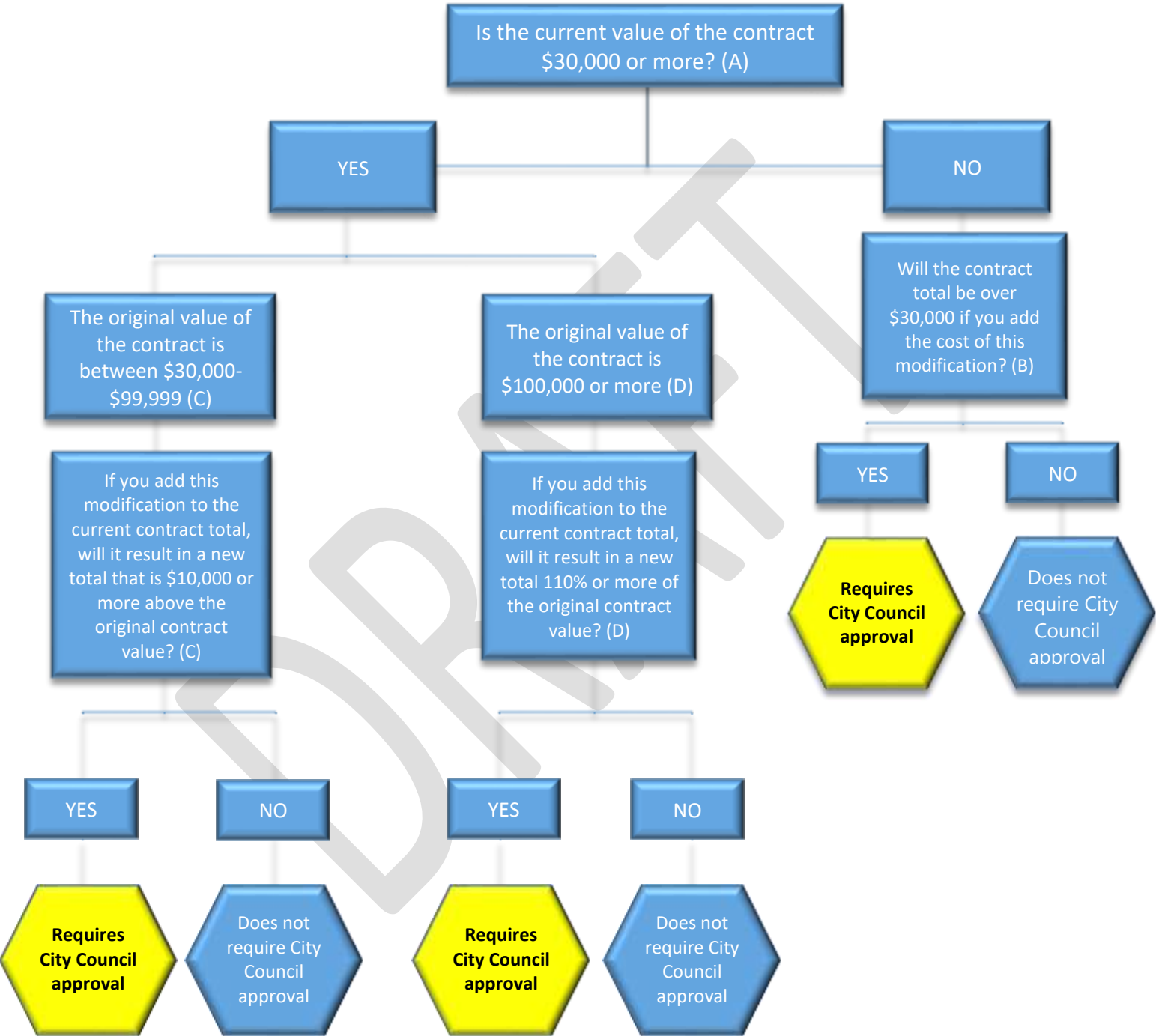
Example 2: a \$35,000 contract already had modification #1 for \$5,000 approved and executed. Now there is a new modification #2 for \$6,000. The original contract amount is between \$30,000-\$99,999, so the next step is to determine if this modification results in a new contract amount \$10k or more over the original contract value(C). Adding together Mod 1 and Mod 2 equals \$11,000 which is over \$10,000, so modification #2 does need to be approved by Council.

Example 3: a \$10,000 contract has a modification of \$1,500 for a new contract amount of \$11,500. The modification does not have a total value of \$30k or more(A), does not push the total contract amount over the \$30k threshold(B), and is not for a contract with an original value between \$30,000-\$99,999(C) or \$100k or more(D), so it does not need to be approved by Council.

Example 4: a \$25,000 contract has already had a modification #1 of \$1,000 and now has a modification #2 of \$5,000 for a new contract amount of \$31,000. Modification #1 did not meet any of the requirements of A, B, C, or D so it did not need to be approved by Council. Combined with the previous modification, modification #2 does push the total contract amount from under to over the \$30k signature threshold(B) and so it does need to be approved by Council.

² Ordinance 3036

Contract Modification Approval Requirements



IX. ELECTRONIC SIGNATURES

Electronic (digital) signatures are defined under [RCW 19.34.020](#):

"Digital signature" means an electronic signature that is a transformation of a message using an asymmetric cryptosystem such that a person having the initial message and the signer's public key can accurately determine:

- (a) Whether the transformation was created using the private key that corresponds to the signer's public key; and
- (b) Whether the initial message has been altered since the transformation was made."

The City, pursuant to [RCW 19.360.020\(5\)](#), declares DocuSign as the electronic signature provider for the City. Specifically, the Mayor, City Attorney, and Finance Director, and their designees, are authorized to use DocuSign, or any future replacement of such platform, to affix electronic signatures to electronic records. A City document that is required by law to be signed in non-electronic media may not be digitally or electronically signed. This Section does not supersede the requirements detailed in Section VIII or Ordinance 3036.

X. TYPES OF PROJECTS

Local government purchases and projects generally fall into one of five categories:

[Public works](#): All work, construction, alteration, repairs, or improvements to physical property, other than ordinary maintenance, that are paid for by a municipality.

[Professional architecture and engineering services](#): Professional services provided by a consultant that fall under architecture, engineering, land surveying, or landscape architecture.

[Personal services](#): Technical expertise provided by a consultant to accomplish a specific study, project, task, or other work statement, not including professional architecture and engineering services.

[Purchased services](#): Services provided by vendors for the routine, necessary, and continuing functions of a local agency, mostly related to physical work.

[Materials, Supplies, Equipment](#): Purchases of goods, equipment, supplies, or materials that are not connected with a public works project.



PUBLIC WORKS



XI. PUBLIC WORKS

A. Definition: What is a Public Work?

This covers more than you think: "all work, construction, alteration, repair or improvement other than ordinary maintenance"³ to pretty much any structure or facility the city owns. L&I considers "ordinary maintenance" to be that performed by your own staff, so that means every time you call in a carpenter, plumber, electrician, painter, roofer, elevator repair technician, tree trimmer, fencing company, HVAC repair technician, equipment operator or other person wearing tools who isn't city staff, the purchase falls under public works procurement rules.

Contact the Contract Specialist if there is any question whether your project falls under "Public Works" or as to which procurement process is necessary.

ALL public work in ANY amount requires a written contract, payment of prevailing wages, and insurance.

B. THRESHOLDS:

Public Works			
	DOLLAR LIMIT	FORMAL BID PROCESS	APPROVAL
Single Trade or Craft	\$0-\$40,000	Optional	\$0-\$29,999 = Mayor \$30,000+ = City Council
	Over \$40,000	Required	City Council
Multi Trade or Craft	\$0-\$65,000	Optional	\$0-\$29,999 = Mayor \$30,000+ = City Council
	Over \$65,000	Required	City Council
	DOLLAR LIMIT	QUOTES	APPROVAL
Using MRSC Small Works Roster	\$0-\$34,999	Minimum 3 quotes requested	\$0-\$29,999 = Mayor \$30,000+ = City Council
	\$35,000-\$149,999	Minimum 5 quotes requested	City Council
	\$150,000-\$300,000	Minimum 5 quotes requested and must notify all contractors on roster list	City Council
	DOLLAR LIMIT	PROCUREMENT PROCESS	APPROVAL
Unit-Priced On-Call Contracts	\$0-\$300,000	Follow the Small Works Roster Rules	\$0-\$29,999 = Mayor \$30,000+ = City Council

"Craft" or "trade" means a recognized construction trade or occupation for which minimum wage categories are established by the Department of Labor and Industries of the State of Washington in the locality of the city's projects or purchases.

³ [RCW 39.04.010](#)

C. Day Labor

The city may use our own employees to perform public works projects with an estimated cost up to \$40,000 (single craft) or \$65,000 (multiple craft). For larger projects, you must contract with a responsible contractor. However, the city must provide a report to the state auditor of the costs of all public works in excess of \$5,000 that are not let by contract. For any project using city workers that costs in excess of \$25,000, the city must publish a description of the project and its estimated cost in its official newspaper at least fifteen days before beginning the work⁴.

D. Determining the Cost of a Public Work

The total construction cost of each **project** must be estimated in order to correctly apply bid limit dollar amounts to determine if a public works project must be competitively bid. The estimate shall include all phases and anticipated contracts for the entirety of the project, and include materials, supplies, equipment, and labor on the construction of that project AND applicable sales and use taxes. However, the value of volunteer labor, material, or equipment need not be included in the cost estimate for a public works project, as these are not a cost to the agency. If the total project amount is over the bid thresholds then all contracts, no matter the individual dollar amount, must be procured through the bid process. The estimate may be prepared by an outside third party, however the final cost estimate must be validated by the city. The estimate needs to be prepared before any work begins and should be sent to the Contract Specialist.

E. Procuring Through Quotes

Projects for single craft or multiple crafts with a reasonably anticipated price equal to or less than the dollar thresholds do not require the use of competitive quotes or bids.

- It is recommended the Project Manager make every effort to obtain more than one quote.
- The Project Manager forwards solicitation, quotes, and project information to the Contract Specialist who administers the contract process.

F. Small Works Roster (SWR)⁵

When the estimated cost of a public works project is \$300,000 or less, the city may follow the Small Works Roster (SWR) process⁶ for construction of a public work or improvement as an alternative to the general competitive bidding requirements. The City of Anacortes has contracted with the Municipal Research and Services Center of Washington (MRSC) for the city use of a statewide electronic database for small public works roster and consulting services developed and maintained by MRSC.

⁴ [RCW 39.04.020](#)

⁵ [RCW 39.04.155](#)

⁶ [Resolution 1836](#)

Publication:

At least once a year, on behalf of the city, MRSC shall publish in a newspaper of general circulation within the jurisdiction a notice of the existence of the roster or rosters and solicit the names of contractors for such roster or rosters. Responsible contractors shall be added to the appropriate MRSC roster or rosters at any time that they submit a written request and necessary records.

To use the SWR:

- Notifications and postings must emphasize that bids will be accepted only from contractors on the small works roster.
 - Sample text: *In accordance with competitive bid requirements set forth under RCW 39.04.155, Small Works Roster Contract Procedures, the City of Anacortes is pleased to invite you to submit a bid under the subject solicitation. Contractors who bid on this project must be registered on the Small Works Roster by the time that bids are due.*
- Notifications and postings should list if bonds and prevailing wage will be required.
- Project Manager or Contract Specialist contacts contractors off the Small Works Roster. Invitation for quotations shall include an estimate of the scope and nature of the work to be performed, materials and equipment to be furnished, and the date, time and location to return quote. However, detailed plans and specifications need not be included in the invitation.
- At the time bids are solicited, the city shall not inform a contractor of the terms or amount of any other contractor's bid for the same project.
- No city employee may negotiate with any of the bidders. Some submissions may involve errors, omissions, or other irregularities; contact Legal to decide how to handle them.
- The Project Manager or Contract Specialist shall make a written record of each contractor's bid on the project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.
- The Project Manager forwards solicitation, quotes, and project information to the Contract Specialist who initiates the contract process.
- Formal bids are not required.
- Advertising is not required.
- Bid bonds are not required.
- A signed contract IS required.
- Prevailing wage IS required.
- Insurance IS required.

Small Works Roster “Limited Public Works Process” – up to \$34,999

- If a work, construction, alteration, repair, or improvement project is estimated to cost less than thirty-five thousand dollars (\$35,000), the city may award such a contract using the limited public works process.⁷
- A minimum of three electronic or written quotations from the appropriate small works roster is to be solicited and the contract shall be awarded to the lowest responsible bidder⁸.
- The city will maintain a list of the contractors contacted and contracts awarded during the previous 24 months under the limited public works process, including contractor name, registration number, amount of contract, brief description of work and date contract awarded.
- If the contract value is \$30,000 or more it is required to be approved for award by City Council.

Small Works Roster Process - Between \$35,000 and \$149,999

- Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster.
- The contract is required to be approved for award by City Council.

Small Works Roster Process - Between \$150,000 and \$300,000

- Quotations may be invited from all appropriate contractors on the appropriate small works roster. As an alternative, quotations may be invited from at least five contractors on the appropriate small works roster who have indicated the capability of performing the kind of work being contracted, in a manner that will equitably distribute the opportunity among the contractors on the appropriate roster. However, if the city chooses to solicit bids from less than all the appropriate contractors on the appropriate small works roster the city must also notify the remaining contractors on the roster that quotations on the work are being sought. The city has the sole option of determining whether this notice to the remaining contractors is made by:
 - publishing notice in a legal newspaper in general circulation in the area where the work is to be done;
 - mailing a notice to these contractors; or
 - sending a notice to these contractors by facsimile or email
- The contract is required to be approved for award by City Council.

⁷ [RCW 39.04.155\(3\)](#)

⁸ [RCW 39.04.350](#)

G. Formal Bid Process – Public Works

Competitive bidding is designed to prevent favoritism in awarding public work contracts and to enable local governments to obtain the best work or supplies at the most reasonable prices. It is also designed to provide a fair forum for bidders and to protect the public interest.

1. The Project Manager submits the project information, including technical specifications, bid and contract timeframes, pre-bid conference dates/times (if applicable), and BARS # to the Contract Specialist.
2. The Contract Specialist compiles the bid package.
3. The notice to bid is to be published in the city's official newspaper, or a newspaper of general circulation most likely to bring responsive bids, at least 13 days prior to the submittal deadline. The notice shall state the nature of the work for which plans and specs will then be available free of charge online and on file.
4. Bids must be sealed and filed with the City Clerk within the time specified.
5. Each bid requires a bid proposal deposit of 5% or more in the form of cashier's check, postal money order, or surety bond.
6. Public bid opening is required.
7. The Project Manager verifies the bids meet the requirements of the Invitation to Bid and notifies the Contract Specialist of the lowest responsive bid.
8. The Contract Specialist verifies the contractor is a responsible bidder.
9. The Contract Specialist determines contract award approval requirements, and if required, schedules and prepares the City Council documents.
10. The Contract Specialist administers the contract process.

H. Requests for Bid Documents

The City of Anacortes Purchasing Policy requires that the City maintain the integrity of official bid documents sets, provide swift response when incorporating addenda changes, and communicate in a singular, fair, and equitable manner to registered bidders.

Builders Exchange of Washington (BXWA) provides prime bidders, subcontractors, suppliers, and other interested parties, virtual free-of-charge access to a complete set of project bid documents, including the ability to download, view, print, order full/partial plan sets from numerous reprographic sources, and free access to an on line digitizer/take-off tool.

Therefore, the City designates BXWA as the official source of bid packages for most capital public work projects, which insures that all bidders receive complete documentation, including all addendum, changes, and clarifications.

I. Unit-Priced Contracts – On-Call and Systemwide Maintenance

Effective June 7, 2018, all cities, towns, and port districts are authorized to use unit-priced contracts⁹. A unit-priced public works contract, sometimes called an “on-call” public works contract, is when a local government contracts for an unknown number of small public works projects over a fixed period of time (“indefinite quantity, indefinite frequency”). State statute defines a unit-priced contract as:

“[A] competitively bid contract in which public works are anticipated on a recurring basis to meet the business or operational needs of the [agency type], under which the contractor agrees to a fixed period indefinite quantity delivery of work, at a defined unit price for each category of work.”

While traditional public works contracts are awarded for specific projects/scopes with a specific total dollar value, unit-priced contracts are not associated with a particular project, do not guarantee any amount of work, and do not establish a total dollar value (although the contract may cap the dollar value at a certain level over the life of the contract). Instead, the agency agrees to pay a defined “unit price” for certain types of anticipated (but unplanned) work or trades over a certain time period. The prices for different tasks may be based upon different units. Commonly used units include:

- Weight, such as tons
- Surface area, such as square feet or acres
- Volume, such as gallons or cubic yards
- Length/depth, such as linear feet or vertical linear feet
- Time, such as hours
- Quantity of items
- Lump sum per task

When a specific project is identified, individual work orders are authorized based upon either a “not-to-exceed” time and materials basis or a negotiated lump sum amount using the previously established unit prices.

COA Unit-Priced On-Call Contract Requirements:

1. Can only be used for activities that are not specifically planned and have no set project-specific budget.
2. The contract total aggregate value is limited to a maximum of \$300,000, the Small Works Roster threshold.
3. The term of the contract must expire at the end of the current budget cycle or within two years, whichever is first.
4. The Small Works Roster procedures must be used for procurement.
5. Modifications: During the course of a contract, there may be occasions when the original unit prices do not address particular work items that are needed. In those situations, new line items may be added by contract modification.

⁹ [RCW 35.23.352](#)

To Bid a Unit-Priced On-Call Contract:

- Use the Small Work Roster procedures applicable to the estimate total aggregate value of the contract.
- The Invitation to Bid must:
 - Specify that the contract will expire when the work orders total the estimate total aggregate value (\$300,000 maximum) including WA sales tax, or the contract term expiration date, whichever occurs first.
 - Specify how work orders will be issued and include a sample work order.
 - State that there is no minimum volume of work guaranteed.
 - Specify that Prevailing Wage rates in effect at the beginning date of contract year must be applied.
 - Specify that Prevailing Wage rates must be updated and Intents and Affidavits submitted to Labor and Industries annually (12-month contract period).

Unit Priced Systemwide Maintenance and Repair Contracts:

There are also some systemwide maintenance and repair contracts that are sometimes referred to as “on-call contracts” but actually fall under traditional public works contracting as long as the scope is clearly and properly defined.

To qualify as a traditional public works contract instead of an on-call contract, a systemwide maintenance or repair contract must cover specific activities planned in advance and budgeted (as opposed to on-call contracts which cover activities that are not specifically planned and have no set budget).

Examples include:

- Sewer or storm drain “jetting” (cleaning) up to a certain budget amount, but not an exact number of linear feet
- Sidewalk/trail construction or reconstruction in relation to the city’s pedestrian master plan (not necessarily a fixed quantity), up to a certain budget amount
- Storm pond maintenance
- Annual contracts for pavement crack sealing, chip seals, overlays, etc.

These contracts can be structured so that they qualify as public works projects with readily determinable quantities and costs related to a fixed scope. Systemwide maintenance and repair contracts should not cover unanticipated projects or emergency repairs, which would fall under on-call contracting.

J. Withdrawal of Bids – Cancellation of Awards

Bids may be modified or the bid may be withdrawn by written notice received prior to the time set for opening in the office designated in the invitation for bids. After bid opening, withdrawal of bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence presented in a sworn affidavit or declaration submitted no later

than 5:00 p.m. on the first business day after bid opening, that a clerical mistake was made and not a mistake in judgment, and the bid price actually intended. All decisions to permit the withdrawal of bids after bid opening, or to cancel awards or contracts based on bid mistakes, shall be made by the Mayor after consulting with legal counsel.

K. Cancellation of Invitations for Quotations or Bids

An invitation for quotations or bids may be canceled at the discretion of the department director. The reasons shall be made part of the contract file. Each invitation for quotations or bids issued by the city shall state that the invitation may be canceled. Notice of cancellation shall be sent to all parties that have been provided with a copy of the invitation. The notice shall identify the invitation for quotations or bids and state briefly the reasons for cancellation.

L. Responsive Bid

What is a Responsive Bid?

Responsive bids are bids that are submitted on time with all of the information the city requested. Bids submitted after the submittal deadline or at the wrong location should be rejected as non-responsive – in other words, the city will neither accept nor open late bids. If a contractor claims extenuating circumstances, refer them to the City Attorney.

Typically, bidders must provide the following information at the time of bidding:

- Sealed bids, with the name of the project and the time and date of the bid opening clearly stated on the outside of the bid packet
- Bid guarantee in the form of a bid bond, cashier's check, certified check, or personal money order
- Lump sums, unit prices, and total prices in the spaces provided on all of the bid forms, including all appropriate sales taxes
- Receipt of addenda acknowledged
- Acknowledgment of attendance at mandatory pre-bid meeting (to be verified)
- Non-collusion affidavit certificate
- Mandatory bidder responsibility questionnaire with all items filled in

While it is possible to do a brief check when the bids are first opened, the city reserves the right to ascertain full compliance with the bid proposal requirements after a more detailed review, generally within a maximum of 30-45 days.

Additional items may be required shortly after bid opening:

- If supplemental bidder responsibility criteria are required (see below), a separate questionnaire must be filled out and submitted within 72 hours after bid opening. However, this questionnaire should only be required of the apparent low bidder and the next two lowest bidders

- For projects that cost an estimated \$1 million or more, a list of all subcontractors for HVAC, plumbing, or electrical work must be submitted¹⁰. The bidder may also submit itself for any of these categories. This list may either be submitted within one hour after the bid opening (the preferred method) or at the time the bid is submitted.

In addition, [RCW 39.04.350\(2\)](#) allows agencies to adopt additional relevant responsible bidder criteria for individual projects. Supplemental criteria may be on two levels:

- A basic level that may include such things as no delinquent state taxes, no federal debarment, minimal prevailing wages violations, no excessive claims against retainage and bonds, no public bidding violations, no termination for cause or default, and unwarranted lawsuits with respect to public contracting.
- A secondary level whose criteria relate to the nature of a specific project. For example, the city may require that a contractor must have completed three projects of a similar scope and dollar volume within the past five years.

These supplemental criteria and associated evaluation methods must be provided in the invitation to bid or bidding documents.

M. Responsible Bidder

The city is required to award public works contracts to a responsible bidder with the lowest responsive bid¹¹. This applies to informal bidding, such as a small works roster, as well as formal competitive bids.

Responsible bidders¹² must meet a number of mandatory criteria. The bidder must:

- At the time of bidding be a registered contractor in compliance with chapter [18.27 RCW](#)
- Have a current Washington State Unified Business Identifier (UBI) number
- If applicable, have industrial insurance/workers' comp coverage required in [Title 51 RCW](#)
- Have an Employment Security Department (ESD) account as required in [Title 50 RCW](#)
- Have a state excise tax registration number as required in [Title 82 RCW](#)
- Not be disqualified from bidding under RCW [39.06.010](#) or [39.12.065\(3\)](#)
- Not have any apprenticeship violations, if applicable
- Certify through a sworn statement that they are not a willful violator of labor laws in reference to [RCW 49.48.082](#).

¹⁰ [RCW 39.30.060](#)

¹¹ [RCW 39.04.010](#)

¹² [RCW 39.04.010](#), [RCW 39.04.350](#)

N. Bid Deposit, Performance Bond, and Payment Bond for Public Works Improvement Projects

Whenever competitive quotes or bids are required, a bidder may be required to make a deposit in the form of a certified check or bid bond in an amount equal to not less than five percent of the total bid, which percentage shall be specified in the call for bids. As part of any bid submitted, the bidder shall be required to warrant that the bid is a genuine bid, and that he/she has not entered into collusion with any other bidder or any other person. All public works contractors shall furnish a performance bond and a payment bond in an amount equal to the total amount of the contract on a form approved by the City Attorney. In lieu of a performance bond on contracts of \$150,000 or less a contractor may request to have 10 percent of the contract retained for a period of 30 days after the date of final acceptance¹³. The request will be evaluated and accepted or rejected by Legal.

O. Retainage

State law¹⁴ requires the city to withhold up to five percent (5%) of the contract price earned by the city's contractor during performance of public work and construction contracts. The withheld amount, known as "retainage," is for the benefit of laborers and material suppliers in the event the contractor fails to pay them. Retainage may also be used to satisfy tax claims by the Department of Revenue and/or the city, prevailing wage related claims by the Department of Labor and Industries, unemployment compensation related claims by the Employment Security Department, and contract performance claims by the city itself. Retainage is not paid ("released") to the contractor until appropriate releases are received from the involved state agencies and city departments/divisions.

A contractor has several options in how retainage will be held¹⁵:

1. The most common is to have the city withhold and retain five percent (5%) from each payment made during performance of the contract in a non-interest bearing fund.
2. A bond in-lieu-of retainage (aka "retainage bond") may be submitted by the contractor on the city's standard form or one that is acceptable to the city for all or any portion of the contract retainage amount.
3. The amount(s) retained may be deposited by the city in an interest bearing account. Interests on such monies shall be paid to the contractor and is not subject to withdrawal until after final acceptance of the work.
4. An escrow account may be jointly established by the contractor and the city with a bank. This escrow option must utilize the city's standard forms. The monies placed in escrow must be converted into bonds and securities approved by the city and any interest is paid to the contractor as it accrues.

¹³ [RCW 39.08.010](#)

¹⁴ [Chapter 60.28 RCW](#)

¹⁵ [RCW 60.28.011](#)

Retainage requirements are not mandatory for non-public works supplies or services, but may be used in the discretion of the department/division. Note that even when the city has required a performance bond for these types of contracts, retainage is not held unless specified in the solicitation and contract. This is rare.

At the conclusion of contract performance, any retainage reserved by the city will be released or otherwise disbursed according to the city's standardized contract close out process.

P. Prevailing Wages

- State law requires prevailing wages to be paid by the contractor on all public works projects and all public building service maintenance contracts¹⁶. To see the list of applicable labor categories go to State of Washington Department of Labor and Industries [website](#). Prevailing wage questions may be directed to the Department of Labor and Industries (L&I), Prevailing Wage Section, 360-902-5335.
- Public works contracts require that each and every employer on the project file a Statement of Intent to Pay Prevailing Wages (Intent), and Affidavit of Wages Paid (Affidavit), regardless of the size of the contract. The forms are filed with L&I and, once they are approved, are submitted by the employer to the city's Contract Specialist.
- Owner/Operators that do not have any employees do not need to pay themselves prevailing wages, however, they do still need to file Intents and Affidavits with the Department of Labor and Industries and list in section 3 of the form that they are Owner/Operator.
- For all public works contracts, except janitorial and building service maintenance contracts, the applicable prevailing wage rates shall be those in effect on the submittal due date. These rates shall remain in effect throughout the duration of the contract. If a contract is not awarded within six months of the submittal due date, the applicable prevailing wage rates shall be those in effect on the date the contract is awarded, and shall remain in effect for the duration of the contract¹⁷.
- For janitorial, building service maintenance contracts, and unit-priced contracts, the prevailing wage rates in effect on the submittal due date are the minimum rates that must be paid for the first year of such contract and thereafter. However, any janitorial, building service maintenance contract, and unit priced contract, of more than one year in duration must include wage increase language specifying that wages will be altered annually to follow the most recent publication of prevailing wage rate¹⁸.

¹⁶ [RCW 39.12](#)

¹⁷ [WAC 296-127-011](#)

¹⁸ [WAC 296-127-023](#)

- Specification documents must state that workers shall receive the prevailing rate of wage. The specifications must either list all of the applicable prevailing wage rates, or else provide the URL address for L&I's [Prevailing Wage Rates for Public Works Contracts](#) with the exact wage publication date and county. NOTE: Prevailing wage rates are adjusted twice annually – usually in the spring and fall.
- Payments by the city are not allowed when contractors have not submitted an Intent form that has been approved by the L&I industrial statistician. The city may not release retainage until all contractors and subcontractors have submitted an Affidavit form that has been certified by L&I. The requirement to submit these forms should also be stated in the contract.
- There is no minimum dollar amount for public work or prevailing wage. Prevailing wages must be paid for any work, construction, alteration, repair or improvement, other than ordinary maintenance, that the city causes to be performed by a private party through a contract.
- Should the city fail to comply the city can be held responsible for any unpaid prevailing wages.

****Federal Prevailing Wage Requirements**

The federal government has its own public works prevailing wage requirements, or wage decisions, established by the Davis-Bacon Act (DBA). For any public works project receiving federal funding, contractors must pay the higher of the state or federal wage rates¹⁹. This should also be stated in the bid specifications and contracts.

To look up current federal wage decisions by trade and county, see Wage Determinations Online [Selecting DBA Wage Decisions](#).

¹⁹ [WAC 296-127-025](#)



SERVICES



XII. SERVICES

The first step in successfully contracting for services is to determine the category of service that you will be contracting for, as there are distinct differences between service types and the manner of solicitation. Distinguishing between services and public work is also important, as services may have different bidding requirements.

A. Architectural and Engineering Services (A&E Services)

Professional architecture and engineering (A&E) services are services provided by any person, other than an employee of the agency, that fall under the general statutory definitions of:

- Architecture (Chapter [18.08 RCW](#))
- Engineering (Chapter [18.43 RCW](#))
- Land surveying (Chapter [18.43 RCW](#))
- Landscape architecture (Chapter [18.96 RCW](#))

Purchases of A & E Services

Architectural and Engineering consultants are initially selected based upon their qualifications, rather than price. The defining characteristic of chapter [39.80 RCW](#) is its strict insistence on qualification-based selection (QBS) of A&E professionals. In contrast to public works contracts, purchases (equipment, materials, and supplies), and purchased service contracts, an agency **cannot consider price** in the selection process for professional A&E services: it must select the most qualified firm, and then negotiate a price for the work contemplated. There are two ways to select an A&E firm based upon their qualifications:

1. Procure using a request for proposals (RFP) process. This process requires the city representative to develop a written scope of the project and any criteria used to select the service provider and then select a qualified contractor from the city's MRSC architectural, landscape architectural, and engineering service roster, following the procedures of [39.80 RCW](#).
2. If the Project Manager does not choose to use the appropriate roster, then a formal Request for Qualification (RFQ) process must be followed, following the procedures of [39.80 RCW](#). Contact the Contract Specialist for assistance.

The city will negotiate a contract with the most qualified firm at a price which the city determines is fair and reasonable. In making its determination the city shall take into account the estimated value of the services to be rendered as well as the scope, complexity, and professional nature. If the city is unable to negotiate a satisfactory contract with the firm selected at a price the city determines to be fair and reasonable, negotiations shall be terminated and the city shall begin negotiations with the next highest qualified firm. Forward all documentation to the Contract Specialist for archiving. Once a firm has been selected, the information will be provided to the Contract Specialist who then administers the contract process.

B. Personal Services

Services provided by independent consultants that require specialized knowledge, advanced education, professional licensing or certification and where the primary service provided is mental or intellectual, involving the consistent exercise of judgment and discretion.

- Examples: accountants, attorneys, consultants, graphic artists, strategic planning, studies/analysis, training, certification services

Purchases of Personal Services

1. Send a written solicitation to qualified firms or individuals describing the needed services. The MRSC Consultant Roster can be used if desired. Request prices, schedules, and qualifications.
2. If a formal Request for Proposals is needed, contact the Contract Specialist for assistance.
3. Submit all proposals and any evaluation documents to the Contract Specialist who then administers contract process.

C. Purchased Services

Purchased services are those provided by vendors for routine, necessary, and continuing functions of a local government agency, mostly relating to physical activities. These services are usually repetitive, routine, or mechanical in nature, support the agency's day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making. For most purchased services, the main determinant of award is price and there are no bid limits or requirements for advertising, bonds and/or retainage, or, depending on the specific facts, prevailing wages. Contractors whose work includes only observing, directing, verifying, and reporting would not have a prevailing wage requirement. There are a number of purchased services, however, that hover over that thin gray line between purchased services and public works contracting. Purchased service contracts require, on the whole, much less paperwork than public works contracts. If a particular contract is very near the gray line, the conservative approach is to consider it a public works contract.

Contact the Contract Specialist if there is any doubt as to if a project is a purchased service or public work.

- Examples: janitorial services, elevator or equipment inspection (but not *repair*), grounds keeping, pest control, moving services, fire extinguisher inspection, vehicle towing

L&I considers some service contracts, such as HVAC maintenance or road striping, to be public works and subject to public works bidding requirements.

Purchases of Purchased Services

1. Determine if you will procure through obtaining quotes, a formal bid, or RFP. The Contract Specialist must be involved in the formal bid or RFP process.
2. If obtaining quotes, request quotes from 1 or more qualified firms or individuals describing the desired services. Request prices (including prevailing wage if applicable), schedules, and qualifications.
3. Evaluate the proposals and determine the lowest responsible bidder.
4. Submit proposals and all evaluation documents to the Contract Specialist who then administers contract process.

D. Publication

[RCW 39.80.030](#) requires that the city shall publish in advance the city's requirement for professional services. The city may comply with this section by (1) publishing an announcement on each occasion when professional services provided by a consultant are provided by the city; or (2) announcing generally to the public its projected requirements for any category of type of professional service to create a Consultant Roster. Advertising for the Consultant Roster must be done at least once a year by MRSC on the city's behalf. The MRSC Consultant Roster will distinguish between professional architectural and engineering services as defined in [RCW 39.80.020](#) and other consulting services. Firms or persons providing consulting services shall be added to the appropriate roster at any time they submit a written request and necessary records. The city reserves the right to publish an announcement on each occasion when professional services or other consulting services are required.



MATERIALS, SUPPLIES, AND EQUIPMENT



XIII. PURCHASING MATERIALS, SUPPLIES, EQUIPMENT

(Unrelated to Public Work/Construction, Services, A&E)

At first glance, one would think there would be no trouble figuring out what purchases fall into the category of “materials, supplies, and equipment” not used in connection with a public work project or improvement. Stationery, rubber bands, fire trucks, and copy machines come to mind. And, services should also be pretty easy to identify. But sometimes the situation is ambiguous.

Distinguishing between public works and materials, supplies and equipment not used in a public work is important, as different bidding requirements apply to each.

Common sense can be a good guide in this area of the law, but sometimes gray areas can create confusion and uncertainty. If you are concerned about a specific situation, consult the Contract Specialist.

DOLLAR LIMIT	PROCUREMENT PROCESS	APPROVAL*	LOCAL PREFERENCE
\$ -0- to \$2,500	Competition not required Departments encouraged to determine price is fair and reasonable and document in department files.	Department Head	All departments shall make a good faith effort to purchase goods within the City of Anacortes when they are available and suitable to city needs at a price that is competitive.
			<u>Legal Restrictions:</u> Even below bid threshold, City has obligation to procure goods at the best price as steward of public funds. Therefore, City may not require only local purchases.
\$2,501 to \$7,500	3 Quotes Requested Must be attached to the electronic invoice	Department Head	Departments are encouraged to attempt to obtain at least one quote from a local business when procuring under the bid threshold. Staff should take into account price, delivery times, and return policies when evaluating quotes.
			<u>Legal Restrictions:</u> Even below bid threshold, City has obligation to procure goods at the best price as steward of public funds. Therefore, City may not require only local purchases.
\$7,501 to \$15,000	MRSC Vendor Roster or Formal Sealed Bid Process (Contact Contract Specialist)	Department Head	RCW 39.30.040 allows any local sales tax revenue generated by the purchase to be considered in determining the lowest responsive and responsible bid. Any other preferences favoring local businesses are not permitted during any formal bid process.

			Legal Restrictions: Over bid thresholds, Cities are only allowed to procure goods as expressly provided by state law. The only allowance for local preference in state law is as provided in RCW 39.30.040, which allows jdx to take sales tax revenue into account.
\$15,001+	Must use Formal Sealed Bid Process (Contact Contract Specialist)	Department Head	RCW 39.30.040 allows any local sales tax revenue generated by the purchase to be considered in determining the lowest responsive and responsible bid. Any other preferences favoring local businesses are not permitted during any formal bid process.
			Legal Restrictions: Over bid thresholds, Cities are only allowed to procure goods as expressly provided by state law. The only allowance for local preference in state law is as provided in RCW 39.30.040, which allows jdx to take sales tax revenue into account.

A. THRESHOLDS:

***Approval:** *The Department Head may only approve purchases that are provided for in the city budget. Any vendor provided contracts should first be reviewed by the Contract Specialist and can only be signed by the Mayor.*

All dollar limits include freight, handling, set-up cost, and appropriate sales tax.

It is the Department Head's/Division Manager's responsibility to appoint who shall make purchases for their department on the city's behalf under the respective quote limits.

B. Informal Competitive Quotes - Materials, Supplies or Equipment between \$2,501-\$7,500

1. A city representative shall make an effort to contact at least three vendors. Departments are encouraged to attempt to obtain at least one quote from a business within the City of Anacortes. The number of vendors contacted may be reduced if the item being sought is only available from a smaller number of vendors. When fewer than three quotes are requested or if there are fewer than three replies, an explanation shall be attached to the electronic invoice.
2. Whenever possible, quotes will be solicited on a lump sum or fixed unit price basis.
3. At the time quotes are solicited, the city representative shall not inform a vendor of any other vendor's quote.
4. A written record shall be made by the city representative of each vendor's quote on the materials, supplies, or equipment, and of any conditions imposed on the quote by such vendor.
5. It is allowable to use criteria other than cost (e.g., qualifications, available staff, delivery timelines, return policies, etc.) in making an award.

6. Award shall be made to the vendor submitting the lowest and best responsible quote.
7. Whenever there is a reason to believe that the lowest acceptable quote is not the best price obtainable, all quotes may be rejected and the city may obtain new quotes.
8. Attach all quotes to the electronic invoice.

Notes:

- If your quote is of a complex nature, let the Contract Specialist obtain the quotes for you to ensure everything is apples-to-apples.
- In the request for quotes, be sure technical information defines acceptable quality and insure vendors are quoting on equal and comparable items. All vendors must be provided the same information. If one vendor offers an acceptable alternate, it must be re-quoted using the alternate specifications.
- The city will not pay for any technical information from the vendor. If the information is to be shared with other vendors, it must be stated so up front. If you use a vendor's technical information without their approval, you may find yourself in a legal tangle.
- Staff may arrange on-site demonstrations or delivery of preview/trial merchandise but must keep in mind that just because you have demoed someone's product does not mean you will be able to buy it. Competition may still be required and it must be made clear to the vendor beforehand that no preferential treatment will be given.
- Obtain freight pricing (FOB Destination, Freight Prepaid).

C. Vendor Roster – Materials, Supplies, or Equipment \$0 -\$15,000

When purchasing materials, supplies, or equipment not connected to a public works project in the amount of \$15,000 or less, the city may award purchasing contracts by a vendor list process²⁰. The City of Anacortes has contracted with the Municipal Research and Services Center of Washington (MRSC) for the city use of a state wide electronic vendor roster developed and maintained by MRSC.

Publication:

At least twice a year, on behalf of the city, MRSC shall publish in a newspaper of general circulation within the district a notice of the existence of a roster(s) of vendors for materials, supplies, and equipment, and shall solicit names of vendors for the roster.

To use the Vendor Roster, the Project Manager:

- Drafts a written description of the specific materials, supplies, or equipment to be purchased, including the number, quantity, quality, and type desired, the proposed delivery date, and any other significant terms of purchase.
- Makes a good faith effort to contact at least three (3) of the vendors on the roster

to obtain telephone or electronic solicitation quotations from the vendors for the required materials, supplies, or equipment.

- Doesn't share telephone quotation from one vendor with other vendors solicited for the bid on the materials, supplies, or equipment.
- Saves a written record of each vendor's bid on the material, supplies, or equipment, and of any conditions imposed on the bid by such vendor and attaches them to the electronic invoice.

D. Formal Bid Process – Materials, Supplies, or Equipment \$7,501+

Unless the Vendor Roster process is used, purchases of supplies, goods, materials, and/or equipment over \$7,500 that are not part of a public works and improvements contract must call for bids using the formal bid process, with price being the primary factor in the contract award decision. Purchases of custom or specialty goods, and/or products that are subject to proprietary design or similar rights, are sometimes conducted using the Request for Proposal (RFP) process, with price performance criteria as well as price being factors in the contract award decision. Contact the Contract Specialist to discuss whether the formal bid or RFP process best fits your situation.

- Unless otherwise specifically approved by the City Council, all contracts relating to the purchase of materials, equipment, or supplies shall be in accordance with the city budget.
- The Project Manager notifies the Finance Department regarding any budget transfers to cover funding.
- The Project Manager submits the project information, including technical specifications, bid and contract timeframes, pre-bid conference dates/times (if applicable), BARS #, as well as a list of potential vendors (if applicable), to the Contract Specialist.
- The Contract Specialist compiles the bid package and administers the bid process.
- An invitation for bids shall be issued which shall include the specifications and the contractual terms and conditions applicable to the procurement.
- Public notice of the invitation for bids shall be published at least once in a newspaper of general circulation. The public notice shall state the date and time of bid opening. Bids not received by the date and time stated for bid opening will not be accepted or considered.
- Bids shall be opened publicly and recorded at the time and place designated in the invitation for bids.
- Withdrawal of Bids - Cancellation of Awards. Bids may be modified or the bid may be withdrawn by written notice received in the office designated in the invitation for bids prior to the time set for opening. After bid opening, withdrawal of bids shall be permitted only to the extent that the bidder can show by clear and convincing evidence presented in a sworn affidavit or declaration submitted

no later than 5:00 p.m. on the first business day after bid opening, that a clerical mistake was made and not a mistake in judgment, and the bid price actually intended. All decisions to permit the withdrawal of bids after bid opening, or to cancel awards or contracts based on bid mistakes, shall be made by the Mayor after consulting with legal counsel.

- The Project Manager verifies the bids meet the requirements of the Invitation to Bid and notifies the Contract Specialist of the lowest responsible bidder.
- Award. The award of bid shall be made to the lowest responsible bidder whose bid meets the specifications and evaluation criteria set forth in the invitation for bids. The City may reject all bids at its discretion.
- The Contract Specialist administers the contract process, if applicable.
- The Project Manager places the order.

E. Lowest Responsible Vendor

The following factors, in addition to price, may be taken into account by the city in determining the lowest responsible vendor. If any or all of these criteria will be applied during the evaluation process then they must be included in the Invitation to Bid:

1. The ability, capacity, and skill of the vendor to perform the contract;
2. The character, integrity, reputation, judgment, experience, and efficiency of the vendor;
3. Whether the vendor can perform the contract within the time specified;
4. The quality of performance of previous contracts or services;
5. The previous and existing compliance by the vendor with laws relating to the contract;
6. Such other information as may be secured having a bearing on the decision to award the contract.

If recommendation for award is being made to anyone other than the low bidder, send a memo stating specific reasons why the low bid is not acceptable to the Contract Specialist for evaluation.

F. Life Cycle Costing

In considering the purchase of materials, equipment, supplies, whenever there is a reason to believe that applying the "life cycle costing" method of quote evaluation would result in the lowest total cost to the City, first consideration shall be given to purchases with the lowest life cycle cost which complies with the specifications.

G. Telecommunications and Data Processing (Computer) Equipment or Software

Recognizing the unique aspects of computer and telecommunication systems, the legislature established an alternative process for making such purchases. [RCW 39.04.270](#), which is available to all municipalities, allows purchases through use of an

alternative competitive negotiation process requiring, at a minimum, the following steps:

1. A request for proposals (RFP) must be published in a newspaper of general circulation at least 13 days before the last date on which the proposals will be received.
2. The RFP must identify significant evaluation factors, including price, and their relative importance.
3. The city must provide reasonable procedures for technical evaluation of the proposals, identification of qualified sources, and selection for awarding the contract.
4. The award must be made to the qualified bidder whose proposal is “most advantageous” to the city.
5. The city may reject all proposals for good cause and request new proposals.

XIV. EXCEPTIONS TO THE COMPETITIVE PROCESS

The Washington State statutes²¹ contain exceptions to the previously discussed bidding requirements. Exceptions, when exercised, should make good business sense and be in the best interest of the city.

It is important to note that ONLY the requirement for competitive bidding or advertising is waived. It does not waive any contractual requirements, approvals, or insurance requirements.

NOTE: If you think your project or purchase falls under one of the exceptions to the bid law, think again. The bid laws are there for a reason – to try to ensure that cities get the best buy for their money. Many of the projects or purchases that a city might consider to fall within exceptions are in the “gray” area of the law. If there is any doubt, the Finance Director or Contract Specialist should check with the city’s auditor.

Exemptions to the competitive bidding requirements:

- Purchases that are clearly and legitimately limited to a single source of supply
 - Licensed or patented good or service
 - Items that are uniquely compatible with existing equipment, inventory, systems, programs or services
 - Meets City standards (i.e. water meters)
 - Factory-authorized warranty services
- Purchases involving special facilities or market conditions
 - Item is of special design, shape or manufacture that matches or fits with existing equipment, inventory, systems; used items; auctions
- Purchases in an emergency
- Inter-Governmental Cooperative Purchases
- Purchases of insurance or bonds
- Pollution control facilities and some neighborhood “self-help” projects may be exempt from bidding requirements
- Cities may hire the state or county to do road projects without going out for bids

A. Brand Name and Sole Source Purchases

Brand Name Bidding

Cities may advertise for bids by specifying a particular brand name item as long as the responsible officials have exercised their judgment and determined that a certain brand name is of higher quality or is better suited to the municipality’s needs. In *Smith v. City of Seattle*, the city advertised for bids for incandescent lamps, specifying a particular brand. In a suit brought by a maker of a similar lamp, the court stated that as long as the officials involved exercised their discretion in determining that a particular brand of lamps was more desirable, the city’s procedure was proper in the absence of abuse of

²¹ [RCW 39.04.280](#), [RCW 39.34.030](#),
[RCW 39.30.045](#), [RCW 35.21.278](#)

discretion or fraud. In this case, the fact that the city had used the specified lamps previously and they had performed satisfactorily provided a rational basis for city authorities to limit the bid advertisement to that specified brand of lamps, and the court found no abuse of discretion. There is no requirement that bid specifications naming a particular brand also include a phrase such as "or an equal brand." Contact the Contract Specialist for assistance in determining and documenting the brand name need, and preparation of bidding documents.

Sole Source Purchases

A sole source is a unique exception to the city's purchasing policies. A sole source situation is when it is only feasible to obtain a good or service from one supplier or service provider. Sole source conditions include such things as: (a) products, systems, information, or services that are subject to patent or other proprietary use rights; (b) supplies or services that only one vendor is capable of providing or authorized to provide; (c) items that are available from a single source and such items are required in order to function with existing equipment, systems, programs, or services; (d) situations where the sole source is the only practical way to meet the city's requirements or delivery deadlines; and/or (e) security requirements or information mandates that limit procurement from only a single vendor.

- Unless a specific sole source condition exists, the department/division and project manager shall follow standard competitive solicitation process.
- If there is any doubt, the department/division should pursue a competitive solicitation.
- Specifications must be expansive as possible to ensure the greatest pool of bidders to compete. There must be a clear and appropriate reason for specifications that narrow the field to a sole source.
- A late start to the project does not justify a sole source.
- Prior contracts with a vendor for work on a project is not necessarily an appropriate reason for a sole source waiver.
- The department/division making such a waiver request must document sufficient information that objectively establishes there is only a single source or that a patented or proprietary use right restriction exists. If you have used expansive specifications and find significant data that indicate a sole source, complete a [Sole Source Justification Form](#) and submit to the Contract Specialist.
- Sole source waivers require a City Council resolution.
- The Contract Specialist will prepare the City Council documents and administer the contract process.

B. Special Market Conditions

Special Market Conditions – What Are They?

[RCW 39.04.280\(1\)\(b\)](#) provides a “special market conditions” waiver from the bidding requirements for purchases of materials, supplies, or equipment. To use this exemption, the City Council must pass a resolution stating “the factual basis for the exception”.

What are special market conditions? No definition is given in the statutes. Some have suggested that if supplies or used equipment are offered at a very favorable price and will be sold before a city will have a chance to complete the bidding process, there is a special market condition. However, since there have been no court cases or attorney general’s opinion on this subject, if an employee wishes to invoke “special market conditions” to waive the bidding requirements, the Contract Specialist and City Attorney should be consulted.

Auctions

Sometimes the city will find exactly what it needs, at a favorable price, at an auction. Obviously, seeking bids would be impossible in an auction setting. [RCW 39.30.045](#) authorizes a city to acquire supplies, materials, and equipment through an auction conducted by the United States or any agency thereof, an agency of the state of Washington, a municipality or other government agency, or any private party, without bids, if the items to be purchased can be obtained at a competitive price. This authority, it would seem, would allow a city to make a purchase on an internet-based auction service, such as eBay, as well as through more traditional, in-person auctions. The Department Head must pre-approve an upper bidding limit, (which must be within the approved city budget), for the person doing the bidding.

C. Emergency Purchases

For purposes of this section “emergency” means unforeseen circumstances beyond the control of the city that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken. Competitive bidding may be waived subject to the following process:

1. Obtain concurrence of the Department Head or designee that a qualifying emergency requiring immediate acquisition of goods or services exists.
2. The Project Manager must inform the contractor that prevailing wage rates apply and the paperwork will be required as soon as possible, and before payment is made.
3. Promptly notify the Contract Specialist of emergency situations by submitting a memo describing the situation as soon as an emergency is known.
4. The Contract Specialist prepares the contract and City Council documents.
5. Once approved by City Council, the Contract Specialist sends the contract, bonds

and insurance requirements to the contractor. Work may begin without the required documents but the executed contract must be obtained, along with an executed bonds, and insurance documentation, as soon as possible, and before any payment is made.

State law requires that if a contract is awarded without competitive bidding due to an emergency, a written finding of the existence of an emergency must be made by the governing body or its designee and duly entered of record no later than two weeks following the award of the contract²².

Public works and improvements emergencies (e.g., broken water main, washed out road, sewer main break, etc.) require contract, performance bond, prevailing wages, and insurance. Local, state and federal laws do not exempt these requirements during an emergency.

D. Inter-Governmental Cooperative Purchases

[RCW 39.34.030](#) allows the city to join with other governmental agencies for the purchase of supplies, equipment, or services. This is done by entering into a written Intergovernmental Cooperative Purchasing Agreement (also known as an “interlocal agreement”). Contact the Contract Specialist for assistance through this process.

Prior to making a purchase under such an agreement, the city must ensure that the procedure used by the agency that originally awarded the bid, proposal, or contract is allowable within the city’s purchasing policy by using the [Cooperative Purchasing Checklist](#). The originating agency must also have fulfilled one of two additional public notice requirements:

- Posted the bid or solicitation notice on a web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations.
- Provided an access link on the state's web portal to the notice.

The originating agency’s procurement, advertisement, contract documents, and the completed [Cooperative Purchasing Checklist](#) must be saved with the city’s contract documents.

The city may also make a bid call with another government entity as a joint purchase that complies with the procurement requirements of both jurisdictions. When practical, the city should include language in its solicitations that allows other public agencies to purchase from Anacortes’ contracts, provided that other agencies provide similar rights and reciprocal privileges to the City of Anacortes.

The City Council must approve all Intergovernmental Cooperative Purchasing Agreements.

²² [RCW 39.04.280](#)

E. Pollution Control Facilities

Chapter [70.95A RCW](#), relating to pollution control facilities and enacted in 1973, may offer an important exception to bidding requirements. The term “facility” is defined to mean “any land, building, structure, machinery, system, fixture, appurtenance, equipment or any combination thereof . . . which is used or to be used . . . in furtherance of the purpose of abating, controlling, or preventing pollution.” “Pollution” is defined broadly to include water pollution, land pollution, solid waste disposal, thermal pollution, radiation contamination, or noise pollution. To exercise this exemption, the Project Manager must receive a written certification from the Department of Ecology, or applicable regulating agency, that the project is designed to abate, control, and/or prevent pollution. The Contract Specialist must be involved in this process.

F. Neighborhood “Self-Help” Projects

The city may contract with certain groups to do neighborhood improvement projects without regard to the competitive bidding laws. These groups include chambers of commerce, service organizations, community, youth, or athletic associations, or other similar associations located in and providing service to the immediate neighborhood. The contracting association may make park and recreation improvements, install equipment and artwork, and provide maintenance services while being reimbursed by the city for its expenses. The consideration received by the city (the improvements, artwork, etc.) must be at least equal to three times the city’s payment to the association. All payments made by the city under the authority of this section for all such contracts in any one year shall not exceed twenty-five thousand dollars or two dollars per resident within the boundaries of the city, whichever is greater.

G. State or County Construction or Repair of Streets²³

By passing a resolution, the City Council may authorize Skagit County to construct, repair, or maintain a city street. The city pays the “actual cost” of the work, with the payment being deposited in the county road fund. The state Department of Transportation may also provide engineering assistance road projects or do the actual construction. The state is reimbursed from the city’s share of the motor vehicle excise tax in the motor vehicle fund. Such agreements with the county or the state do not require competitive bids.

²³ [RCW 47.24.050](#)

XV. ADDITIONAL/SPECIAL CONSIDERATIONS

When hiring anybody to do anything for the city, there are three main requirements that need to be met.

A. Certificates of Insurance

The contractor or consultant must furnish the city with a Certificate of Insurance, naming the City of Anacortes as primary and noncontributory **additional insureds with an additional attached endorsement**. Insurance requirements are determined by the City Attorney.

B. Washington State Contractor's License

It is unlawful for the city to hire *anyone* to perform public work on our property that does not have a valid State of Washington Contractor's License. If someone is not properly licensed, DO NOT HIRE THEM. You may look up a contractor to determine if they have a valid Contractor's License at:

- [Department of Labor and Industries](#)
- [Department of Revenue](#)

C. City of Anacortes Business License

A City of Anacortes business license is required for any business working inside the city limits whose annual value of products, gross proceeds of sales, or gross income of the business in the city is more than \$2,000. You may look up business licenses on the [Department of Revenue website](#).

XVI. DISPOSAL OF SURPLUS PROPERTY

The city has a separate policy for the disposal of surplus property. Refer to the [Fixed Asset Policies and Procedures](#) for more information.

XVII. TRADE-INS

Trade-Ins are allowed on new purchases if approved by Legal and Finance in advance. Trade-Ins must be negotiated, documented at "Fair Market Value" by the Project Manager, and declared surplus ahead of time.

Fair Market Value can be obtained by finding comparable units that have been sold at online auctions, e.g. www.publicsurplus.com, www.ebay.com, www.rockanddirt.com, www.ironplanet.com or other online sources such as Edmunds.com, Kelley Blue Book, or NADA. www.govdeals.com is a good place to find auction results for comparables.

Trade-Ins may also be requested ahead of time in the Bid Specifications as a "Guaranteed Buy Back". Work with Legal if you would like to consider this option.

XVIII. SALES TAX AND USE TAX

A. Sales Tax

The City of Anacortes is not sales tax exempt. State law defines which activities are subject to the retail sales tax. Generally, all sales of tangible personal property to consumers for their own use are considered retail sales, as well as a variety of services.

Sales tax is "destination based" for shipped or delivered merchandise and is collected based on the location where the buyer receives or takes possession of the merchandise.

- Destination based tax does not apply to the sales of motor vehicles, trailers, semi-trailers, aircraft, watercraft, modular homes, manufactured and mobile homes, towing services, and florists. Sales tax is based on the seller's location even if the seller delivers the items to customers.
- Sales tax on services are coded to the location where they are performed.
- Over-the-counter (in person) sales are based on the location of the sale.

To look up tax rates, visit the Washington State Department of Revenue (DOR) [website](#).

B. Use Tax

Use tax is a tax on goods and certain services that are paid to the state when sales tax is owed but was not collected by the seller. For example, if the seller should have collected sales tax on the sale, or sales tax is owed because the seller is out of state and does not collect Washington sales tax, the city still owes the tax and pays it to the state in the form of use tax. Use tax is destination based.

Use tax is due if:

- Goods are purchased in another state that does not have a sales tax or a state with a sales tax lower than Washington's. For example, items purchased from a business in Oregon to be used in Washington are subject to use tax.
- Goods are purchased from someone who is not authorized to collect sales tax. For example, purchases of furniture from an individual through a newspaper classified ad or a purchase of artwork from an individual collector.
- Goods are purchased out of state by subscription, through the Internet, or from a mail order catalog company. Some of these companies collect Washington's sales tax, but if the company from which you order does not, the city still must pay use tax.
- Personal property is acquired with the purchase of real property.

XIX. FREIGHT

A. Shipping Terms

Whenever you are purchasing an item that will incur freight charges, always request that it be shipped Freight-On-Board (FOB) Destination, Freight Prepaid. What this means is that the vendor you ordered the merchandise from owns it until it reaches your door and there won't be a separate invoice for freight. If anything should happen to the merchandise during shipping, the vendor (not the city) is responsible for filing the claims with the carrier. FOB determines at what point the ownership transfers. If an item is FOB origin, the city owns the merchandise from the point of shipping while it is in transit.



Freight prepaid or collect refers to who is responsible for paying shipping charges - the city or the seller.

B. Receiving Freight

It is the responsibility of the individual who signs for the carrier's delivery receipt to properly receive all cartons they are signing for. Anyone who accepts and signs for receipt of goods, acknowledges that the item was received and accepted as delivered.

Get what you sign for

1. Confirm the package or carton is being delivered to the proper location.
2. Verify the number of cartons, crates or pieces is correct according to quantities on the packing slip.
3. Open packages and verify order is correct.

Damaged Cartons

Any person receiving freight must make a notation on the carrier's delivery receipt of apparent damage to packages. State the specific type of damage on the delivery receipt and obtain the driver's signature (not just initials) on your copy of the receipt.

Concealed Damage

If the shipment of goods received showed no sign of damage upon receipt, but damage to the contents is found upon opening, concealed damage exists.

1. Call the carrier immediately upon discovery of the damage and request an inspection. Notate the date and the person contacted.
2. Notify the vendor to file a claim.
3. All shipping cartons should be retained for inspection on any damage.
4. When making a request for an inspection, advise the carrier whenever possible what the value of the damaged goods is. If the value is less than \$50.00, most

carriers will frequently waive inspection. Indicate person contacted on the claim form.

5. When an inspection is made, specific damages should be notated by both parties and signed by both on the inspection report. Send the report to the vendor and keep a copy for the city records.

XX. PAYMENTS

Inform all vendors to send invoice(s) to:

City of Anacortes
Accounts Payable
PO Box 547
Anacortes, WA 98221
360-299-1962
or by email to accountspayable@cityofanacortes.org

All questions regarding payments should be directed to the city Accounts Payable.

Invoices related to contracts are processed by the Contract Specialist.

The City of Anacortes offers EFT/ACH deposit for remittances. If a vendor would like to apply they need to complete the [EFT/ACH form](#) and return it to the City of Anacortes.

Accounts payable checks are paid on the next business day after approval at a regular City of Anacortes City Council meeting.

A P-Card is an alternate way to pay for something. See the City's [policy](#) for details and requirements.

XXI. APPENDICES

A. Glossary

Bid

The executed document submitted by a bidder in response to an invitation to bid (ITB), a request for proposals, or a request for quotations.

Bid Bond

A bond or deposit submitted with a bid, for a sum not less than 5% of the bid amount (including sales tax). Designed to help ensure that a bid has been made in good faith and that the bidder will enter into a contract if a bid is accepted.

Bidder

A person or legal entity who submits a bid in response to a solicitation.

Change Order

Work that is added or removed from the original scope of work, as agreed upon in the contract signed by city and contractor before work began. As the work proceeds, either the city or the contractor decides a change is needed to be made to accommodate unforeseen factors. Change orders can be agreed to by the Project Manager, but does not obligate any party until a contract modification is fully executed.

Contract

A verbal or written, legally binding mutual promise between two or more parties.

Contract Modification

Written modification to a contract (sometimes called an amendment). A modification may include one or more change orders, and must be fully executed by both parties before it obligates the contractor to render services, or the city to pay for services rendered, in excess to the original contract.

Final Acceptance

Final acceptance occurs when the city formally accepts the work as complete, and it starts the clock for releasing retainage held on the contract. The Notice of Final Acceptance cannot be issued until all requirements of the contract have been met including, but not limited to:

- Intents to Pay Prevailing Wages for the contractor and any subcontractors have been approved by the Department of Labor and Industries
- Final invoice for the project received by the city
- The Project Manager has determined the contractor has completed the required deliveries or performed the required services
- All as-builts have been received by the city

Fully Executed

A document is fully executed when all parties have agreed to the terms and conditions by signing and dating the document, and initialing any changes.

Notice of Completion

After final acceptance of any public works project over \$35,000, a public agency must file a Notice of Completion with the Department of Revenue (DOR), Department of Labor and Industries (L&I), and Employment Security Department (ESD)²⁴. Each state agency must approve the Notice of Completion separately, at which point each agency will send a certificate of release certifying that all applicable taxes, premiums, and penalties have been paid. If DOR, L&I, or ESD report that there are unpaid taxes or fees, the agency must pay the missing amount to the state within 10 days and subtract it from the retainage²⁵.

Request for Proposal (RFP)

All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals. The RFP procedure permits negotiation of proposals and prices, as distinguished from competitive bidding and a notice inviting bids. The procedure allows changes to be made after proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

Request for Quotation/Qualification (RFQ)

A document generally used for obtaining a summary of qualifications from prospective providers of professional services.

Payment Bonds

The purpose of a payment bond is to guarantee that the Contractor shall “pay all laborers, mechanics and sub-contractors.”

Performance Bonds

The purpose of a performance bond is to guarantee that the Contractor shall “faithfully perform all provisions of the contract.”

Sealed Bid

A bid which has been submitted in a sealed envelope to prevent its contents from being revealed before the deadline for the submission of all bids.

Specifications

A description of what the purchaser seeks to buy or accomplish - and consequently what a bidder must be responsive to in order to be considered for award of a contract. May be a description of the physical or functional characteristics, or the nature of a supply or service. May also include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

²⁴ [RCW 60.28.051](#)

²⁵ [RCW 60.28.060](#)

B. [Matrix of Contract Requirements](#)

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Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning March 11, 2019

Subjects listed below have been tentatively suggested for consideration by the Anacortes City Council on the dates indicated. Items may be added to, removed from or rearranged on this list. Routine business such as approval of minutes and vouchers are not included. The complete Preliminary Agenda for each meeting is published at 3:00 on the Wednesday prior to the meeting. Published Agendas are subject to change and may be updated following the posting period. For additional information on agenda topics, please contact the City Clerk's office at 360-299-1960 to be directed to the sponsoring staff member.

March 11, 2019

- Contract Award: Emergency Management Services 19-015-IDS-001
- Presentation: Museum Newspapers Exhibit Opening March 13 (Discussion)
- Contract Award: WTP SCADA Systems Upgrade - Engineering Services Phase 1 #19-031-WTR-001 (Action)
- Presentation: 2019 Stormwater Management Program Plan (Discussion)

March 18, 2019

- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)

March 25, 2019

- Public Hearing: CDBG 2019 Draft Action Plan Review (Discussion)
- City Council Candidate Presentations (Discussion)
- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)
- Executive Session (20 Minutes) : Review Qualifications of City Council Candidates per RCW 42.30.110(h)

April 1, 2019

*Special Meeting: ***** 6 p.m. Executive Session to Review qualifications of City Council Candidates (20 minutes)*

- Planning Commission Recommendation: Development Regulations and Zoning Map Amendments (Discussion)

April 8, 2019

April 15, 2019

April 22, 2019

- 2019 CDBG Action Plan Review and Approval (Discussion/Possible Action)

May 6, 2019

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Planning, Monday, Mar 25, 2019, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Mar 4, 2019, 5:00 PM, Main Conference Room, City Hall
- Port/City Liaison, Tuesday, Mar 5, 2019, 8:30 AM, Port of Anacortes
- Planning, Monday, Mar 11, 2019, 5:00 PM, Main Conference Room, City Hall
- Skagit County Law & Justice Council, Wednesday, Mar 13, 2019, 8:15 AM, Mount Vernon
- Finance, Wednesday, Mar 13, 2019, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Mar 18, 2019, 5:00 PM, Main Conference Room, City Hall