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



Anacortes City Council
Municipal Building Council Chambers
904 6th Street

October 6, 2025
6:00 PM

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

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Public Works Committee (Report)
4. **Public Comment**
5. **Consent Agenda**
 - a. Minutes of September 22, 2025 (Action)
 - b. Approval of claims in the amount of \$2,958,312.23 (Action)
 - c. Contract Award: 34th & T Avenue Deep Anode Well Installation #25-244-WTR-001 (Action)
 - d. Contract Award: East Slough Deep Anode Well Installation #25-243-WTR-001 (Action)
 - e. Special Event: Turkey Trot (Action)
6. **Public Hearings**
 - a. * 2026 Budget Revenue Sources, Including an Increase in the Property Tax Levy (Discussion)
7. **Other Business**
 - a. * Ordinance 5005: Setting the 2026 Property Tax Levy (Discussion)
 - b. Resolution 3186: Purchasing Policy Update (Discussion/Action)
 - c. * Ordinance 5006: Authorizing an Interfund Loan from Water to Sewer (Discussion)
8. **Adjournment**

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

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

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

Anacortes City Council Minutes - September 22, 2025

Call to Order

Mayor Matt Miller called to order the September 22, 2025, Anacortes City Council meeting at 6:00 p.m. Councilmembers TJ Fantini, Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Amanda Hubik were present. Councilmember Anthony Young (left the meeting at approximately 8:00 pm) participated in the meeting remotely via Zoom.

Pledge of Allegiance

The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Miller announced that the Anacortes Public Library will open at 1pm on Thursday, September 25th due to staff training, that Oyster Run will take place on Sunday, September 28th, that R Avenue is being used by the Port of Anacortes for the transport of large pipes and the trucks use the southbound lanes to transport material heading north, that the Anacortes Fire Department is holding an [open house on October 12th from 12pm-3pm](#), and with October as emergency preparedness month that the city will participate in the Great Shake Out on October 16th with free [Community Emergency Response Training](#) on October 13th. He then announced that Washington State Ferries are holding [online community meetings](#) on October 2nd to discuss peak season scheduling and electrification, and that Skagit County is forming a [Temporary Technical Advisory Group](#) to consider replacement options for the Guemes Island Ferry.

Planning Committee

Mr. Walters reported from the Planning Committee meeting held earlier in the evening. The topics discussed included the Comprehensive Plan update, with the Planning Commission projected to finish its consideration of the update at the end of October, and in light of the end-of-year deadline for adoption, Mr. Walters encouraged Councilmembers to read the [draft update and development regulations](#) prior to the matter coming before the full Council. The committee also discussed the Matrix report on Development Services Improvement, which the committee delved into in some detail, disagreeing on some recommendations of the report and addressing some of the department's work that was not addressed in the report.

Fiber Committee

Mr. Walters reported from the Fiber Committee meeting held September 19th. The topics discussed included Fiber's next report to the Council and potential policy changes in the Anacortes Municipal Code related to dark fiber leases.

Mr. Fantini announced that on October 20th at the Yacht Club in Oak Harbor there will be a District 14 meeting of the Association of Washington Cities.

Public Comment

Mayor Miller invited the public to comment on any item not on the agenda. No one present wished to address the Council on any topic not already on the agenda.

Consent Agenda

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

a. Minutes of September 15, 2025

b. Approval of claims in the amount of \$1,431,959.88

The following vouchers/checks were approved for payment:

EFT numbers: 113583 through 113625, total \$1,071,216.80

Check numbers: 113626 through 113644 total \$332,109.96

Wire transfer numbers: 372963 through 376212 total \$28,633.12

Other Business

Development Services Improvement Study Presentation — Matrix Consulting Group

Planning, Community, and Economic Development Director John Coleman introduced Allyson Brekke from Matrix Consulting Group, who presented study findings on Development Services Improvement, referring to a slide presentation that was included in the packet materials for the meeting. Mr. Coleman and Public Works Director Andrew Rheaume outlined their plan for implementation of the study's recommendations, referring to a slide presentation that was added to the packet materials for the meeting.

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

Discussion topics included:

- Send the [prioritized list of implementation goals](#) to the council. Will be included in the final agenda packet.
- Local project review guidance from the Department of Commerce.
- Consistent development review across departments.
- Consolidated pre-application notes.
- Clear focus on making it easier for applicants.
- Keep pre-application neighborhood meetings.
- Notifications?
- Full-time employees are needed in Public Works and Planning to support the development review process.
- Reporting data to refine expected timelines.
 - Reduce timelines for wireless service facility and apartments of 5 or more units.
- Staff enthusiasm for the effort.
- Progress reporting to the council and the public.
 - The goal is to have it available to the council and public via SmartGov.
 - Quarterly or semi-annual report to the council.
 - Benchmarks to indicate progress or lack thereof.
- Formalization of the process for all involved.
- Fair and timely processing of permit applications.
- Roundtable discussion in six months in front of a hybrid committee of the whole.

Capital Facilities Plan (2026-2031) - Public Works

Public Works Director Andrew Rheaume, Finance Director Steve Hoglund, and Finance Manager Rhonda Peck introduced the Capital Facilities Plan for Public Works, referring to a slide presentation that was included in the packet materials for the meeting.

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

Discussion topics included:

Real Estate Excise Tax (REET) Analysis

- The year-end balance will be closer to \$3.8 million.

- The 2026 projected balance for REET should be \$2.1 million.
- Numbers could slide into later years because projects could be continued.

Sewer and Storm

- Is a rate increase a staff recommendation?
 - 6% increase would bring in an additional \$500k in annual revenue.
 - Revenues that come in are restricted to the use of that utility.
- Rates are already being adjusted for inflation.
- Capital projects are an estimate.

Capital Facilities Plan Presentation

Water Utility System (Water System Manager Terry Nemeth)

- Oak Harbor Pass Lake Waterline Replacement
 - Will Oak Harbor help fund the replacement of the Pass Lake 10-inch waterline?
 - Splitting the cost.
 - \$3 million was collected from Oak Harbor, which is allocated toward the \$6.2 million project total.
 - Public Works projects are funded by rate payers.
 - Narrative description of use of funds.
 - Never use REET for public works utility projects.
- Water Pipeline Replacement
 - The number of pipes being replaced is increasing.
- 29th Street Reservoir
 - Drinking water revolving fund loans for large projects in the retail system?
 - Getting additional funding could lead to savings on projects.
- Pump #1 Inverter
 - Good example of justification language.
- W March Point
 - Good example of justification language.
 - Funded by the refinery operators.
 - The increase in project cost stopped at 60% design.
 - The bike lane, previously estimated at \$250k, is now up to \$2 million — asked the state grant funding source for additional funds.
- Campbell Lake Road Fish Passage
 - Not holding up the Campbell Lake Road — State Route 20 roundabout project.

Operations and Facilities (Operations Manager WiL Ludemann)

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- How to prioritize the REET funded projects.
 - Facilities will do the prioritization and provide a list to the council for feedback.
 - Finance will show quarterly how REET has been allocated, and allow for reallocation.
 - Priorities can change due to unforeseen circumstances.
 - The facilities condition assessment was delivered late, but next year's CFP will have each year's projects filled out.
 - The fire station elevator must be there because it is a public facility.

Storm (Stormwater Manager Aaron Esterholt)

- R Avenue F4 Basin project is to assess the problem.
- If rates are not raised, stormwater does not have enough funds to operate.
- Are grants available for rain garden enhancement on R Avenue?
- Cranberry Creek project description details needed.

Wastewater (Wastewater Treatment Plant Manager Brian Walker)

- Shell and Refractory Rebuild — 32 years old as of today.
- Brown and Caldwell's letter release is imminent.
- Numbers could change based on the alternatives analysis for solids handling.
 - Good topic for work session.

Transportation (Public Works Director Anrew Rheaume and City Engineer Logan Lee)

- South Commercial Transportation Benefit District (TBD) funding
- If grant funding falls through, then projects will not be pursued.
- Transportation Benefit District fund balance \$600k
- Annual TBD income is ~\$1.1 million.
- Show TBD as a separate revenue line.
- 12th and Commercial Avenue signal poles are on order and will be delivered within 1–6 months.
- Kansas Avenue project design is scheduled for 2028.
 - Order of magnitude of grant funding.
 - Dependent on designation of street as a collector.
 - Intersection improvement as intermediate step(s).
- Commercial Avenue landscaping
 - Still part of the future plan.
- REET will need to be prioritized

Executive Session

Potential Real Estate Transaction per RCW 42.30.110(b) (30 minutes)

At 8:40 pm, Mayor Miller announced that City Council and the City Attorney would convene in Executive Session per RCW 42.30.110(b) for approximately 15 minutes to discuss a potential real estate transaction. The mayor advised that the regular meeting would then adjourn with no final action having been taken. Councilmembers TJ Fantini, Ryan Walters, Christine Cleland-McGrath, Carolyn Moulton, Bruce McDougall and Amanda Hubik attended the executive session.

Adjournment

There being no further business, at approximately 08:55 pm, the Anacortes City Council meeting of September 22, 2025, was adjourned.

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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 October 6, 2025 City Council meeting:

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

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376588	2/28/2025	200520	WASHINGTON CITIES INSURANCE	ADD TWO PROPERTY LOCATIONS TO POLICY	\$ 1,922.00	finance
376971	5/2/2025	584	OSBORN CONSULTING, INC	COMMERCIAL AVENUE ENHANCEMENT PROJECT - DESIGN - THROUGH 3/31/25	\$ 10,878.93	pw1
376972	5/23/2025	676	OSBORN CONSULTING, INC	COMMERCIAL AVENUE ENHANCEMENT PROJECT - DESIGN - THROUGH 4/30/25	\$ 46,924.35	pw1
376442	6/30/2025	INV-006956	DEPARTMENT OF ECOLOGY	OUTSIDE ENGINEERING - WTP DEMO PROJECT	\$ 5,223.48	dwtpt
376564	7/1/2025	1000447064	OCLC, INC	CATALOGING, ILL, FIRSTSEARCH/WORLDCAT DISCOVERY (7.2025-6/2026)	\$ 5,178.57	publib
376787	7/3/2025	ARC246211-M1	DOBBS PETERBILT - MARYSVILLE	ROLL-OFF SOLID WASTE TRUCK ERR5000 REPLACEMENT	\$ 346,058.49	pw1
376440	8/7/2025	25-20510	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - IOC RAD 228 GROSS ALPHA 2025-07-02	\$ 1,396.00	dwtpt
376287	8/11/2025	190-1840-00	CITY OF ANACORTES	UTILITY BILL FOR AUGUST	\$ 10,316.86	dwwtpt
376952	8/11/2025	RE 41 JZ2216 L008	WASHINGTON STATE DEPARTMENT	REVIEW OF COMMERCIAL AVE ENHANCEMENT PROJECT - SR20 MP50.59-51.87	\$ 1,335.36	pw1
376951	8/11/2025	RE 41 JZ2374 L011	WASHINGTON STATE DEPARTMENT	REVIEW OF 12TH AND COMMERCIAL PROJECT - SR20 MP51.92	\$ 2,082.80	pw1
376574	8/13/2025	Pay App 4	FISHER CONSTRUCTION GROUP INC	16TH STREET AND D AVENUE IMPROVEMENT	\$ 350,536.07	pw1
376592	8/15/2025	ReimbJohnson	JOHNSON, IVER	MEDICAL COPAY, LEOFF 1 RETIREE, IVER JOHNSON	\$ 50.50	hr
376719	8/17/2025	183-1	SKAGIT COUNTY INVESTIGATIONS	SKAGIT COUNTY INVESTIGATIONS LLC	\$ 312.50	admsrv
376284	8/19/2025	0399282	FLSMIDTH KREBS INC	WTP OPERATING SUPPLY: HYDROCYCLONE COMPONENT	\$ 12,811.75	dwtpt
376785	8/19/2025	73058	CRANETECH INC	2025 WTP & WWTP ANNUAL CRANE INSPECTIONS	\$ 4,181.45	pw1
376285	8/20/2025	0399321	FLSMIDTH KREBS INC	WTP OPERATING SUPPLY: HYDROCYCLONE COMPONENT	\$ 10,835.05	dwtpt

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376286	8/25/2025	0399437	FLSMIDTH KREBS INC	WTP OPERATING SUPPLY: HYDROCYCLONE COMPONENT	\$ 4,229.77	dwtp
376447	8/26/2025	I808287	TRAFFIC & PARKING CONTROL CO	SUPPLIES FOR STREET DEPT	\$ 251.96	dshop
376958	8/28/2025	30000006951	PUGET SOUND ENERGY INC	STREET LIGHTS: 7/1-7/31/25	\$ 9,548.47	dshop
376344	8/31/2025	2816	SKAGIT CONSERVATION DISTRICT	NPDES II OUTREACH & EDUCATION - AUGUST 2025	\$ 1,185.86	pw1
376633	8/31/2025	33235324	KIMLEY-HORN AND ASSOCIATES, IN	ON-CALL TRANSPORTATION ENGINEERING SERVICES - AUGUST 2025	\$ 8,802.50	pw1
376568	8/31/2025	INV71758	360TRAINING.COM INC	EMPLOYEE SAFETY TRAINING PORTAL	\$ 23,074.30	pw1
376277	9/1/2025	5071943519	RICOH USA, INC	S/N C86079893 LIBRARY PUBLIC BLACK & 6/1-8/31/25	\$ 246.55	finance
376275	9/1/2025	5071943520	RICOH USA, INC	S/N C86111493 COURT 6/1-8/31/25	\$ 99.60	finance
376276	9/1/2025	5071944938	RICOH USA, INC	S/N C86150637 CARNEGIE 6/1-8/31/25	\$ 109.18	finance
376446	9/3/2025	284575	U.S. MOWER	SUPPLIES FOR STREET DEPT	\$ 550.85	dshop
376278	9/3/2025	60406	SKAGIT PUBLISHING LLC	PUBLISH AA-668715	\$ 40.60	finance
376279	9/3/2025	60407	SKAGIT PUBLISHING LLC	PUBLISH AA-669029	\$ 121.80	plan
376579	9/4/2025	1689	FIDALGO CLEANING	MUSEUM CLEANING 9/4-9/18	\$ 200.00	museum
376571	9/5/2025	1539-0	THE SHERWIN WILLIAMS CO	SUPPLIES FOR WATER MAINTENANCE	\$ 216.72	dshop
376565	9/8/2025	507713648	MIDWEST TAPE, LLC.	DVD	\$ 39.60	publib
376569	9/9/2025	220013297498	PUGET SOUND ENERGY INC	CASINO DRIVE UNDER TWIN BRIDGE: 8/8-9/8/25	\$ 43.42	dshop
376581	9/9/2025	300000290035	PUGET SOUND ENERGY INC	MUSEUM 8/7-9/5/25	\$ 296.27	museum
376585	9/9/2025	31135178-259968455	HARTFORD FIRE INSURANCE CO	WTP FLOOD INSURANCE INTAKE STATION POLICY 99013485392019	\$ 1,115.00	finance
376587	9/9/2025	31135180-259968590	HARTFORD FIRE INSURANCE CO	WTP FLOOD INSURANCE POWER SUBSTATION POLICY 99013485432019	\$ 2,301.00	finance
376280	9/9/2025	CA14	AIRSTRIKE BIRD CONTROL INC	CITY HALL BIRD ABATEMENT - 9/1-9/15/25	\$ 1,950.00	pw1
376332	9/10/2025	35424	ANCHOR QEA, INC	A AVENUE LANDFILL MATTER NO. 200	\$ 285.00	pw1
376399	9/10/2025	60568	SKAGIT PUBLISHING LLC	PUBLISH AA-671991	\$ 158.34	plan
376436	9/10/2025	60569	SKAGIT PUBLISHING LLC	PUBLISH AA-672001	\$ 186.76	plan
376703	9/10/2025	8498 30 030 0111230	COMCAST	WTP 14489 RIVER BEND RD. - 9/19-10/1825	\$ 143.70	dwtp
376577	9/11/2025	199 800 0000 4	CASCADE NATURAL GAS CORP.	703 R AVE 8/9-9/10/25	\$ 20.00	museum

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376582	9/11/2025	20612	FIBERONE, LLC	FIBER OPTIC CABLES	\$ 1,184.87	fiber
376438	9/11/2025	60602	SKAGIT PUBLISHING LLC	PUBLISH SVH-673078	\$ 123.74	plan
376717	9/11/2025	8498 30 017 0464628	COMCAST	WA PARK INTERNET SERVICE	\$ 113.16	parks1
376445	9/11/2025	98185914	EMERALD SERVICES, INC	AN20193 - DISPOSAL SERVICE FOR SHOP	\$ 55.00	dshop
376326	9/12/2025	1196	OSBORN CONSULTING, INC	NPDES PERMIT COMPLIANCE SUPPORT SERVICES - THROUGH 8/31/25	\$ 9,091.22	pw1
376578	9/12/2025	912 800 0000 0	CASCADE NATURAL GAS CORP.	MUSEUM 8/9-9/10/25	\$ 21.28	museum
376584	9/12/2025	9350212073	GRAYBAR ELECTRIC COMPANY, INC	SPLIT CONDUIT SWEEPS	\$ 604.56	fiber
376441	9/12/2025	9510526649	TELEFLEX LLC	EZ-IO NEEDLES	\$ 1,100.00	medic
376282	9/13/2025	335625	LAKE SIDE INDUSTRIES, INC.	SUPPLIES FOR STREET DEPT	\$ 1,390.04	dshop
376334	9/15/2025	1100000457	EUROFINS ENVIRONMENT TESTING	LAB TESTING	\$ 44.65	dwwtp
376335	9/15/2025	1100000458	EUROFINS ENVIRONMENT TESTING	LAB TESTING SIDE STREAM NITROGEN MONTHLY	\$ 44.65	dwwtp
376336	9/15/2025	1100000468	EUROFINS ENVIRONMENT TESTING	SOURCE TESTING - 8/14/25	\$ 4,640.40	dwwtp
376345	9/15/2025	26-WAR311036-1	DEPARTMENT OF ECOLOGY	PERMIT FEE 2026 7/1/2025-6/30/2026	\$ 820.00	dwwtp
376570	9/15/2025	61390	AMERICAN DISTRIBUTING COMPANY	SUPPLIES FOR STREET DEPT	\$ 3,859.42	dshop
376439	9/15/2025	INV46676	SEAWESTERN, INC.	2 FIRE HELMETS	\$ 1,065.80	medic
376272	9/16/2025	0095062	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 176.77	wdist
376273	9/16/2025	0095093	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 8,583.69	wdist
376288	9/16/2025	0344062-IN	NELSON-REISNER DISTRIBUTOR INC	MAINTENANCE SUPPLIES	\$ 298.12	dwtp
376329	9/16/2025	0344093-IN	NELSON-REISNER DISTRIBUTOR INC	SUPPLIES FOR SHOP	\$ 163.20	dshop
376271	9/16/2025	386037	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 212.42	pwfac
376955	9/16/2025	3RD QTR	SKAGIT COUNTY DISTRICT COURT	3RD QTR COMMUNITY COURT 2025	\$ 650.00	court
376567	9/16/2025	507751818	MIDWEST TAPE, LLC.	DVDS	\$ 319.02	publib
376714	9/16/2025	INV3064741	COPIERS NORTHWEST, INC	APD CANNON COPIES 8/14-9/13/25	\$ 52.03	apd
376327	9/17/2025	1214	OSBORN CONSULTING, INC	PROFESSIONAL PLAN REVIEW CONSULTANT SERVICES - THROUGH 8/31/2025	\$ 4,348.23	pw1

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376328	9/17/2025	Pay App 1	COLACURCIO BROTHERS CONST	COMMERCIAL AVE CORRIDOR PLAN PHASE 1 - 11TH ST TO 13TH ST - CONSTRUCTION	\$ 754,140.91	pw1
376566	9/17/2025	XA116020022:01	RWC INTERNATIONAL	PARTS FOR VEHICLE #6001	\$ 33.08	dshop
376448	9/18/2025	0093929	FERGUSON ENTERPRISES, INC	SUPPLIES FOR WATER MAINTENANCE	\$ 524.76	wdist
376590	9/18/2025	0769146-IN	NATIONAL SAFETY, INC	SAFETY SUPPLIES	\$ 142.00	dwwtp
376591	9/18/2025	166371	SUMMIT LAW GROUP, PLLC	POLICE CBA NEGOTIATIONS	\$ 400.50	hr
376580	9/18/2025	1690	FIDALGO CLEANING	HERITAGE CENTER CLEANING 9/4- 9/18/25	\$ 140.00	museum
376444	9/18/2025	386038	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 623.34	pwfac
376583	9/18/2025	9350287334	GRAYBAR ELECTRIC COMPANY, INC	CABLE TIES	\$ 376.99	fiber
376337	9/18/2025	WA07-00253109	MOTION INDUSTRIES, INC	MAINTENANCE SUPPLIES	\$ 803.03	dwwtp
376712	9/19/2025	10589-1	ANACORTES TOWING, LLC	TOWING; APD CASE 25-A06113	\$ 176.26	apd
376343	9/19/2025	1220	OSBORN CONSULTING, INC	17TH STREET DRAINAGE IMPROVEMENT PROJECT - DESIGN - THROUGH 8/31/25	\$ 7,327.20	pw1
376709	9/19/2025	1711	FIDALGO CLEANING	APD CLEANING & SUPPLIES 9/8- 9/21/25	\$ 905.00	apd
376443	9/19/2025	200024889996	PUGET SOUND ENERGY INC	WTP INTAKE ELECTRICITY 8/11- 9/10/25	\$ 465.54	dwwtp
376348	9/19/2025	25-21780	EUROFINS ENVIRONMENT TESTING	LAB TESTING - EFFLUENT METALS AND TOC QUARTERLY	\$ 256.64	dwwtp
376635	9/19/2025	287334328849X0927 202	AT&T MOBILITY, LLC	City Cell Phones 8/20-9/19/25	\$ 4,728.85	finance
376634	9/19/2025	287334328875X0927 202	AT&T MOBILITY, LLC	City Cell Phones 8/20-9/19/25	\$ 7,798.48	finance
376636	9/19/2025	9/19/2025	ANACORTES FAMILY CENTER	SOCIAL WORKER AGREEMENT - SEPTEMBER 2025	\$ 5,000.00	apd
376341	9/19/2025	INV3066691	COPIERS NORTHWEST, INC	S/N 2YJ30356 LIBRARY FL1 TECH SERVICES COPIER 8/18-9/17/25	\$ 269.80	finance
376437	9/19/2025	INV3067373	COPIERS NORTHWEST, INC	JAMEX JPC FOR 9500 SERIES LIBRARY	\$ 544.00	infosys
376710	9/20/2025	00005W5A83385	UNITED PARCEL SERVICE, INC	UPS SHIPPING; WEEK ENDING 9/20/25	\$ 13.64	apd
376711	9/22/2025	10591	ANACORTES TOWING, LLC	TOWING; BOAT AND TRAILER	\$ 176.26	apd
376630	9/22/2025	114-14130498	UNITED SITE SERVICES, INC	AVON ALLEN RD + SR 536 - 8/22- 9/21/25	\$ 118.09	dwwtp
376449	9/22/2025	3446-1	MCCLURE & SONS, INC, LES MCCLURE	WWTP AERATION DIFFUSER REPLACEMENT INSTALLATION	\$ 187,384.06	pw1

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376706	9/22/2025	8282207425	MOTOROLA SOLUTIONS INC	3 CAR RADIO SYSTEMS	\$ 27,304.83	apd
376705	9/22/2025	8282208305	MOTOROLA SOLUTIONS INC	SOFTWARE LICENSE RADIO MANAGEMENT	\$ 281.16	apd
376974	9/22/2025	B20277409	SHI INTERNATIONAL CORP.	WTP & AFD CELLULAR MODEM PURCHASE	\$ 362.99	infosys
376775	9/22/2025	WA07-00253203	MOTION INDUSTRIES, INC	MAINTENANCE SUPPLIES	\$ 700.85	dwwtp
376626	9/23/2025	0561268	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 63.97	pwfac
376627	9/23/2025	1500001246	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - BACT RAW 2025-08-11	\$ 70.00	dwwtp
376628	9/23/2025	1500001342	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - BACT FINISHED 2025-09-08	\$ 22.00	dwwtp
376625	9/23/2025	20252896	SYSTEMS DESIGN WEST, LLC	AMBULANCE BILLING SERVICES 8/2025	\$ 5,235.74	finance
376970	9/23/2025	76037	COMMERCIAL FIRE PROTECTION INC	2025 ANNUAL FIRE EXTINGUISHER SERVICES - WTP	\$ 1,458.47	pw1
376975	9/23/2025	B20290667	SHI INTERNATIONAL CORP.	BLUEBEAM CORE - SOFTWARE SUBSCRIPTION 10/12/25-10/12/26	\$ 8,078.75	infosys
376707	9/24/2025	4870	SKAGIT 911	4TH INSTALLMENT 2025 - 911 USER FEE AND LAW RADIO INFRASTRUCTURE	\$ 99,080.25	apd
376708	9/24/2025	53286	BOSTEC INC	DRUG AND ALCOHOL TESTING SUPPLIES; FST MOUTHPIECES	\$ 162.11	apd
376702	9/24/2025	90301067	CHEMTRADE CHEMICALS US LLC	WTP ALUMINUM SULFATE	\$ 7,533.65	dwwtp
376778	9/25/2025	0344733-IN	NELSON-REISNER DISTRIBUTOR INC	SUPPLIES FOR SHOP	\$ 163.20	dshop
376968	9/25/2025	045-538650	TYLER TECHNOLOGIES, INC	ENTERPRISE RESOURCE PLANNING SOFTWARE/IMPLEMENTATION SERVICES	\$ 1,860.00	finance
376779	9/25/2025	25-57837	BUDGET TOWING & AUTO REPAIR	JUNK BOAT/TRAILER DISPOSAL	\$ 1,050.19	dshop
376777	9/25/2025	386518	BAY CITY SUPPLY	SUPPLIES FOR FACILITIES	\$ 143.75	pwfac
376973	9/25/2025	ESO-178805	ESO SOLUTIONS, INC	ESO EHR SUITE - EPCR SOFTWARE FOR AMBULANCE SERVICE - 9/25/25-7/14/26	\$ 773.16	medic
376783	9/25/2025	OR202645	ENVIRO-CLEAN EQUIPMENT INC	STREET/STORM SWEEPER PURCHASE #ERR6002	\$ 342,767.23	pw1
376946	9/26/2025	1829450	WALTON BEVERAGE COMPANY, INC	BREAKROOM SUPPLIES	\$ 257.00	dwwtp
376718	9/26/2025	291540	REECE, STORMIE	DEPOT JANITORIAL SERVICE	\$ 1,650.00	parks1

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376947	9/26/2025	53356674	UNIVAR USA INC	WTP SODIUM HYDROXIDE (CAUSTIC) 25%	\$ 6,561.84	dwtp
376965	9/26/2025	X645122	CORE & MAIN LP	SUPPLIES FOR WATER MAINTENANCE	\$ 7,475.12	wdist
376982	9/28/2025	360-299-0973-101791	ZIPLY FIBER	360-299-0973-101791-5 WWTP 9/28-10/27/2025	\$ 550.89	dwtp
376964	9/28/2025	360-299-3674-0214175	ZIPLY FIBER	OPS PHONE LINE: 9/28-10/27/25	\$ 90.85	dshop
376966	9/29/2025	11025542	NAVIA BENEFIT SOLUTIONS, INC	SEPTEMBER FLEXIBLE SPENDING PARTICIPANT FEE	\$ 150.50	hr
376950	9/29/2025	15000001466	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - TCR SOUTH 2025-09-08	\$ 154.00	dwtp
376948	9/29/2025	1500001388	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - BACT RAW 2025-08-18	\$ 70.00	dwtp
376949	9/29/2025	1500001396	EUROFINS ENVIRONMENT TESTING	WATER ANALYSIS - BACT RAW 2025-08-25	\$ 70.00	dwtp
376959	9/29/2025	300000006951	PUGET SOUND ENERGY INC	STREET LIGHTS: 8/1-8/29/25	\$ 18,333.20	dshop
376962	9/29/2025	300000340004	PUGET SOUND ENERGY INC	STREET LIGHTS: 8/29-9/29/25	\$ 52.91	dshop
376780	9/29/2025	96051825	SOFTCHOICE CORPORATION	ON-DEMAND SERVICES FOR EXCHANGE SERVER - 9/25/25-9/25/26	\$ 2,300.00	infosys
376790	9/29/2025	CD_001230268	RINGCENTRAL INC	RINGCENTRAL VOIP SOFTWARE TELEPHONE SYSTEM - 9/28/25-10/27/25	\$ 4,504.34	infosys
376782	9/29/2025	IN965032	NOANET	OUTSIDE PLANT ENGINEERNG SUPPORT	\$ 729.00	fiber
376961	9/30/2025	0001869	CITY OF BURLINGTON	DARK FIBER & RACK SPACE, SEPT 2025	\$ 487.18	fiber
376786	9/30/2025	071	BREAKTHROUGH PSYCHOLOGY PLLC	POLICE DEPARTMENT EMPLOYEE MENTAL WELLNESS PROGRAM - THROUGH 9/30/25	\$ 5,000.00	apd
376957	9/30/2025	1830163	WALTON BEVERAGE COMPANY, INC	OPS: BREAKROOM SUPPLIES	\$ 465.00	dshop
376977	9/30/2025	21-094-FBR-0011	ROBINSON BROTHERS	RETAINAGE RELEASE	\$ 280,320.18	pw1
376979	9/30/2025	25-106-WTR-0011	VECA ELECTRIC & TECHNOLOGIES	RETAINAGE RELEASE - 2025 CONTRACT TERM	\$ 491.45	pw1
376981	9/30/2025	25-175-WTR-0011	H2O SOLUTIONS, LLC	RETAINAGE RELEASE	\$ 2,405.00	pw1
376960	9/30/2025	300000325005	PUGET SOUND ENERGY INC	STREET LIGHTS: 8/8-9/8/25	\$ 103.19	dshop
376956	9/30/2025	3RD QTR	SKAGIT COUNTY DISTRICT COURT	3RD QTR PROBATION FEES 2025	\$ 9,850.00	court
376969	9/30/2025	IN965365	NOANET	DEDICATED INTERNET ACCESS - SEPTEMBER 2025	\$ 4,310.00	fiber

Invoice Doc #	Invoice Date	Invoice #	Vendor Full Name	Description	Total Amount	Approval Queue
376967	9/30/2025	Pay App 4	FABER CONSTRUCTION CORP	SEWER PUMP STATION NO. 16 UPGRADE	\$ 198,047.61	pw1
376784	9/30/2025	PS250033	BLYTHE MECHANICAL, INC	FIRE STATION 1 FURNACE REPLACEMENT	\$ 18,432.90	pw1
376983	10/1/2025	2500706	T-SHIRTS BY DESIGN	SHIRTS FOR CITY '25 SOCCER LEAGUE.	\$ 7,542.02	pkrec
376789	11/16/2025	348703	CIVICPLUS, INC.	CIVICCLERK/CP MEDIA - 11/16/25- 11/15/26	\$ 14,223.64	infosys
	Total				\$ 2,958,312.23	



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 5.c.

Agenda Item Title: Contract Award: 34th & T Avenue Deep Anode Well Installation
#25-244-WTR-001

Staff Contact(s): Brent Christensen, Andrew Rheume

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
Jenna Miller	Contract Award
Tiffany Matson	
Andrew Rheume	

Item Summary: City staff seeks City Council consent to award a contract in the amount of \$68,022.85 to MESA Products Inc. to perform the 34th & T Avenue Deep Anode Well Installation.

Background:

1. **History:** This deep well location is already established. During the annual inspection conducted by a cathodic protection specialist, it was determined that the site was depleted and required immediate replacement. This installation is necessary to ensure the continued integrity of the City's water transmission lines through effective cathodic protection.
2. **Key Terms:**
 - Contract is for a firm fixed price of \$68,022.85.
 - The Contractor shall complete the work by April 18, 2026.
3. **Competitive Bidding:** In accordance with competitive bid requirements set forth under RCW 35.23.352 the project cost is under the competitive requirements and thus the Project Manager evaluated contractors and chose to contract with MESA Products Inc.

Budget Impact:

Contractor	MESA Products Inc
Contract Amount	\$68,022.85
BARS #	401.740.594.34.63

Budget Amendment Required?	No
Start Date	Inception
End Date	April 18, 2026

Previous Action: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign contract 25-244-WTR-001 with MESA Products Inc. in the amount of \$68,022.85 to perform the 34th & T Avenue Deep Anode Well Installation.

Alternative Actions: Not award the contract.

Attachments (listed in order presented):

1. 25-244-WTR-001



CONTRACT 25-244-WTR-001
AGREEMENT WITH
MESA PRODUCTS INC

This Contract is between the City of Anacortes, Washington, a Municipal Corporation (herein after referred to as "City") and MESA Products Inc, a private contractor at PO Box 52608, Tulsa, OK 74152 (herein after referred to as "Contractor").

PROJECT
34TH & T AVENUE DEEP ANODE WELL INSTALLATION

1. **Scope of Work:** Contractor shall furnish all materials, equipment and labor to drill a new deep well and install anodes at the existing deep well site located at 34th Street and T Avenue, Anacortes, WA 98221. Work is detailed in Exhibit A, which is attached hereto and incorporated by reference.
2. **Contract Price:** The Contractor will perform the scope of work above for a firm fixed price of **Sixty-Eight Thousand Twenty-Two Dollars and Eighty-Five Cents (\$68,022.85)**, which includes \$5,501.85 sales tax at an 8.8% rate. This includes all mobilization, demobilization, labor, materials, standard freight, and administrative overhead for the project. Before any payment is made by the City of Anacortes of sums under this contract, the contractor must provide a copy of the statement of *Intent to Pay Prevailing Wage* approved by the Department of Labor and Industries. Pursuant to RCW Chapter 60.28, a sum of five percent (5%) of the monies earned by the contractor will be retained.
3. **Bonds:** Pursuant to RCW 39.08.010, the Contractor shall provide the City a performance bond and payment bond for the full contract amount to be in effect as detailed in the incorporated General Provisions. The City may at its option release the bonds once all the conditions of RCW 39.08.010-1a have been discharged.
4. **Time of Completion:** The Contractor shall complete the work by April 18, 2026.
5. **Project Management.** Coordination and scheduling of the work, materials, and equipment shall be made with the Project Manager Brent Christensen (360) 293-5147.
6. **Contract Requirements:** As detailed in the General Provisions, Contractor must have a valid contractor license number, insurance, and City of Anacortes business license. **Prevailing Wage Law Applies.** Forms Needed: 1) Proof of Insurance with Additional Insured Endorsements; 2) Intent to Pay Prevailing Wage; 3) Affidavit of Wages Paid; 4) Performance Bond; 5) Payment Bond; 6) Certification of Compliance with Wage Payment Statutes.
7. **Contract Documents:** The attached General Provisions and Exhibit A are included in this Contract Agreement.

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

Owner:

City of Anacortes

Date

Contractor:

MESA Products Inc

Date

Contractor License #



CONTRACT 25-244-WTR-001
EXHIBIT A

Scope of Work

The Contractor shall perform and provide the following:

1. Anode Installation

- 1) The drilled hole will be 8"X225'
- 2) (12) Lida 1" x 60" anodes with #8 Halar leads.
- 3) The hole will be top loaded with Loresco SWS.
- 4) Bentonite hole plug will be installed from the top of the coke to 3' below the surface.
- 5) Anode leads will coiled in a shallow hole for future installation by the city.
- 6) Casing installed, if required, per client specifications or local regulatory requirements.
- 7) Portable Pit/Earth Pit will be utilized for drilling operations.

2. Deliverables

- 1) Scope and Changes
- 2) JSA's
- 3) Drilling Permit if required by WSDOT
- 4) As-built drawing of the installation
- 5) Deep Anode Drill Log
- 6) Photos
- 7) Utility locate ticket information

Material		\$12,248.50	
Description	Quantity	Unit	
#8 Halar Stranded Black (Anode Lead)	2772.00	Feet	
1" Loresco All-Vent Pipe	140.00	Feet	
1" Schedule 40 PVC Pipe	100.00	Feet	
Lida One CT 1"x 60" w/HALAR	12.00	Each	
Loresco PermaPlug (50# Bag) FOB Tulsa	50.00	Each	
Loresco SC-3 (50# Bag) FOB Tulsa	68.00	Each	
NS - 1.25" Black Steel Stand Pipe	240.00	Feet	
Ventralizer for 8" Hole	12.00	Each	
Labor, Equipment, Other, Subcontract, Freight		\$50,272.50	
Estimate total for - RECT-009 34th and T . CP Deep Well		\$62,521.00	

Exclusions:

- 1) AC power to the rectifier is not included.
- 2) Application for power with the local power company is not included.
- 3) Installation of a power pole is not included.
- 4) Site Specific SAFETY training required for site access lasting more than one (1) hour is not included.

City Responsibilities:

- 1) Install below grade conduits for positive and negative cable runs.
- 2) Any needed replacement of gravel, asphalt, sod, or damaged crop.
- 3) Vacuum excavation.
- 4) Use of a portable pit.
- 5) Provide any required licensed electrician services and tray cables.
- 6) Install negative pipe connection and rectifier.

1. WASHINGTON STATE PREVAILING WAGES: Washington State Prevailing Wages apply to all Work. The Contractor and any of its Subcontractors are required to pay their laborers and mechanics minimum wage in compliance with Washington State Prevailing Wage Laws. Before any payment is made by the City of Anacortes of any sums under this contract, the contractor and each subcontractor must provide the City with a copy of the statement of *Intent to Pay Prevailing Wages* approved by the Washington State Department of Labor and Industries (L&I) (*ONE filed per contractor and each subcontractor per contract*). Following contract completion, the City will not release any funds retained, according to the provisions of RCW 60.28.010, until the contractor and each subcontractor has provided the City a copy of the *Affidavit of Wages Paid* approved by L&I (*ONE filed per contractor and each subcontractor per contract*). L&I provides the wage forms. All costs associated with such fees shall be included in the Contract price as part of the fixed costs of overhead for this Contract, including any anticipated subcontractor filing fees. Any change in the fee by L&I will not be grounds for revision in the Contract Price.

For contracts in excess of \$10,000, the contractor must post in a conspicuous place at the job site, a copy of the statement of *Intent to Pay Prevailing Wages* approved by L&I and the address and phone number of the Industrial Statistician where complaints or inquiries may be made. The City will refer any dispute regarding the prevailing rate of wage to L&I for arbitration.

The State of Washington prevailing wage rates applicable for this public works project, which is located in Skagit County, may be found at the following website address of the Department of Labor and Industries: <https://lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>. The prevailing wage schedule in effect for the work under the contract will be the one in effect upon the date of execution of the contract. A copy of the applicable prevailing wage rates are also available for viewing at the office of the City, located at 904 6th Street, Anacortes, WA. Upon request, the City will mail a hard copy of the applicable prevailing wages for this project.

At least once a month Contractor must file weekly certified payroll reports online with the Washington Department of Labor and Industries as required by RCW 39.12.120.

2. Performance and Payment Bonds. The City is required by RCW 39.08.010, with limited exceptions, to obtain both a Performance and a Payment bond for each public works project. The City requires separate Performance and Payment bonds for 100% of the contract amount furnished on bond forms standardized by the City Attorney's office. The bonds must meet the following provisions:

- Be for the full amount of the project, including tax.
- Name City of Anacortes as the obligee.
- List the correct Project Name and Project Number.
- Be signed by both the surety (the Attorney in Fact) and the Contractor.
- Be issued by a surety authorized to do business in the State of Washington (listed on the Insurance Commissioners website) and which meets the AM Best Rating required in the Contract Documents. If no requirement exists, a minimum of AM Best Rating A-7 or better will be required.

Release of Bonds - Bonds will not be released until the project has been completed and finally accepted.

Performance Bonds – Performance Bonds will be released at the end of the warranty period or twelve months after the date of final acceptance, whichever is later. The City may at its option release the bond once all the conditions of RCW 39.08.010-1a have been discharged.

Payment Bonds – Payment Bonds will be released either 45 days after final acceptance of the project or upon receipt of releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries, whichever is later. Release is contingent on the fact that no claims against the bond have been filed prior to the 45 day mark. If claims have been filed against the bond, it will not be released until the claims have been resolved.

Exceptions – On projects \$150,000 and under, the Contractor can, in lieu of providing a performance and payment bond, request to have the City withhold 10% of monies earned on the project for a period of 30 days after final acceptance of the completed work or until receipt of all necessary releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries and settlement of any liens filed under Chapter 60.28 RCW, whichever is later. This exception is dependent on pre-approval by the City Attorney, and the City reserves the right to reject requests to waive the bond requirements.

3. Retainage. Pursuant to RCW Chapter 60.28, a sum of five percent (5%) of the monies earned by the Contractor will be retained. The Contractor may elect to execute a Retainage Bond. The bond must be furnished on a bond form standardized by the City Attorney's office and issued by a surety currently authorized by the State Insurance Commissioner to do business in Washington State. Retainage will be released 45 days after Final Acceptance, provided that the following has occurred:

- a. Statements of Intent to Pay Prevailing Wages and Affidavits of Wages paid for the final correct contract amount are approved and on file with L&I for the Contractor and any subcontractors.
- b. All liens placed against the project have been released.
- c. For projects over \$35,000, releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries have been received.

Note: If the City has approved the Contractor's request to waive the bond requirements, the City will withhold a total of 10% of the monies earned for a period of 30 days after Final Acceptance of the completed work, or until receipt of all necessary releases from the Washington Department of Revenue, Washington Employment Securities Department, and the Washington Department of Labor and Industries, and settlement of any liens filed under Chapter 60.28 RCW, whichever is later.

4. Final Acceptance. Final Acceptance is defined as the date on which the City accepts the Work as complete, as indicated by notice issued by the City. For the purposes of the retainage statute (RCW 60.28.011), "completion of all contract work" is the same as the date of Final Acceptance. The following events must occur before the City will issue Final Acceptance:

- a. The physical Work on the project must be complete and accepted by the Project Manager; and
- b. The Contractor must submit to the City, and secure City approval of, all documentation required by the Contract and required by law, including but not limited to:
 - i. Invoices for all Work;
 - ii. Copies of the Statements of Intent to Pay Prevailing Wages and Affidavits of Prevailing Wages Paid as approved by L&I for the Contractor and all Subcontractors; and
 - iii. Any additional documentation required by the Contract.

5. Penalties for Noncompliance. If Contractor does not provide Statements of Intent to Pay Prevailing Wages and Affidavits of Prevailing Wages Paid to the City, the City may withhold any or all payments until required documentation is received. In addition, failure to provide Statements of Intent to Pay Prevailing Wage or Affidavit of Wages Paid may result in other sanctions as provided by State laws (RCW 39.12.050) and/or Federal regulations (29 CFR 5.12).

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

7. Invoicing. All invoices shall at a minimum include: Company Name, **Agreement Number**, Invoice Date, Due Date (30 days), Invoice Number, description of charges, and invoiced amount. The Contractor must allow 30 calendar days from receipt of the invoice for payment. If requested by the City the Contractor shall provide a cost breakdown of charges. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@anacorteswa.gov. Contractors may complete a City furnished ACH/EFT form to receive electronic payments directly to their financial institution. The City shall notify the Contractor within fifteen (15) calendar days from receipt of invoice if there are any objections or disputes with the invoice. The Contractor shall then resubmit a new invoice less the disputed amount and payment shall be made within 30 calendar days. Any disputed amounts may be submitted under the Disputes clause contained herein.

8. Subcontracts. The Contractor shall not subcontract the Scope of Work ("Work") unless the Project Manger approves in writing. If the Project Manager requests, the Contractor shall provide proof that the Subcontractor has the experience, ability, and equipment the Work requires. "Subcontractor" means an individual, partnership, firm, corporation, or joint venture who is sublet part of the Contract by the Contractor. Each request to subcontract shall include the following information (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 subcontractor, (iv) proposed subcontract price, (v) identification of the percentage of work to be performed by subcontract. Approval of subcontract shall not:

- a. Relieve the Contractor of any responsibility to carry out the Contract,
- b. Relieve the Contractor of any obligations or liability under the Contract and the Contractor's bond,
- c. Create any contract between the City and the Subcontractor, or
- d. Convey to the Subcontractor any rights against the City.

As required by RCW 39.06.020, the Contractor must verify responsibility criteria for each first tier subcontractor, and a subcontractor of any tier that hires other subcontractors must verify responsibility criteria for each of its subcontractors. Verification is to include that, at the time of subcontract execution, each subcontractor meets the responsibility criteria listed in RCW 39.04.350(1) and additionally - if applicable - possesses an electrical contractor license or an elevator contractor license. This verification requirement, as well as the responsibility criteria, must be included in every public works contract and subcontract of every tier. Contractor remains fully responsible for obligations, services, and functions performed by its subcontractors to the same extent as if such obligations, services, and functions were performed by Contractor's employees, and for purposes of the Agreement such work will be deemed work performed by Contractor. The Contractor shall give immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the City.

If dissatisfied with any part of the subcontracted Work, the Project Manager may request in writing that the Subcontractor be removed. The Contractor shall comply with this request at once and shall not employ the Subcontractor for any further Work under the Contract.

9. Job Safety Requirements Compliance. The Contractor, and its subcontractors of any tier, shall comply with all applicable federal, State, local laws, ordinances, and regulations, as may be amended, for the safety of persons or property while performing any work under the Contract and for the handling and disposal of all hazardous wastes. Industry standards

and applicable laws and regulations of authorities having jurisdiction include, but are not limited to: the Washington Industrial Safety and Health Act of 1973 (WISHA); the federal Occupational Safety and Health Acts of 1970 (OSHA); the Resource Conservation and Recovery Act; the Washington Hazardous Waste Management Act; the Department of Labor & Industries; Washington Administrative Code (WAC); the Environmental Protection Agency; and the Department of Ecology governing the generation, storage, treatment, transportation or disposal of hazardous wastes. The Contractor and its subcontractors of any tier shall also comply with all current and future executive proclamations, regulations, requirements and/or related guidance issued by the Office of the Governor of Washington State and Office of the Mayor of the City of Anacortes as it may relate to City of Anacortes projects. Contractor further agrees to indemnify and hold harmless City from damages assessed against City because of Contractor's failure to comply with the Acts and the standards issued thereunder.

10. Chemical Hazard Safety

- A. **Employer Chemical Hazard Communication Rule:** WAC 296-800-170 requires all employers in Washington State to inform and train their employees on the hazards of chemicals in the workplace or in foreseeable emergencies. For purposes of performance under this Contract, any toxic substance that may be harmful to the end user while being used or stored on City property must:
- i. Be properly labeled with the: (1) identity of the hazardous material; (2) appropriate hazardous warnings; and (3) name and address of the chemical manufacturer, importer or responsible party.
 - ii. Be accompanied by a Safety Data Sheet (SDS) which shall be provided to the City Project Manager, or designee. Copies of the Contractor's SDS inventory shall also be located where chemicals are stored.
- B. Contractor shall not introduce or use any new product without the express written permission of the City Project Manager. Contractor shall request permission to use new substances by providing an SDS sheet or label data for all proposed chemicals, and an explanation as to the purpose of the chemical application, method of application, and intended schedule of application. If new products are approved for use, then they shall be:
- i. Restricted in their applications so as to meet current and local law;
 - ii. Mixed and otherwise handled where an accidental spill will not enter surface or ground water and will not contaminate the soil.
- C. In any emergency affecting the safety of persons or property, Contractor shall act, at their discretion, to prevent threatened injury, damage, or loss. The City's Project Manager has full authority to stop work they deem a safety risk.

11. Delivery/Shipping. If shipping or delivering any items to the City, the Contractor shall ship items as Freight-On-Board (FOB) Destination Freight Prepaid, and Delivered Duties Paid (DDP) Delivery Point if applicable; ensure all deliveries are made on a business day, during business hours (Monday through Friday, except City Council designated holidays, from 8:00 am, to 5:00 pm); and provide, at no additional charge, any goods, labor, packaging, crating or padding necessary to load, tie down and unload the item(s) to be delivered, so that they may be transported in a normal, safe manner without damage.

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

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

14. Required Use of Finished Compost Product. If the project includes the use of a product created with "composted material" as defined in RCW 70A.205.015(3) the Contractor must purchase finished compost products from entities that: 1) produce compost locally within Skagit County; 2) are certified by a nationally recognized organization; 3) are permitted by the local health jurisdiction; and 4) produce finished compost products derived from municipal solid waste compost programs while meeting quality standards adopted by the Department of Transportation or adopted by rule by the Department of Ecology. The Contractor will obtain pre-approval from the PM of the proposed compost material vendor and will submit receipts with their invoice(s).

15. Inspection.

A. **Of the Work:** All materials furnished and work done shall be subject to inspection. The City Project Manager administering the Contract shall at all times have access to the work wherever it is in progress or being performed, and the

Contractor shall provide proper facilities for such access and inspection. Such inspection shall not relieve the Contractor of the responsibility of performing the work correctly, utilizing the best labor and materials in strict accordance with the Specifications of the Contract. All material or work approved and later found to be defective shall be replaced without cost to the City.

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

16. New and Unused. All units, equipment, parts and material shall be new, unused, manufacturer's current model year and in current production and shall meet any current applicable regulations and/or codes. All materials shall have physical and chemical properties to withstand the intended purpose. Equipment design shall have sufficient excess capacity for durability and safety.

17. Warranty. The Contractor shall return to the project and repair or replace all defects in workmanship and material discovered within one year after Final Acceptance of the Work, including any necessary labor and materials. The Contractor shall start work to remedy any such defects within 7 calendar days of receiving City's written notice of a defect, and shall complete such work within the time stated in the City's notice. In case of an emergency, where damage may result from delay or where loss of services may result, such corrections may be made by the City's own forces or another contractor, in which case the cost of corrections shall be paid by the Contractor. In the event the Contractor does not accomplish corrections within the time specified, the work will be otherwise accomplished and the cost of same shall be paid by the Contractor. For one year after acceptance of any corrections by the City the Contractor shall be responsible for correcting all defects in workmanship and materials in the corrected work. In addition, the Contractor shall obtain and submit to the City any necessary documentation to secure any extended manufacturer's warranty and warranty terms. This guarantee is supplemental to and does not limit or affect the requirements that the Contractor's work comply with the requirements of the Contract or impact any other legal rights or remedies of the City.

18. Indemnification / Hold Harmless. The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. However, 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 Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor'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.

19. Insurance.

A. Insurance Term: The Contractor shall procure and maintain insurance, as required in this Section, without interruption from commencement of the Contractor's work through the term of the contract and for thirty (30) days after the Physical Completion date, unless otherwise indicated herein.

B. No Limitation: The Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of the Contractor 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: The Contractor's required insurance shall be of the types and coverage as stated below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles when any motor vehicles are used in connection with work to be performed. Coverage shall be at least as broad as Insurance Services Office (ISO) form CA 00 01.
2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit using ISO form CG 25 03 05 09 or an equivalent endorsement. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. **The City of Anacortes and its officers, elected officials, employees, agents, and volunteers shall be named as an additional insured** under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.
3. Worker's Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

D. Minimum Amounts of Insurance: The Contractor 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 when any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed.
2. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

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

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

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

H. Verification of Coverage: The Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the insurance requirements of the Contractor **within 10 days of contract execution and before scheduling of the work**. Upon request by the City, the Contractor shall furnish certified copies of all required insurance policies, including endorsements, required in this contract and evidence of all subcontractors' coverage. Failure of the City to demand such verification of coverage with these insurance requirements or failure of the City to identify a deficiency from the insurance documentation provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

Verification of coverage shall include:

1. An ACORD certificate or a form determined by the City to be equivalent.
2. Copies of all endorsements naming the City as additional insured, showing the policy number. The Contractor may submit a copy of any blanket additional insured clause from its policies instead of a separate endorsement.
3. Any other amendatory endorsements to show the coverage required herein.
4. **A notation of coverage enhancements on the Certificate of Insurance shall not satisfy these requirements – actual endorsements must be submitted.**

I. Subcontractors' Insurance: The Contractor shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of the Contractor-provided insurance as set forth herein, except the Contractor shall have sole responsibility for determining the limits of coverage required to be obtained by Subcontractors. The Contractor shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement at least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations.

J. Notice of Cancellation: The Contractor shall provide the City and all Additional Insureds for this work with written notice of any policy cancellation within two (2) business days of their receipt of such notice.

K. Failure to Maintain Insurance: Failure on the part of the Contractor 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 Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

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

21. Registered or Licensed Contractor. The City is prohibited by RCW 39.06.010 from executing an Agreement with a Contractor who is not registered or licensed as required by the laws of the state. In addition, Anacortes Municipal Code requires that every person engaging in business within the city limits of Anacortes register their business with the state and include a City of Anacortes Endorsement. Businesses from outside city limits with a gross annual income of \$2,000 in Anacortes are also required to obtain a city endorsement. Business licenses and city endorsements can be obtained through the State of Washington Department of Revenue (DOR) Business Licensing Service (BLS) at bls.dor.wa.gov.

22. Standard Title VI / Non-Discrimination Assurances. During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest agrees to the clauses in "Appendix A" and "Appendix E" of the Standard Title VI Assurances (USDOT1050.2A), which are hereby incorporated by reference and made a part hereof.

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

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

25. The City's Right to Terminate Agreement.

A. Termination for Default: If the Contractor 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 Contractor 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 Contractor shall not be entitled to receive any further payments under the Agreement until the Scope of Services under this Agreement 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 Contractor. The Contractor 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 Contractor 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 Contractor shall be entitled to payment for actual work performed at unit Agreement prices for completed items of work through the date of termination. If the City exercises its option under this Paragraph, the City shall not be responsible for payment 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.

26. Changes/Additional Work. The City may engage Contractor to perform services in addition to those listed in this Agreement, and Contractor 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 Work and fees may be required. Provided, however, that nothing in this paragraph shall be interpreted to obligate the Contractor to render or the City to pay for services rendered in excess of the Work unless or until a modification to this Agreement is approved in writing by both parties.

27. 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.

28. Non-assignable. The services or work to be provided by the Contractor shall not be assigned or subcontracted without the express written consent of the City.

29. Covenant Against Contingent Fees. The Contractor warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Contractor, to solicit or secure this Agreement, and that they have not paid or agreed to pay any company or person, other than a bona fide employee working solely for the Contractor, 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.

30. Disputes

A. General: Differences between the Contractor 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 Contractor shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (1) any act or failure to act by the City, or (2) the happening of any event or occurrence, unless the Contractor 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 Contractor 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. Contractor 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 Contractor 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 Contractor 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 Contractor arising out of this Agreement, or any obligation hereunder the dispute shall first be referred to the representatives designated by the City and the Contractor 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.

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

32. 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.

33. Compliance with Laws. The Contractor 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. Contractor will follow all applicable laws and requirements for excavation and disposal of material.

34. 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.

35. Survival of Contract Termination. The provisions of the following paragraphs, the provisions of the non collusion affidavit, and the liability of the Contractor for default during the term of the Contract shall survive, notwithstanding the termination or invalidity of this Contract for any reason: Taxes; Warranty; The City's Right to Terminate Contract; Governing Law; Indemnification / Hold Harmless; Disputes.

36. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given and received (a) when personally delivered, or delivered by same-day courier; or (b) on the third business day after mailing by registered or certified mail, postage prepaid, return receipt requested; or (c) upon delivery when sent by prepaid overnight express delivery service (e.g., FedEx, UPS); or (d) when sent by email and upon the receipt by the sending party of written confirmation by the receiving party; provided, however, that an automated email confirmation of delivery or read receipt shall not constitute such confirmation. Notices shall be sent to the following addresses:

CITY:

City of Anacortes
Tiffany Matson
904 6th Street
PO Box 547
Anacortes, WA 98221
contracts@anacorteswa.gov

CONTRACTOR:

MESA Products Inc
Curtis Riess
PO Box 52608
Tulsa, OK 74152
curtis.riess@hansendrilling.com

APPENDIX A

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations:** The contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, Washington State Department of Transportation, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Non-discrimination:** The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Acts and the Regulations relative to Non-discrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the Washington State Department of Transportation to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Recipient or the Washington State Department of Transportation, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the Non-discrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Washington State Department of Transportation may determine to be appropriate, including, but not limited to:
 - a. withholding payments to the contractor under the contract until the contractor complies; and/or
 - b. cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as the Recipient or the Washington State Department of Transportation may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

APPENDIX E

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures Non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 5.d.

Agenda Item Title: Contract Award: East Slough Deep Anode Well Installation #25-243-WTR-001

Staff Contact(s): Brent Christensen, Andrew Rheume

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
Jenna Miller	Contract Award
Tiffany Matson	
Andrew Rheume	

Item Summary: City staff seeks City Council consent to award a contract in the amount of \$71,726.66 to MESA Products Inc. to perform the East Slough Deep Anode Well Installation.

Background:

1. **History:** This deep well location is already established. During the annual inspection conducted by a cathodic protection specialist, it was determined that the site was depleted and required immediate replacement. This installation is necessary to ensure the continued integrity of the City's water transmission lines through effective cathodic protection.
2. **Key Terms:**
 - Contract is for a firm fixed price of \$71,726.66.
 - The Contractor shall complete the work by April 18, 2026.
3. **Competitive Bidding:** In accordance with competitive bid requirements set forth under RCW 35.23.352 the project cost is under the competitive requirements and thus the Project Manager evaluated contractors and chose to contract with MESA Products Inc.

Budget Impact:

Contractor	MESA Products Inc
Contract Amount	\$71,726.66
BARS #	401.740.594.34.63

Budget Amendment Required?	No
Start Date	Inception
End Date	April 18, 2026

Previous Action: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign contract 25-243-WTR-001 with MESA Products Inc. in the amount of \$71,726.66 to perform the East Slough Deep Anode Well Installation.

Alternative Actions: Not award the contract.

Attachments (listed in order presented):

1. 25-243-WTR-001



CONTRACT 25-243-WTR-001
AGREEMENT WITH
MESA PRODUCTS INC

This Contract is between the City of Anacortes, Washington, a Municipal Corporation (herein after referred to as "City") and MESA Products Inc, a private contractor at PO Box 52608, Tulsa, OK 74152 (herein after referred to as "Contractor").

PROJECT
EAST SLOUGH DEEP ANODE WELL INSTALLATION

1. **Scope of Work:** Contractor shall furnish all materials, equipment and labor to drill a new deep well and install anodes at the existing deep well site located at 10849 Josh Green Lane, Mount Vernon, WA 98273. Work is detailed in Exhibit A, which is attached hereto and incorporated by reference.
2. **Contract Price:** The Contractor will perform the scope of work above for a firm fixed price of **Seventy-One Thousand Seven Hundred Twenty-Six Dollars and Sixty-Six Cents (\$71,726.66)**, which includes \$5,680.01 sales tax at an 8.6% rate. This includes all mobilization, demobilization, labor, materials, standard freight, and administrative overhead for the project. Before any payment is made by the City of Anacortes of sums under this contract, the contractor must provide a copy of the statement of *Intent to Pay Prevailing Wage* approved by the Department of Labor and Industries. Pursuant to RCW Chapter 60.28, a sum of five percent (5%) of the monies earned by the contractor will be retained.
3. **Bonds:** Pursuant to RCW 39.08.010, the Contractor shall provide the City a performance bond and payment bond for the full contract amount to be in effect as detailed in the incorporated General Provisions. The City may at its option release the bonds once all the conditions of RCW 39.08.010-1a have been discharged.
4. **Time of Completion:** The Contractor shall complete the work by April 18, 2026.
5. **Project Management.** Coordination and scheduling of the work, materials, and equipment shall be made with the Project Manager Brent Christensen (360) 293-5147.
6. **Contract Requirements:** As detailed in the General Provisions, Contractor must have a valid contractor license number, insurance, and City of Anacortes business license. **Prevailing Wage Law Applies.** Forms Needed: 1) Proof of Insurance with Additional Insured Endorsements; 2) Intent to Pay Prevailing Wage; 3) Affidavit of Wages Paid; 4) Performance Bond; 5) Payment Bond; 6) Certification of Compliance with Wage Payment Statutes.
7. **Contract Documents:** The attached General Provisions and Exhibit A are included in this Contract Agreement.

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

Owner:

City of Anacortes

Date

Contractor:

MESA Products Inc

Date

Contractor License #



CONTRACT 25-243-WTR-001
EXHIBIT A

Scope of Work

The Contractor shall perform and provide the following:

1. Anode Installation

- 1) The drilled hole will be 8"X225'
- 2) (12) Lida 1" x 60" anodes with #8 Halar leads.
- 3) The hole will be top loaded with Loresco SWS.
- 4) Bentonite hole plug will be installed from the top of the coke to 3' below the surface.
- 5) Anode leads will coiled in a shallow hole for future installation by the city.
- 6) Casing installed, if required, per client specifications or local regulatory requirements.
- 7) Portable Pit/Earth Pit will be utilized for drilling operations.

2. Deliverables

- 1) Scope and Changes
- 2) JSA's
- 3) Drilling Permit if required by WSDOT
- 4) As-built drawing of the installation
- 5) Deep Anode Drill Log
- 6) Photos
- 7) Utility locate ticket information

Material		\$14,575.15	
Description	Quantity	Unit	
#8 Halar Stranded Black (Anode Lead)	3660.00	Feet	
1" Loresco All-Vent Pipe	140.00	Feet	
1" Schedule 40 PVC Pipe	120.00	Feet	
Lida One CT 1"x 60" w/HALAR	15.00	Each	
Loresco PermaPlug (50# Bag) FOB Tulsa	59.00	Each	
Loresco SC-3 (50# Bag) FOB Tulsa	74.00	Each	
NS - 1.25" Black Steel Stand Pipe	260.00	Feet	
Ventralizer for 8" Hole	15.00	Each	
Labor, Equipment, Other, Subcontract, Freight		\$51,471.50	
Estimate total for - RECT-003 East Swinomish Slough CP Deep Well		\$66,046.65	

Exclusions:

- 1) AC power to the rectifier is not included.
- 2) Application for power with the local power company is not included.
- 3) Installation of a power pole is not included.
- 4) Site Specific SAFETY training required for site access lasting more than one (1) hour is not included.

City Responsibilities:

- 1) Install below grade conduits for positive and negative cable runs.
- 2) Any needed replacement of gravel, asphalt, sod, or damaged crop.
- 3) Vacuum excavation.
- 4) Use of a portable pit.
- 5) Provide any required licensed electrician services and tray cables.
- 6) Install negative pipe connection and rectifier

1. WASHINGTON STATE PREVAILING WAGES: Washington State Prevailing Wages apply to all Work. The Contractor and any of its Subcontractors are required to pay their laborers and mechanics minimum wage in compliance with Washington State Prevailing Wage Laws. Before any payment is made by the City of Anacortes of any sums under this contract, the contractor and each subcontractor must provide the City with a copy of the statement of *Intent to Pay Prevailing Wages* approved by the Washington State Department of Labor and Industries (L&I) (*ONE filed per contractor and each subcontractor per contract*). Following contract completion, the City will not release any funds retained, according to the provisions of RCW 60.28.010, until the contractor and each subcontractor has provided the City a copy of the *Affidavit of Wages Paid* approved by L&I (*ONE filed per contractor and each subcontractor per contract*). L&I provides the wage forms. All costs associated with such fees shall be included in the Contract price as part of the fixed costs of overhead for this Contract, including any anticipated subcontractor filing fees. Any change in the fee by L&I will not be grounds for revision in the Contract Price.

For contracts in excess of \$10,000, the contractor must post in a conspicuous place at the job site, a copy of the statement of *Intent to Pay Prevailing Wages* approved by L&I and the address and phone number of the Industrial Statistician where complaints or inquiries may be made. The City will refer any dispute regarding the prevailing rate of wage to L&I for arbitration.

The State of Washington prevailing wage rates applicable for this public works project, which is located in Skagit County, may be found at the following website address of the Department of Labor and Industries: <https://lni.wa.gov/licensing-permits/public-works-projects/prevailing-wage-rates/>. The prevailing wage schedule in effect for the work under the contract will be the one in effect upon the date of execution of the contract. A copy of the applicable prevailing wage rates are also available for viewing at the office of the City, located at 904 6th Street, Anacortes, WA. Upon request, the City will mail a hard copy of the applicable prevailing wages for this project.

At least once a month Contractor must file weekly certified payroll reports online with the Washington Department of Labor and Industries as required by RCW 39.12.120.

2. Performance and Payment Bonds. The City is required by RCW 39.08.010, with limited exceptions, to obtain both a Performance and a Payment bond for each public works project. The City requires separate Performance and Payment bonds for 100% of the contract amount furnished on bond forms standardized by the City Attorney's office. The bonds must meet the following provisions:

- Be for the full amount of the project, including tax.
- Name City of Anacortes as the obligee.
- List the correct Project Name and Project Number.
- Be signed by both the surety (the Attorney in Fact) and the Contractor.
- Be issued by a surety authorized to do business in the State of Washington (listed on the Insurance Commissioners website) and which meets the AM Best Rating required in the Contract Documents. If no requirement exists, a minimum of AM Best Rating A-7 or better will be required.

Release of Bonds - Bonds will not be released until the project has been completed and finally accepted.

Performance Bonds – Performance Bonds will be released at the end of the warranty period or twelve months after the date of final acceptance, whichever is later. The City may at its option release the bond once all the conditions of RCW 39.08.010-1a have been discharged.

Payment Bonds – Payment Bonds will be released either 45 days after final acceptance of the project or upon receipt of releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries, whichever is later. Release is contingent on the fact that no claims against the bond have been filed prior to the 45 day mark. If claims have been filed against the bond, it will not be released until the claims have been resolved.

Exceptions – On projects \$150,000 and under, the Contractor can, in lieu of providing a performance and payment bond, request to have the City withhold 10% of monies earned on the project for a period of 30 days after final acceptance of the completed work or until receipt of all necessary releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries and settlement of any liens filed under Chapter 60.28 RCW, whichever is later. This exception is dependent on pre-approval by the City Attorney, and the City reserves the right to reject requests to waive the bond requirements.

3. Retainage. Pursuant to RCW Chapter 60.28, a sum of five percent (5%) of the monies earned by the Contractor will be retained. The Contractor may elect to execute a Retainage Bond. The bond must be furnished on a bond form standardized by the City Attorney's office and issued by a surety currently authorized by the State Insurance Commissioner to do business in Washington State. Retainage will be released 45 days after Final Acceptance, provided that the following has occurred:

- a. Statements of Intent to Pay Prevailing Wages and Affidavits of Wages paid for the final correct contract amount are approved and on file with L&I for the Contractor and any subcontractors.
- b. All liens placed against the project have been released.
- c. For projects over \$35,000, releases from the Washington Department of Revenue, Washington Employment Security Department, and the Washington Department of Labor and Industries have been received.

Note: If the City has approved the Contractor's request to waive the bond requirements, the City will withhold a total of 10% of the monies earned for a period of 30 days after Final Acceptance of the completed work, or until receipt of all necessary releases from the Washington Department of Revenue, Washington Employment Securities Department, and the Washington Department of Labor and Industries, and settlement of any liens filed under Chapter 60.28 RCW, whichever is later.

4. Final Acceptance. Final Acceptance is defined as the date on which the City accepts the Work as complete, as indicated by notice issued by the City. For the purposes of the retainage statute (RCW 60.28.011), "completion of all contract work" is the same as the date of Final Acceptance. The following events must occur before the City will issue Final Acceptance:

- a. The physical Work on the project must be complete and accepted by the Project Manager; and
- b. The Contractor must submit to the City, and secure City approval of, all documentation required by the Contract and required by law, including but not limited to:
 - i. Invoices for all Work;
 - ii. Copies of the Statements of Intent to Pay Prevailing Wages and Affidavits of Prevailing Wages Paid as approved by L&I for the Contractor and all Subcontractors; and
 - iii. Any additional documentation required by the Contract.

5. Penalties for Noncompliance. If Contractor does not provide Statements of Intent to Pay Prevailing Wages and Affidavits of Prevailing Wages Paid to the City, the City may withhold any or all payments until required documentation is received. In addition, failure to provide Statements of Intent to Pay Prevailing Wage or Affidavit of Wages Paid may result in other sanctions as provided by State laws (RCW 39.12.050) and/or Federal regulations (29 CFR 5.12).

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

7. Invoicing. All invoices shall at a minimum include: Company Name, **Agreement Number**, Invoice Date, Due Date (30 days), Invoice Number, description of charges, and invoiced amount. The Contractor must allow 30 calendar days from receipt of the invoice for payment. If requested by the City the Contractor shall provide a cost breakdown of charges. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@anacorteswa.gov. Contractors may complete a City furnished ACH/EFT form to receive electronic payments directly to their financial institution. The City shall notify the Contractor within fifteen (15) calendar days from receipt of invoice if there are any objections or disputes with the invoice. The Contractor shall then resubmit a new invoice less the disputed amount and payment shall be made within 30 calendar days. Any disputed amounts may be submitted under the Disputes clause contained herein.

8. Subcontracts. The Contractor shall not subcontract the Scope of Work ("Work") unless the Project Manger approves in writing. If the Project Manager requests, the Contractor shall provide proof that the Subcontractor has the experience, ability, and equipment the Work requires. "Subcontractor" means an individual, partnership, firm, corporation, or joint venture who is sublet part of the Contract by the Contractor. Each request to subcontract shall include the following information (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 subcontractor, (iv) proposed subcontract price, (v) identification of the percentage of work to be performed by subcontract. Approval of subcontract shall not:

- a. Relieve the Contractor of any responsibility to carry out the Contract,
- b. Relieve the Contractor of any obligations or liability under the Contract and the Contractor's bond,
- c. Create any contract between the City and the Subcontractor, or
- d. Convey to the Subcontractor any rights against the City.

As required by RCW 39.06.020, the Contractor must verify responsibility criteria for each first tier subcontractor, and a subcontractor of any tier that hires other subcontractors must verify responsibility criteria for each of its subcontractors. Verification is to include that, at the time of subcontract execution, each subcontractor meets the responsibility criteria listed in RCW 39.04.350(1) and additionally - if applicable - possesses an electrical contractor license or an elevator contractor license. This verification requirement, as well as the responsibility criteria, must be included in every public works contract and subcontract of every tier. Contractor remains fully responsible for obligations, services, and functions performed by its subcontractors to the same extent as if such obligations, services, and functions were performed by Contractor's employees, and for purposes of the Agreement such work will be deemed work performed by Contractor. The Contractor shall give immediate written notice of any action or suit filed and prompt notice of any claim made against the Contractor by any subcontractor or vendor that, in the opinion of the Contractor, may result in litigation related in any way to this contract, with respect to which the Contractor may be entitled to reimbursement from the City.

If dissatisfied with any part of the subcontracted Work, the Project Manager may request in writing that the Subcontractor be removed. The Contractor shall comply with this request at once and shall not employ the Subcontractor for any further Work under the Contract.

9. Job Safety Requirements Compliance. The Contractor, and its subcontractors of any tier, shall comply with all applicable federal, State, local laws, ordinances, and regulations, as may be amended, for the safety of persons or property while performing any work under the Contract and for the handling and disposal of all hazardous wastes. Industry standards

and applicable laws and regulations of authorities having jurisdiction include, but are not limited to: the Washington Industrial Safety and Health Act of 1973 (WISHA); the federal Occupational Safety and Health Acts of 1970 (OSHA); the Resource Conservation and Recovery Act; the Washington Hazardous Waste Management Act; the Department of Labor & Industries; Washington Administrative Code (WAC); the Environmental Protection Agency; and the Department of Ecology governing the generation, storage, treatment, transportation or disposal of hazardous wastes. The Contractor and its subcontractors of any tier shall also comply with all current and future executive proclamations, regulations, requirements and/or related guidance issued by the Office of the Governor of Washington State and Office of the Mayor of the City of Anacortes as it may relate to City of Anacortes projects. Contractor further agrees to indemnify and hold harmless City from damages assessed against City because of Contractor's failure to comply with the Acts and the standards issued thereunder.

10. Chemical Hazard Safety

- A. **Employer Chemical Hazard Communication Rule:** WAC 296-800-170 requires all employers in Washington State to inform and train their employees on the hazards of chemicals in the workplace or in foreseeable emergencies. For purposes of performance under this Contract, any toxic substance that may be harmful to the end user while being used or stored on City property must:
- i. Be properly labeled with the: (1) identity of the hazardous material; (2) appropriate hazardous warnings; and (3) name and address of the chemical manufacturer, importer or responsible party.
 - ii. Be accompanied by a Safety Data Sheet (SDS) which shall be provided to the City Project Manager, or designee. Copies of the Contractor's SDS inventory shall also be located where chemicals are stored.
- B. Contractor shall not introduce or use any new product without the express written permission of the City Project Manager. Contractor shall request permission to use new substances by providing an SDS sheet or label data for all proposed chemicals, and an explanation as to the purpose of the chemical application, method of application, and intended schedule of application. If new products are approved for use, then they shall be:
- i. Restricted in their applications so as to meet current and local law;
 - ii. Mixed and otherwise handled where an accidental spill will not enter surface or ground water and will not contaminate the soil.
- C. In any emergency affecting the safety of persons or property, Contractor shall act, at their discretion, to prevent threatened injury, damage, or loss. The City's Project Manager has full authority to stop work they deem a safety risk.

11. Delivery/Shipping. If shipping or delivering any items to the City, the Contractor shall ship items as Freight-On-Board (FOB) Destination Freight Prepaid, and Delivered Duties Paid (DDP) Delivery Point if applicable; ensure all deliveries are made on a business day, during business hours (Monday through Friday, except City Council designated holidays, from 8:00 am, to 5:00 pm); and provide, at no additional charge, any goods, labor, packaging, crating or padding necessary to load, tie down and unload the item(s) to be delivered, so that they may be transported in a normal, safe manner without damage.

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

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

14. Required Use of Finished Compost Product. If the project includes the use of a product created with "composted material" as defined in RCW 70A.205.015(3) the Contractor must purchase finished compost products from entities that: 1) produce compost locally within Skagit County; 2) are certified by a nationally recognized organization; 3) are permitted by the local health jurisdiction; and 4) produce finished compost products derived from municipal solid waste compost programs while meeting quality standards adopted by the Department of Transportation or adopted by rule by the Department of Ecology. The Contractor will obtain pre-approval from the PM of the proposed compost material vendor and will submit receipts with their invoice(s).

15. Inspection.

A. **Of the Work:** All materials furnished and work done shall be subject to inspection. The City Project Manager administering the Contract shall at all times have access to the work wherever it is in progress or being performed, and the

Contractor shall provide proper facilities for such access and inspection. Such inspection shall not relieve the Contractor of the responsibility of performing the work correctly, utilizing the best labor and materials in strict accordance with the Specifications of the Contract. All material or work approved and later found to be defective shall be replaced without cost to the City.

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

16. New and Unused. All units, equipment, parts and material shall be new, unused, manufacturer's current model year and in current production and shall meet any current applicable regulations and/or codes. All materials shall have physical and chemical properties to withstand the intended purpose. Equipment design shall have sufficient excess capacity for durability and safety.

17. Warranty. The Contractor shall return to the project and repair or replace all defects in workmanship and material discovered within one year after Final Acceptance of the Work, including any necessary labor and materials. The Contractor shall start work to remedy any such defects within 7 calendar days of receiving City's written notice of a defect, and shall complete such work within the time stated in the City's notice. In case of an emergency, where damage may result from delay or where loss of services may result, such corrections may be made by the City's own forces or another contractor, in which case the cost of corrections shall be paid by the Contractor. In the event the Contractor does not accomplish corrections within the time specified, the work will be otherwise accomplished and the cost of same shall be paid by the Contractor. For one year after acceptance of any corrections by the City the Contractor shall be responsible for correcting all defects in workmanship and materials in the corrected work. In addition, the Contractor shall obtain and submit to the City any necessary documentation to secure any extended manufacturer's warranty and warranty terms. This guarantee is supplemental to and does not limit or affect the requirements that the Contractor's work comply with the requirements of the Contract or impact any other legal rights or remedies of the City.

18. Indemnification / Hold Harmless. The Contractor shall defend, indemnify and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits including attorney fees, arising out of or in connection with the performance of this Agreement, except for injuries and damages caused by the sole negligence of the City. However, 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 Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence. It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor'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.

19. Insurance.

A. Insurance Term: The Contractor shall procure and maintain insurance, as required in this Section, without interruption from commencement of the Contractor's work through the term of the contract and for thirty (30) days after the Physical Completion date, unless otherwise indicated herein.

B. No Limitation: The Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of the Contractor 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: The Contractor's required insurance shall be of the types and coverage as stated below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles when any motor vehicles are used in connection with work to be performed. Coverage shall be at least as broad as Insurance Services Office (ISO) form CA 00 01.
2. Commercial General Liability insurance shall be as least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, stop gap liability, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide a per project general aggregate limit using ISO form CG 25 03 05 09 or an equivalent endorsement. There shall be no exclusion for liability arising from explosion, collapse or underground property damage. **The City of Anacortes and its officers, elected officials, employees, agents, and volunteers shall be named as an additional insured** under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured-Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad coverage.
3. Worker's Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

D. Minimum Amounts of Insurance: The Contractor 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 when any motor vehicles (owned, non-owned and hired) are used in connection with work to be performed.
2. Commercial General Liability insurance shall be written with limits no less than \$2,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

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

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

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

H. Verification of Coverage: The Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsements, evidencing the insurance requirements of the Contractor **within 10 days of contract execution and before scheduling of the work**. Upon request by the City, the Contractor shall furnish certified copies of all required insurance policies, including endorsements, required in this contract and evidence of all subcontractors' coverage. Failure of the City to demand such verification of coverage with these insurance requirements or failure of the City to identify a deficiency from the insurance documentation provided shall not be construed as a waiver of Contractor's obligation to maintain such insurance.

Verification of coverage shall include:

1. An ACORD certificate or a form determined by the City to be equivalent.
2. Copies of all endorsements naming the City as additional insured, showing the policy number. The Contractor may submit a copy of any blanket additional insured clause from its policies instead of a separate endorsement.
3. Any other amendatory endorsements to show the coverage required herein.
4. **A notation of coverage enhancements on the Certificate of Insurance shall not satisfy these requirements – actual endorsements must be submitted.**

I. Subcontractors' Insurance: The Contractor shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of the Contractor-provided insurance as set forth herein, except the Contractor shall have sole responsibility for determining the limits of coverage required to be obtained by Subcontractors. The Contractor shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement at least as broad as ISO CG 20 10 10 01 for ongoing operations and CG 20 37 10 01 for completed operations.

J. Notice of Cancellation: The Contractor shall provide the City and all Additional Insureds for this work with written notice of any policy cancellation within two (2) business days of their receipt of such notice.

K. Failure to Maintain Insurance: Failure on the part of the Contractor 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 Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

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

21. Registered or Licensed Contractor. The City is prohibited by RCW 39.06.010 from executing an Agreement with a Contractor who is not registered or licensed as required by the laws of the state. In addition, Anacortes Municipal Code requires that every person engaging in business within the city limits of Anacortes register their business with the state and include a City of Anacortes Endorsement. Businesses from outside city limits with a gross annual income of \$2,000 in Anacortes are also required to obtain a city endorsement. Business licenses and city endorsements can be obtained through the State of Washington Department of Revenue (DOR) Business Licensing Service (BLS) at bls.dor.wa.gov.

22. Standard Title VI / Non-Discrimination Assurances. During the performance of this contract, the Contractor, for itself, its assignees, and successors in interest agrees to the clauses in "Appendix A" and "Appendix E" of the Standard Title VI Assurances (USDOT1050.2A), which are hereby incorporated by reference and made a part hereof.

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

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

25. The City's Right to Terminate Agreement.

A. Termination for Default: If the Contractor 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 Contractor 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 Contractor shall not be entitled to receive any further payments under the Agreement until the Scope of Services under this Agreement 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 Contractor. The Contractor 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 Contractor 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 Contractor shall be entitled to payment for actual work performed at unit Agreement prices for completed items of work through the date of termination. If the City exercises its option under this Paragraph, the City shall not be responsible for payment 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.

26. Changes/Additional Work. The City may engage Contractor to perform services in addition to those listed in this Agreement, and Contractor 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 Work and fees may be required. Provided, however, that nothing in this paragraph shall be interpreted to obligate the Contractor to render or the City to pay for services rendered in excess of the Work unless or until a modification to this Agreement is approved in writing by both parties.

27. 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.

28. Non-assignable. The services or work to be provided by the Contractor shall not be assigned or subcontracted without the express written consent of the City.

29. Covenant Against Contingent Fees. The Contractor warrants that they have not employed or retained any company or person, other than a bona fide employee working solely for the Contractor, to solicit or secure this Agreement, and that they have not paid or agreed to pay any company or person, other than a bona fide employee working solely for the Contractor, 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.

30. Disputes

A. General: Differences between the Contractor 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 Contractor shall not be entitled to additional compensation which otherwise may be payable, or to extension of time for (1) any act or failure to act by the City, or (2) the happening of any event or occurrence, unless the Contractor 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 Contractor 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. Contractor 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 Contractor 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 Contractor 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 Contractor arising out of this Agreement, or any obligation hereunder the dispute shall first be referred to the representatives designated by the City and the Contractor 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.

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

32. 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.

33. Compliance with Laws. The Contractor 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. Contractor will follow all applicable laws and requirements for excavation and disposal of material.

34. 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.

35. Survival of Contract Termination. The provisions of the following paragraphs, the provisions of the non collusion affidavit, and the liability of the Contractor for default during the term of the Contract shall survive, notwithstanding the termination or invalidity of this Contract for any reason: Taxes; Warranty; The City's Right to Terminate Contract; Governing Law; Indemnification / Hold Harmless; Disputes.

36. Notices. All notices required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given and received (a) when personally delivered, or delivered by same-day courier; or (b) on the third business day after mailing by registered or certified mail, postage prepaid, return receipt requested; or (c) upon delivery when sent by prepaid overnight express delivery service (e.g., FedEx, UPS); or (d) when sent by email and upon the receipt by the sending party of written confirmation by the receiving party; provided, however, that an automated email confirmation of delivery or read receipt shall not constitute such confirmation. Notices shall be sent to the following addresses:

CITY:

City of Anacortes
Tiffany Matson
904 6th Street
PO Box 547
Anacortes, WA 98221
contracts@anacorteswa.gov

CONTRACTOR:

MESA Products Inc
Curtis Riess
PO Box 52608
Tulsa, OK 74152
curtis.riess@hansendrilling.com

APPENDIX A

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees as follows:

1. **Compliance with Regulations:** The contractor (hereinafter includes consultants) will comply with the Acts and the Regulations relative to Non-discrimination in Federally-assisted programs of the U.S. Department of Transportation, Washington State Department of Transportation, as they may be amended from time to time, which are herein incorporated by reference and made a part of this contract.
2. **Non-discrimination:** The contractor, with regard to the work performed by it during the contract, will not discriminate on the grounds of race, color, or national origin in the selection and retention of subcontractors, including procurements of materials and leases of equipment. The contractor will not participate directly or indirectly in the discrimination prohibited by the Acts and the Regulations, including employment practices when the contract covers any activity, project, or program set forth in Appendix B of 49 CFR Part 21.
3. **Solicitations for Subcontracts, Including Procurements of Materials and Equipment:** In all solicitations, either by competitive bidding, or negotiation made by the contractor for work to be performed under a subcontract, including procurements of materials, or leases of equipment, each potential subcontractor or supplier will be notified by the contractor of the contractor's obligations under this contract and the Acts and the Regulations relative to Non-discrimination on the grounds of race, color, or national origin.
4. **Information and Reports:** The contractor will provide all information and reports required by the Acts, the Regulations, and directives issued pursuant thereto and will permit access to its books, records, accounts, other sources of information, and its facilities as may be determined by the Recipient or the Washington State Department of Transportation to be pertinent to ascertain compliance with such Acts, Regulations, and instructions. Where any information required of a contractor is in the exclusive possession of another who fails or refuses to furnish the information, the contractor will so certify to the Recipient or the Washington State Department of Transportation, as appropriate, and will set forth what efforts it has made to obtain the information.
5. **Sanctions for Noncompliance:** In the event of a contractor's noncompliance with the Non-discrimination provisions of this contract, the Recipient will impose such contract sanctions as it or the Washington State Department of Transportation may determine to be appropriate, including, but not limited to:
 - a. withholding payments to the contractor under the contract until the contractor complies; and/or
 - b. cancelling, terminating, or suspending a contract, in whole or in part.
6. **Incorporation of Provisions:** The contractor will include the provisions of paragraphs one through six in every subcontract, including procurements of materials and leases of equipment, unless exempt by the Acts, the Regulations and directives issued pursuant thereto. The contractor will take action with respect to any subcontract or procurement as the Recipient or the Washington State Department of Transportation may direct as a means of enforcing such provisions including sanctions for noncompliance. Provided, that if the contractor becomes involved in, or is threatened with litigation by a subcontractor, or supplier because of such direction, the contractor may request the Recipient to enter into any litigation to protect the interests of the Recipient. In addition, the contractor may request the United States to enter into the litigation to protect the interests of the United States.

APPENDIX E

During the performance of this contract, the contractor, for itself, its assignees, and successors in interest (hereinafter referred to as the "contractor") agrees to comply with the following non-discrimination statutes and authorities; including but not limited to:

Pertinent Non-Discrimination Authorities:

- Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252), (prohibits discrimination on the basis of race, color, national origin); and 49 CFR Part 21.
- The Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, (42 U.S.C. § 4601), (prohibits unfair treatment of persons displaced or whose property has been acquired because of Federal or Federal-aid programs and projects);
- Federal-Aid Highway Act of 1973, (23 U.S.C. § 324 et seq.), (prohibits discrimination on the basis of sex);
- Section 504 of the Rehabilitation Act of 1973, (29 U.S.C. § 794 et seq.), as amended, (prohibits discrimination on the basis of disability); and 49 CFR Part 27;
- The Age Discrimination Act of 1975, as amended, (42 U.S.C. § 6101 et seq.), (prohibits discrimination on the basis of age);
- Airport and Airway Improvement Act of 1982, (49 USC § 471, Section 47123), as amended, (prohibits discrimination based on race, creed, color, national origin, or sex);
- The Civil Rights Restoration Act of 1987, (PL 100-209), (Broadened the scope, coverage and applicability of Title VI of the Civil Rights Act of 1964, The Age Discrimination Act of 1975 and Section 504 of the Rehabilitation Act of 1973, by expanding the definition of the terms "programs or activities" to include all of the programs or activities of the Federal-aid recipients, sub-recipients and contractors, whether such programs or activities are Federally funded or not);
- Titles II and III of the Americans with Disabilities Act, which prohibit discrimination on the basis of disability in the operation of public entities, public and private transportation systems, places of public accommodation, and certain testing entities (42 U.S.C. §§ 12131-12189) as implemented by Department of Transportation regulations at 49 C.F.R. parts 37 and 38;
- The Federal Aviation Administration's Non-discrimination statute (49 U.S.C. § 47123) (prohibits discrimination on the basis of race, color, national origin, and sex);
- Executive Order 12898, Federal Actions to Address Environmental Justice in Minority Populations and Low-Income Populations, which ensures Non-discrimination against minority populations by discouraging programs, policies, and activities with disproportionately high and adverse human health or environmental effects on minority and low-income populations;
- Executive Order 13166, Improving Access to Services for Persons with Limited English Proficiency, and resulting agency guidance, national origin discrimination includes discrimination because of Limited English proficiency (LEP). To ensure compliance with Title VI, you must take reasonable steps to ensure that LEP persons have meaningful access to your programs (70 Fed. Reg. at 74087 to 74100);
- Title IX of the Education Amendments of 1972, as amended, which prohibits you from discriminating because of sex in education programs or activities (20 U.S.C. 1681 et seq).



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 5.e.

Agenda Item Title: Special Event: Turkey Trot

Staff Contact(s): Stephanie Snyder

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

Stephanie Snyder

Motion

John Coleman

Item Summary: An annual athletic event for kids on Thanksgiving morning. There will be no road closures for this event.

Budget Impact:

0

Previous Action: Approved in 2024

Recommended Motion: Approve

Alternative Actions: Disapprove or modify

Attachments (listed in order presented):

1. Prepare City Council Packet Turkey Trot 2025
2. Street Fair Event Map_ Anacortes Turkey Trot 11-28-2024
3. Turkey Trot Indem Form 2025



Special Event Application Processing

Administrator adds this event to the City Council agenda, creates the agenda bill, downloads the reviewed application and any attachments using the link in the email, and uploads those attachments in CivicClerk to go into the City Council packet.

View Anacortes Municipal Code Chapter 7.04, Special Events

Application

Application Date *

9/17/2025

Event Name *

Anacortes Turkey Trot

Event Type

- ☐ Street Fair / Festival
- ☒ Athletic Event
- ☐ Parade
- ☐ Rally / Demonstration
- ☐ Filming
- ☐ Other identified in AMC 7.04.010

Applicant/Organization Name *

Anacortes Christian School

Event Contact Person *

David Rodriguez

Event Contact Phone *

3607081652

Mailing Address *

1004 Commercial Ave #119, Anacortes, WA 98221

Event Contact Email *

david@anacorteschristianschool.org

Event Website

<https://www.anacorteschristianschool.org/anacortes-turkey-trot>

Estimated Number of Participants/Attendees *

350

Event Description *

A fun run 5k following an out-and-back route along the Tommy Thompson.

Will food vendors participate in this event? *

All Food Vendors must be inspected by the Fire Marshall on site prior to the start of the event.

☐ Yes ☒ No

Date Event Starts *

11/27/2025

Time Event Starts *

6:00:00 AM

Date Event Ends *

11/27/2025

Time Event Ends *

12:00:00 PM

Does the event require a street closure? *

☐ Yes
☒ No

Parking Location

List any public parking areas that the event requests to use for dedicated event parking, including handicapped parking.

Street parking around race start near the corner of 34th and V Ave.

Event Map (optional)

Upload one or more maps of the event

[Race Map.jpg](#)

99.47KB

Indemnification Agreement *

Upload scan of SIGNED indemnification agreement

[Turkey Trot Indem Form.pdf](#)

138.96KB

Download the Indemnification Agreement [here](#).

Signage

Street closure signs will be provided by the City of Anacortes. Applicants must contact City staff one week prior to the event to arrange sign delivery. Event sponsor personnel are responsible for placing street closure signs, which may not be posted more than 72 hours prior to the approved closure, must be removed immediately following the event, and must be returned to city staff the first business day following the event.

Insurance

The applicant is required to provide public liability insurance subject to the provisions of AMC 7.04.100 unless the applicant can demonstrate that the event meets an exemption in that section. Applicants will be notified following application approval of insurance requirements for the specific event.

Electronic Signature Agreement

By checking the "I agree" box below, you agree and acknowledge that 1) your application will not be signed in the sense of a traditional paper document, 2) by signing in this alternate manner, you authorize your electronic signature to be valid and binding upon you to the same force and effect as a handwritten signature, and 3) you may still be required to provide a traditional signature at a later date.

I state that I am over the age of 18, that I agree to assume responsibility for the above-described event and to abide by all conditions stipulated by the approval of the application. *

☒ Yes

Signature

David Rodriguez

Admin Review

Council Meeting Date *

Target date for presentation to City Council; no later than 30 days prior to event

10/6/2025

Staff Review Deadline *

Staff review/approval required no later than 7 days prior to City Council meeting to allow packet preparation

9/29/2025

Administrator comments and conditions of approval

Insurance Certificate

Insurance certificate may be required by staff or as a condition of Council approval

Departmental Review

Building Department will provide the following services for this event:

Building Department concerns, objections, or conditions of approval *

None

Fire Department will provide the following services for this event:

Fire Department concerns, objections, or conditions of approval *

None

Legal Department concerns, objections, or conditions of approval *

Please provide proof of required insurance 30 days prior to the event and provide a traffic control plan.

Parks Department will provide the following services for this event:

None

Parks Department concerns, objections, or conditions of approval *

None

Police Department will provide the following services for this event:

regular police patrols

Police Department concerns, objections, or conditions of approval *

None

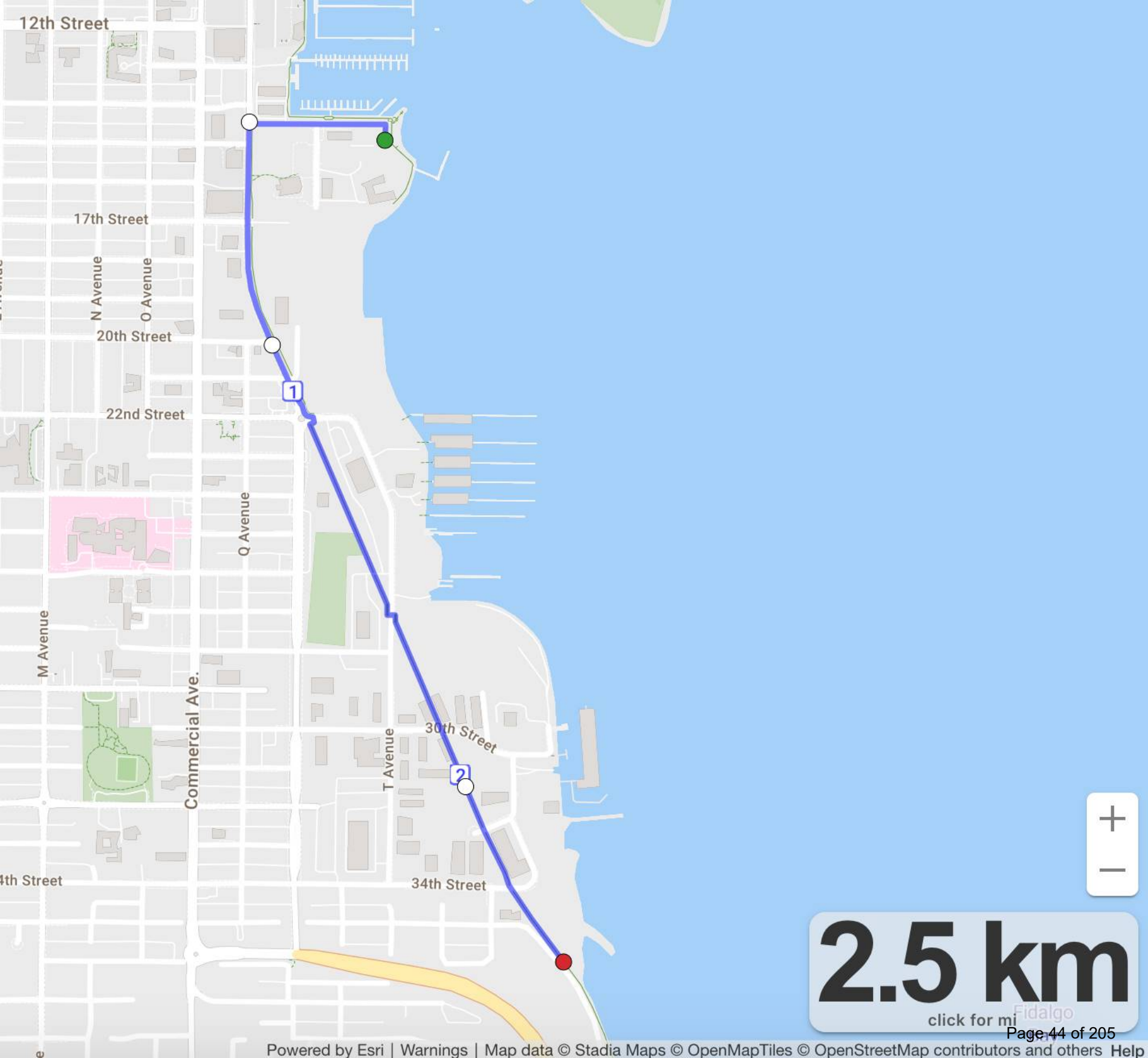
Public Works Department will provide the following services for this event:

Public Works Department concerns, objections, or conditions of approval *

None

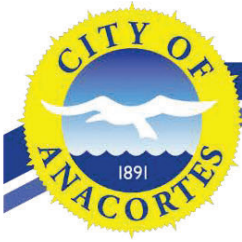
Departmental attachments

Upload any staff memos, guidelines, or requirements that will be in effect for this event.



2.5 km

click for more



SPECIAL EVENT INDEMNIFICATION AGREEMENT

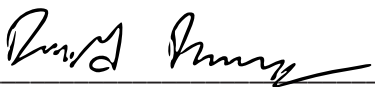
The undersigned applicant, by signing below, certifies that the applicant is the authorized officer of the sponsoring organization and agrees as follows:

Pursuant to Anacortes Municipal Code Title 7.04.090, the undersigned applicant agrees to defend, indemnify and hold the City of Anacortes, its agents, employees and officers, harmless from any and all claims, injuries, suits, damages, losses, demands and judgments including the attorneys' fees and other costs of their defense, arising out of in whole or in part, the activities, omissions or appliances of the applicant, their employees, agents, volunteers or otherwise, except any claims arising from the sole negligence of the City. The applicant further agrees to comply with all provisions of pertinent laws, rules and regulations, and agrees that any failure to so comply may lead to revocation of an applicant's permit. This Indemnification Agreement constitutes substantial adequate consideration in return for the City's issuance of a special event permit.

Date: 9/17/25

David Rodriguez

Name and Title – Printed



Signature

Name and Title – Printed

Signature



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 6.a.

Agenda Item Title: 2026 Budget Revenue Sources, Including an Increase in the Property Tax Levy

Staff Contact(s): Steve Hoglund

<u>Approved for Submittal to Council by</u>	<u>Action Type</u>
Greg Francioch	Public Hearing
Steve Hoglund	

Item Summary: State budget statutes require a public hearing on revenue sources, including consideration of a 1% property tax increase, be held by the first Monday in October. Most tax revenue streams are projected to be consistent with current year revenues, which are generally flat when compared to prior year revenues. FY 2026 is therefore, at this time at least, projected to be the 4th consecutive year of flat tax revenues. The exception to this is the Utility Tax assessed on City provided utilities, which tracks against actual utility charges, which is expected to grow at around 3%, unless otherwise revised to a higher rate by City Council action (i.e. a revision to either the tax rate, the utility rate, or both).

Budget Impact:
Current draft budget revenues for FY 2026 is \$109.6M.

Previous Action: This is the first review of 2026 budgeted revenues.

Recommended Motion: NA

Alternative Actions: NA

Attachments (listed in order presented):

1. 2026 Revenue Hearing
2. 10.03.25 Revenue Budget 2026

2026 Revenue Hearing

October 6, 2025





2026 Revenue Public Hearing



RCW 35A.33.135 directs that no later than the first Monday in October City Council be provided with estimates of revenues.



RCW 84.55.120 directs that a public hearing must be held on revenue sources for the following year, including consideration of a possible increase in property tax.

It is noted the draft 2026 budget does include a 1% property tax increase.

Draft Revenue Summary

Revenue Source	General	Sewer	Sanitation	Storm	Water	Parks (combined)	Streets (combined)	Other (combined)	Grand Total
User Rates	2,231,670	7,928,391	5,878,394	2,291,831	15,106,260				33,436,545
Taxes	18,056,201					2,189,945	2,185,645	4,054,764	26,486,556
Services	2,784,102	0	0	0	696,953	4,105	0	4,840,457	8,325,617
Bond	8,000,000								8,000,000
Capital Contributions	9,743	0		0	7,112,519				7,122,262
Grants	3,599,382	950,000	0	0	0	354,805	0	18,801	4,922,988
Interfund Loan Revenue		4,500,000			1,700,000				6,200,000
TIB							3,790,000		3,790,000
Non-Revenues	3,227,624								3,227,624
Transfers	800,000					85,000	1,500,000	0	2,385,000
Capital Reserve					1,325,444				1,325,444
Fees	299,577	644,606			0	357,222	0	3,536	1,304,941
Solid Waste			1,112,105						1,112,105
Contributions & Donations	500,000	0	0	0	0	180,000	0	0	680,000
GFC's		305,699		32,735	306,059				644,492
Other Revenue	124,337	0	0	33,897	0	336,897	45,901	0	541,032
Medicaid	424,468								424,468
Leases	283,198				39,977	0			323,175
Impact Fees	165,000							105,986	270,986
Buildings, Structure & Equipment	258,533								258,533
Rentals	155,836	39,059				61,442		0	256,337
Interest	47,035	30,065	0	8,148	108,333	1,788	0	33,257	228,626
Liquor Control Board Profits	134,506								134,506
Licenses	119,142					4,427			123,569
Sale of Merchandise	1,133	0	0	0	4,087	21,391	0	0	26,611
Fund Balance	0	0	0	0	0	(220,000)	0	0	(220,000)
Grand Total	41,221,486	14,397,819	6,990,499	2,366,610	26,399,605	3,377,021	7,521,547	9,056,800	111,588,605



PROPERTY TAX





COST OF 1% PROPERTY TAX INCREASE

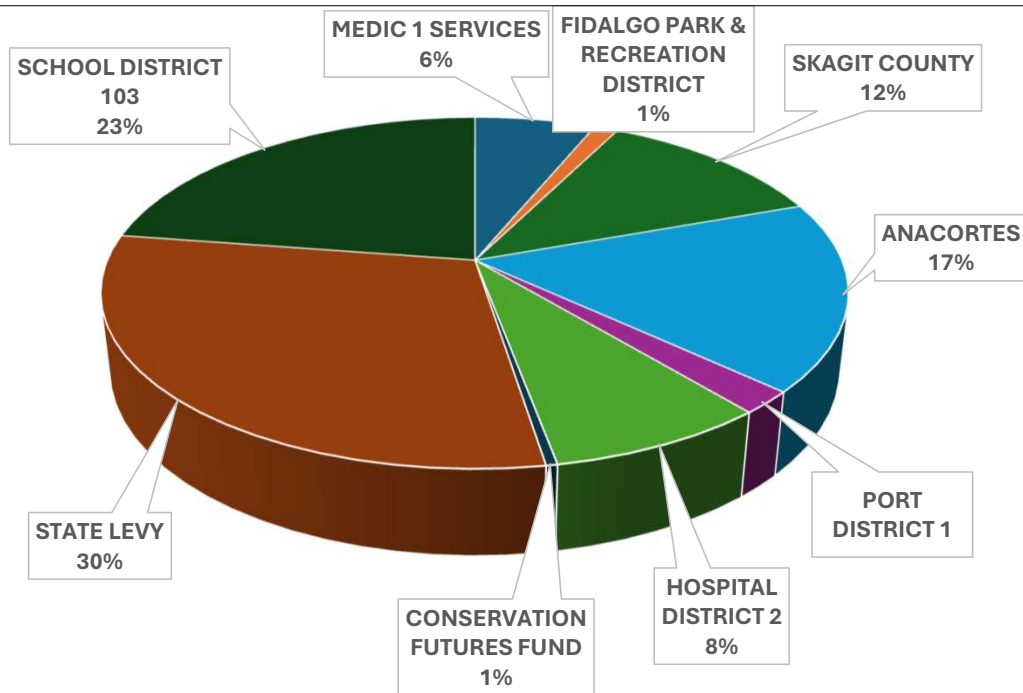
Citywide Property Assessments (2025):	6,528,285,576
Citywide Assessment in thousands:	6,528,286
Current Property Tax Levy:	8,564,564
Millage (levy / total assessments in 000's)	1.3119
Residential Assessment	750,000
Assessment expressed in thousands:	750
City Levy for average assessment (= 750 X 1.3433):	983.94
1% increase:	9.84
Monthly Impact:	0.82

PROPERTY TAX

- The draft budget revenues include a 1% property tax increase of 85,646 and an estimated \$55,000 in new construction added to the tax rolls, bringing total estimated 2026 property tax levy to 8,661,684.
- Property tax calculations are based on millage and assessed value of a property:

PROPERTY TAX

Total property tax bill for a typical Anacortes resident



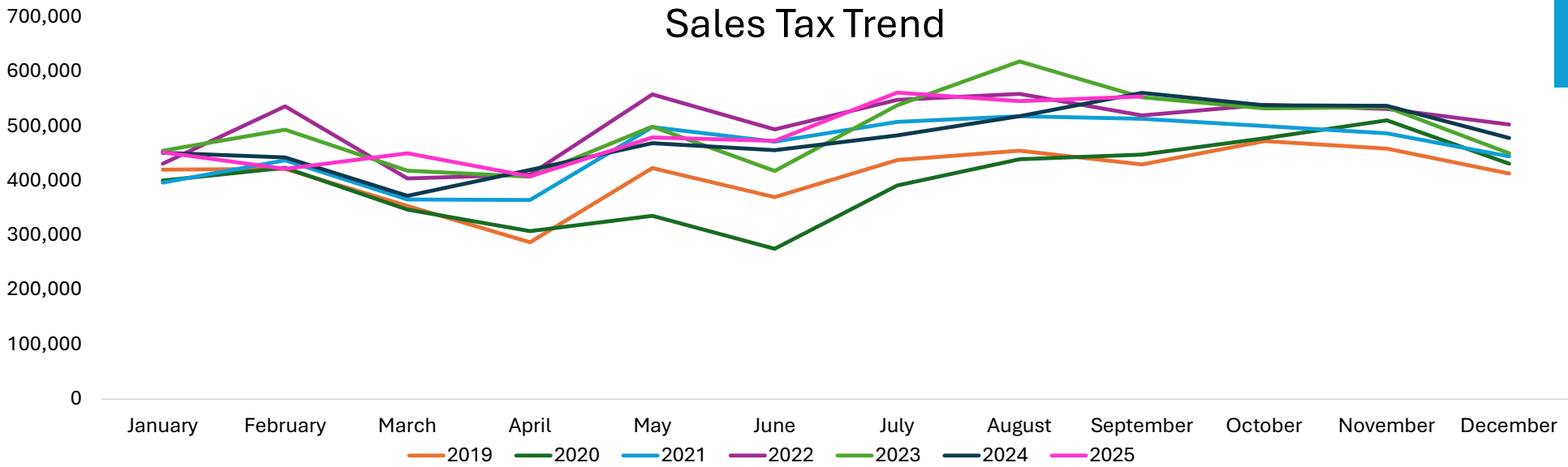
Citywide Assessment (2025 for 2026 taxes payable):			6,528,285,576	
Average Residential Assessment			750,000	
	Tax Rate	Tax Amount		% of Total
MEDIC 1 SERVICES	0.47	\$352.50		6%
FIDALGO PARK & RECREATION DISTRICT	0.0922	\$69.15		1%
SKAGIT COUNTY	0.9097	\$682.28		12%
ANACORTES	1.3119	\$983.93		17%
PORT DISTRICT 1	0.1562	\$117.15		2%
HOSPITAL DISTRICT 2	0.6119	\$458.93		8%
CONSERVATION FUTURES FUND	0.0312	\$23.40		0%
STATE LEVY	2.2571	\$1,692.83		30%
SCHOOL DISTRICT 103	1.7069	\$1,280.18		23%
TOTAL TAXES	7.5471	5,660.33		100%
SKAGIT CONSERVATION DISTRICT		5.00		
GRAND TOTAL DUE		5,665.33		



SALES TAX



Sales Tax Trend



Total
Jan - Sep History:
Month to month change

	2018	2019	2020	2021	2022	2023	2024	2025
Total	5,126,010	4,941,631	4,787,068	5,502,976	6,033,290	5,917,465	5,725,304	4,344,249
Jan - Sep History:	3,800,168	3,597,487	3,367,440	4,071,995	4,460,488	4,400,716	4,172,526	4,344,249
Month to month change		-5.3%	-6.4%	20.9%	9.5%	-1.3%	-5.2%	4.1%

SALES TAX

- Sales Tax increase of 2.5% for 2026 over the projected 2025.
 - August projected puts year end at 2% over 2025.
- 2026 Budget set at 102.5% of August projection: \$5,975,963



UTILITY TAX



Utility Tax on City Utilities

2025 Projection July receipts:	2,372,057
2026 Budget 3% increase	2,443,219

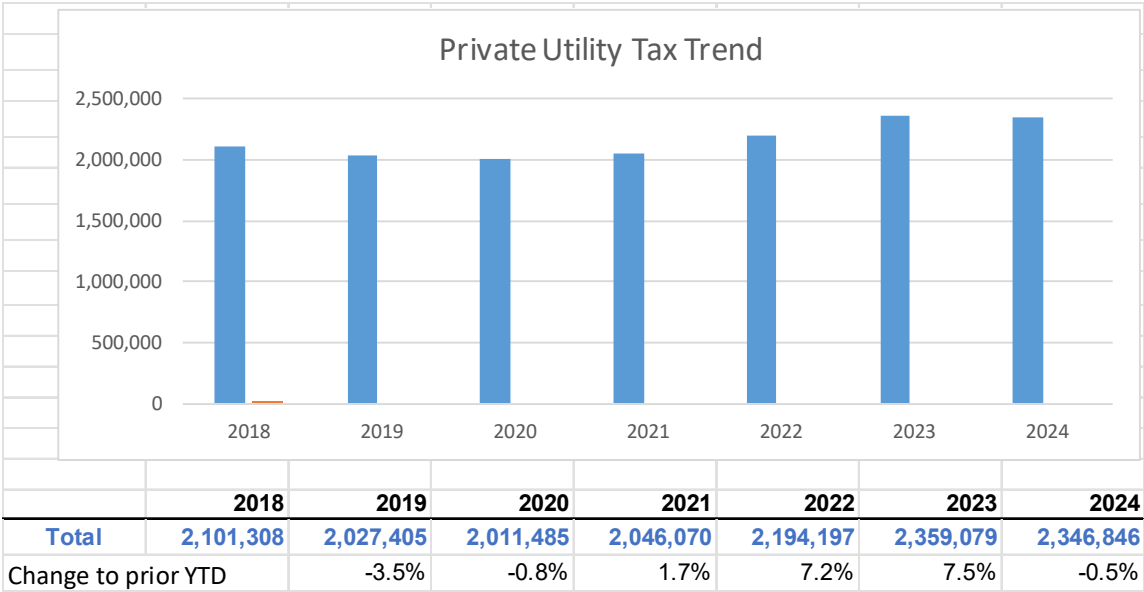
Utility Tax on Private Utilities

2025 Projection July receipts:	2,569,329
2026 Budget hold even to projection	2,569,329

- Private Utilities (CNG, PSE, Cable TV, Telephone service)
 - Utility tax on private utilities are up significantly over prior year due to legislated clean energy initiatives. Expected to be a one year bump up. Cable TV and phone service continue to be flat when compared to prior years.
 - We used 2025 projection from July receipts for the 2026 revenue estimate.
- Public Utilities (City provided utilities)
 - The utility tax generated from City utilities is based on estimated revenues for those utilities.

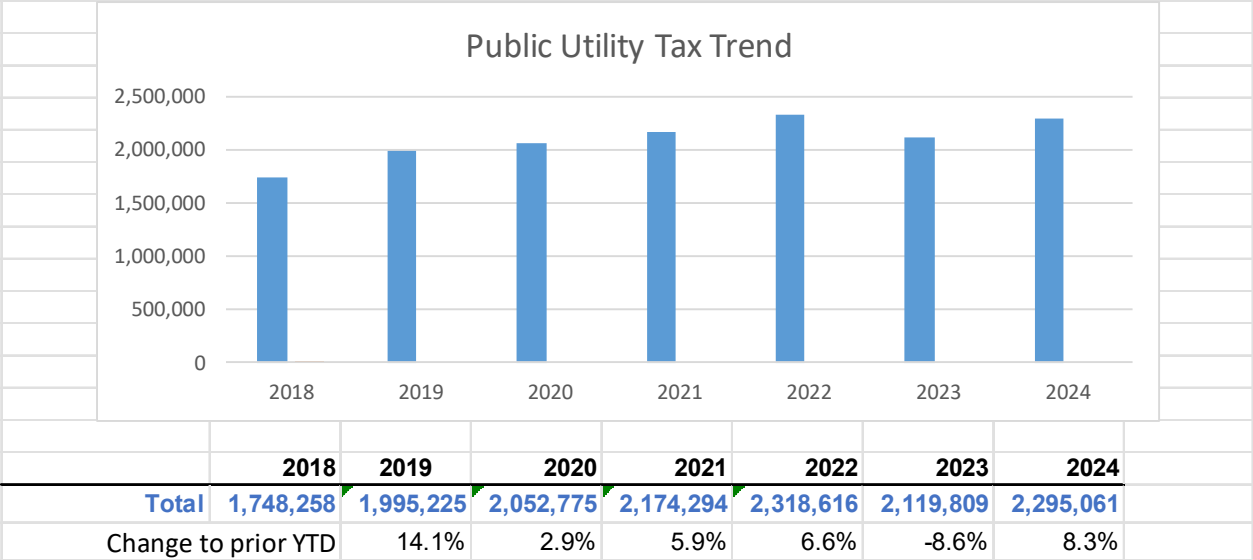
PRIVATE UTILITY TAX

6% on Electricity, Natural Gas, Cable TV, and Phone service)



PUBLIC UTILITY TAX

7% on City Water, Sewer, Storm, and 12% on Solid Waste



PUBLIC UTILITY TAX | 2% INCREASE

based on 2024 data				
Current Rate	7%			
Proposed Rate	8%	9%	10%	11%
CUT \$ Impact Retail (water, storm, sewer)	303,167.96	612,998.96	929,715.09	1,253,548.44
Revenue \$ change	303,167.96	612,998.96	929,715.09	1,253,548.44
Resident % Impact	1.2%	2.4%	3.6%	4.8%
Resident \$ Impact/month	1.22	2.46	3.74	5.04

Utility tax of 7% is currently embedded in our rates except for our Wholesale customers.

Estimated Residential impact ~ \$2.46 per month.



REET



	REET Revenue projection througuh the CFP timeframe 2026-2031						
	2025	2026	2027	2028	2029	2030	2031
Begin Bal REET		3,747,311	5,218,695	6,763,648	8,385,849	10,089,159	11,877,636
REET Revenue *		1,471,384	1,544,953	1,622,201	1,703,311	1,788,476	1,877,900
REET Expense	1,050,000						
End Balance REET	3,747,311	5,218,695	6,763,648	8,385,849	10,089,159	11,877,636	13,755,536

* REET revenue assumes a 5% annual increase

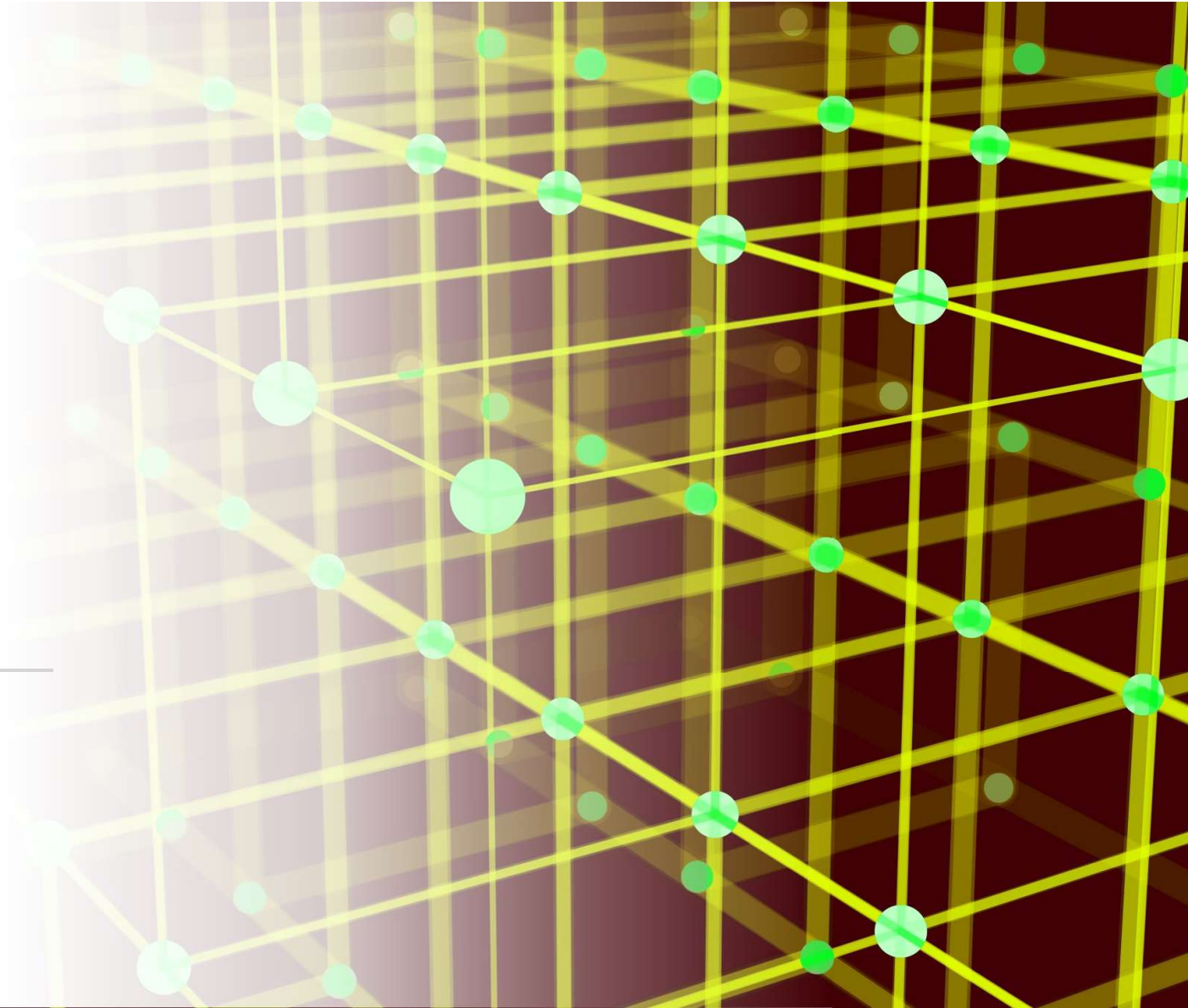
REET revenues and REET CFP Expenditure asks

	REET Revenue projection througuh the CFP timeframe 2026-2031						
	2025	2026	2027	2028	2029	2030	2031
Begin Bal REET		3,747,311	1,106,945	(1,911,102)	(4,053,901)	(7,435,591)	(8,212,114)
REET Revenue *		1,471,384	1,544,953	1,622,201	1,703,311	1,788,476	1,877,900
REET Expense	1,050,000	4,111,750	4,563,000	3,765,000	5,085,000	2,565,000	3,295,000
End Balance REET	3,747,311	1,106,945	(1,911,102)	(4,053,901)	(7,435,591)	(8,212,114)	(9,629,214)

* REET revenue assumes a 5% annual increase



OTHER



2026 State Shared Revenue Estimator

Select Jurisdiction

Anacortes ▼

2025 Population: 18,350

2026 Per Capita Estimates for Cities

Liquor Profits	\$7.33
Liquor Excise	\$6.99
Criminal Justice - Population	\$0.42
Criminal Justice - Special Programs	\$1.48
Gas Tax (MVFT)	\$17.23
Increased MVFT	\$1.10
Multi-Modal Distribution	\$1.25

Estimated Distributions (per capita revenues only)

Liquor Profits	\$134,506
Liquor Excise	\$128,267
Criminal Justice - Population	\$7,707
Criminal Justice - Special Programs	\$27,158
Gas Tax (MVFT)	\$316,171
Increased MVFT	\$20,185
Multi-Modal Distribution	\$22,938

State Shared Revenues

- MRSC provides an annual calculator that estimates the State's shared per capita revenues.
- These shared revenue streams are generally flat year to year.

STORM | \$5 PER MONTH RATE INCREASE

Residential impact
\$5 per month.

Storm	2024 Act	2025 Bud	2026	2027	2028	2029	2030	2031
Estimated Services Revenue	\$2.21M	\$2.22M	\$2.29M	\$2.36M	\$2.43M	\$2.50M	\$2.58M	\$2.65M
\$5 Increase			\$2.70M	\$2.77M	\$2.84M	\$2.91M	\$2.99M	\$3.06M
Revenue impact			\$0.41M	\$0.41M	\$0.41M	\$0.41M	\$0.41M	\$0.41M

SEWER | 6% RATE INCREASE

Residential impact
~\$5 per month.

Sewer	2024 Act	2025 Bud	2026	2027	2028	2029	2030	2031
Estimated Services Revenue	\$7.67M	\$8.76M	\$9.02M	\$9.29M	\$9.57M	\$9.86M	\$10.15M	\$10.46M
6% Increase			\$9.56M	\$9.82M	\$10.09M	\$10.38M	\$10.68M	\$10.98M
Revenue impact			\$0.54M	\$0.53M	\$0.53M	\$0.53M	\$0.53M	\$0.53M

2026 Draft Budget Revenue (as of 10/03/2025)

Account	BARS	Values			
		2024 Actual	2025 YTD Actual	2025 Budget	2026 Draft Budget
(GMA) Impact Fees Fire	112.240.345.85.20	46,459	17,165	25,352	20,669
(GMA) Impact Fees Recreation	112.240.345.85.10	22,119	16,390	31,745	75,000
(GMA) Impact Fees Road	112.240.345.85.00	43,428	5,984	65,758	10,317
Affordable Housing Sales Tax	109.000.313.27.00	60,075	31,469	78,430	75,189
Aging & Disability Services	101.410.346.90.20	1,300	960	0	1,300
Ambulance Services	001.320.342.60.00	2,191,634	995,902	2,217,998	2,390,165
Animal Licenses	001.310.322.30.00	14,210	8,376	11,610	14,210
	101.410.322.30.00	4,427	3,704	4,085	4,427
Budgeting & Accounting Services	001.120.341.43.00	211	262	0	-
	001.130.341.43.00	51	103	0	-
	001.210.341.43.00	1,337	832	2,469	-
	001.220.341.43.00	4,163	6,112	3,923	5,026
	001.230.341.43.00	190	174	347	-
	001.240.341.43.00	187	225	295	-
	001.250.341.43.00	189	180	291	-
	001.260.341.43.00	832	618	1,275	-
	001.310.341.43.00	1,954	1,977	1,610	-
	001.320.341.43.00	7,471	82,559	13,198	12,598
	001.450.341.43.00	225	185	333	-
	001.710.341.43.00	4,528	2,685	3,497	3,497
	101.410.341.43.00	2,931	1,864	0	2,805
	103.440.341.43.00	1,670	1,259	1,366	1,670
	401.730.341.43.00	2,959	1,988	2,469	-
	440.750.341.43.00	3,539	2,592	0	-
	501.710.341.43.00	8,625	6,955	9,888	-
Buildings, Structure & Equipment	001.240.322.10.00	297,024	192,587	438,003	258,533
Business & Occupation Taxes on Utilities	001.000.316.40.00	2,278,635	1,364,292	2,408,533	2,443,219
	104.720.316.40.00	511,640	320,956	500,878	553,373
Camping Fees	107.410.362.41.10	268,482	189,917	284,284	255,058
CAPITAL CONTRIBUTIONS - PRIVATE CONTRIBU	001.000.379.00.00	7,639	5,652	5,630	9,743
	401.000.379.00.00	5,668,243	2,946,744	4,420,116	4,445,519
Capital Contributions - Refinery	401.000.379.00.30	0	652,040	978,060	2,667,000
Capital Contributions -Local Grant Fiber	001.260.374.07.00	342,967	0	0	-
Capital Contributions-Dept of Commerce	001.260.374.11.30	2,028,358	0	225,373	-
Cash Adjustments	107.410.369.80.00	305	80	0	-
Cash Adjustments	001.000.369.80.00	-3	2,311	0	-
Cemetery Services	102.430.343.60.00	67,365	57,908	52,771	67,365
	102.430.343.60.10	11,072	5,988	9,449	10,017
	102.430.343.60.20	-456	-207	0	-
Civil Parking Infraction Penalties	001.310.354.00.00	2,280	610	1,695	2,280
Compensation for Loss/Impairment of Capi	501.790.395.20.00	0	0	10,345	-
Confiscated & Forfeited Property	001.310.369.30.00	1,130	6,243	0	-
Construction of Sewer Asset	440.750.395.11.00	12,204	0	0	-

2026 Draft Budget Revenue (as of 10/03/2025)

Values					
Contributions & Donations	114.410.367.00.00	5,898	600	0	-
CONTRIBUTIONS & DONATIONS FROM PRIVATE S	001.000.367.00.00	1,000,000	0	0	250,000
	001.220.367.00.00	2,500	0	0	-
	001.310.367.00.00	26,354	23,720	0	-
	001.320.367.00.00	91,581	1,500	0	100,000
	001.450.367.00.00	12,136	8,909	150,000	150,000
	101.410.367.00.00	90,240	88,942	20,000	-
	103.440.367.00.00	20,319	208,351	290,000	-
	105.720.367.00.00	0	7,350	0	-
	107.410.367.00.00	3,900	0	0	-
Contributions and Donations from Private	113.410.367.00.00	0	200,000	0	-
Criminal Justice - Special Programs	001.130.336.06.26	18,343	12,848	24,197	24,593
Criminal Justice - Violent Crimes/Popula	001.130.336.06.21	5,225	3,671	6,887	7,707
Criminal Justice Sales & Use Tax	001.130.313.71.00	466,227	285,960	534,718	569,480
Dark Fiber Leases	001.260.343.22.00	30,001	23,021	38,850	41,625
Data/Word Processing, Printing & Duplica	001.000.341.81.10	170	77	150	-
	001.310.341.81.10	94	108	61	-
	103.440.341.81.10	1,527	518	940	1,527
Day Use Park Fee	107.410.362.42.10	6,109	7,560	7,846	6,109
Department of Commerce	001.240.334.04.20	212,174	362,069	312,500	-
Department of Ecology	001.240.334.03.10	34,047	0	0	-
	445.770.334.03.10	130,000	0	0	-
Department of Health	001.320.334.04.90	766	778	0	-
DEPARTMENT OF HOMELAND SECURITY	001.310.333.97.06	31,549	20,444	0	31,549
	440.750.333.97.03	8,245,670	4,423,226	8,782,982	950,000
Department of Homeland Security	001.320.333.97.03	0	1,561,902	0	-
Department of Justice	001.310.331.16.60	849	5,753	1,698	-
Department of Transportation	001.310.333.20.61	10,275	0	0	-
	105.720.333.15.00	255,744	870,643	0	-
	105.720.333.20.20	3,705,554	43,405	4,079,882	-
	108.410.333.20.50	98,068	0	0	-
Depot Rental (Short-Term)	101.410.362.40.01	29,485	8,919	23,650	29,485
Dept of Ecology	401.740.374.03.10	3,436	40,660	0	-
Dept of Housing & Urban Development	001.240.331.14.21	111,624	153,844	106,279	108,427
District/Municipal Court - Admin Fees	001.310.341.33.00	0	131	0	-
Donations	108.410.367.00.00	53,589	378,670	1,115,000	180,000
DUI & Other Criminal Justice Assistance	001.130.336.06.51	1,160	877	1,547	1,548
Equipment & Vehicle Leases (Long-Term)	401.730.362.50.00	9,506	23,187	18,559	39,977
	401.740.362.51.00	2,010	690	0	-
Ethernet Circuit Lease	001.260.343.23.00	3,790	5,311	6,000	8,100
Ethernet Circuit Lease-Burlington	001.260.343.23.10	6,000	5,311	6,000	8,100
Exhibit Admission Fees	001.450.347.50.30	9,213	8,921	7,657	9,213
FEMA Grant for Live Fire Training	001.320.331.97.04	0	25,000	0	-
Fiber Installation/Repair Services	001.260.343.28.00	59,221	30,867	56,984	59,465
	001.260.361.10.00	0	177,467	0	-
Fiber Internet Services	001.260.343.20.00	1,732,267	1,270,340	2,192,276	2,231,670

2026 Draft Budget Revenue (as of 10/03/2025)

Values					
Fire Impact Fee Transfer In	001.320.397.00.00		0	315,000	165,000
Fire Insurance Premium Tax	611.320.336.06.91	41,759	55,641	41,759	55,641
FRANCHISE FEES AND ROYALTIES	001.000.321.91.00	218,930	158,681	249,486	218,930
Fund Balance - REET 1	335.240.308.10.00	0	0	234,551	-
Fund Balance - REET 2	335.240.308.10.02	0	0	1,851,551	-
General Facilities Charges	401.740.379.13.30	327,170	177,514	295,752	306,059
	440.750.379.13.30	328,553	248,952	364,042	305,699
	445.770.379.13.30	50,949	29,775	57,051	32,735
GENERAL OBLIGATION BOND PROCEEDS	001.000.391.10.00	12,125,000	0	0	8,000,000
Hotel/Motel Sales & Use Tax	135.240.313.31.00	527,219	256,701	608,892	586,474
Housing and Related Services	109.000.313.25.00	541,391	342,954	653,584	514,431
Insurance Recoveries (non capital asset)	501.790.398.00.00	6,897	0	0	-
Interfund Loan Repayment Received	401.710.381.20.00	0	0	0	1,700,000
INTERLOCAL GRANTS, ENTITLEMENTS & OTHER	001.320.337.00.00	1,518,649	1,430,931	2,146,396	3,459,406
	108.410.337.00.00	55,352	2,197	250,000	250,000
Interlocal Grants, Entitlements & Other	101.410.337.00.00	104,805	52,403	104,805	104,805
	103.440.337.00.00	18,801	0	0	18,801
Investment Interest	135.000.361.10.00	6,154	4,389	0	-
Investment Interest	001.000.361.10.00	29,348	14,239	40,146	29,348
	101.000.361.10.00	3,253	1,229	0	-
	102.000.361.10.00	956	566	0	1,358
	103.000.361.10.00	2,470	1,416	0	3,371
	104.000.361.10.00	3,866	1,861	0	-
	105.000.361.10.00	523	1,332	0	-
	107.000.361.10.00	1,003	745	0	1,788
	108.000.361.10.00	592	76	0	-
	112.000.361.10.00	2,505	1,965	0	-
	113.000.361.10.00	2,142	1,454	6,937	3,490
	335.000.361.10.00	14,746	10,432	0	25,037
	401.000.361.10.00	108,333	79,010	682,847	108,333
	440.000.361.10.00	47,186	17,438	38,304	30,065
	445.000.361.10.00	7,772	4,726	29,941	8,148
	450.000.361.10.00	7,905	4,743	38,371	-
	501.000.361.10.00	24,439	21,045	194,194	-
	611.000.361.10.00	719	492	338	-
Irrigation/Reclamation Services	401.000.343.90.00	683,954	501,446	581,785	696,953
Judgments & Settlements	001.000.369.40.00	8,862	300	0	-
	001.000.369.40.10	0	44,682	0	47,942
	001.310.369.40.00	181,008	345	0	-
	104.720.369.40.00	0	1,230	0	-
	401.000.369.40.00	280,862	8,835	0	-
Judgments and Settlements	440.000.369.40.00	6,480	0	0	-
Judicial Salary Contribution - State	001.130.336.01.29	4,568	3,426	4,568	4,568
Law Enforcement Services	001.310.342.10.00	10,808	5,631	8,451	20,808
Lease Interest Revenue	001.240.361.40.00	14,829	0	0	-
	001.260.361.40.00	2,210	0	7,452	225,373

2026 Draft Budget Revenue (as of 10/03/2025)

Values					
Leasehold Excise Tax	001.000.317.20.00	242,348	172,429	339,123	323,473
Legal Services	001.130.341.95.00	5,650	5,000	0	-
Library Services	103.440.347.20.00	25,400	19,950	28,613	25,400
Liquor Control Board Profits	001.000.336.06.95	136,032	68,104	134,650	134,506
Liquor/Beer Excise Tax	001.000.336.06.94	93,958	58,168	119,851	128,267
Local Retail Sales & Use Tax	001.000.313.11.00	4,605,255	2,916,418	5,555,464	5,975,963
Long Term Loan	001.260.391.00.00	0	0	1,566,305	-
Marijuana Excise Tax	001.000.336.06.42	39,962	17,371	41,229	39,962
Medicaid	001.320.332.93.40	424,468	124,800	879,010	424,468
Meter Installation Fees	401.740.379.10.30	48,061	9,784	70,111	-
Motor Vehicle Fuel Tax - City Streets	104.720.336.00.87	271,206	155,127	311,869	316,171
Multimodal Transpo City	104.720.336.00.71	23,102	11,566	23,203	22,938
NON DEPARTMENTAL	114.000.361.10.00	10,571	7,369	0	-
Non-Court Fines & Penalties	103.440.359.00.00	2,009	2,007	1,920	2,009
Oak Harbor Capital Reserve	401.000.379.00.20	396,194	439,448	659,172	662,960
Office of Public Defense Grant	001.130.334.01.20	15,000	49,356	15,000	-
Operating Transfers In	101.410.397.00.00	0	0	15,000	10,000
Other Business Licenses & Permits	001.210.321.99.00	80,157	50,223	102,293	100,333
Other Financing Sources-premium	001.000.392.00.00	536,683	0	0	-
OTHER GRANTS	401.000.367.00.00	500	0	0	-
OTHER INTEREST	001.320.361.40.00	7,208	0	0	-
Other Interest	001.000.361.40.00	25,866	12,863	13,952	17,687
	401.710.361.40.00	18,402	0	0	-
	440.710.361.40.00	17,079	0	0	-
Other Non-Business Licenses & Permits	001.240.322.90.00	0	1,500	0	-
	001.310.322.90.00	4,599	2,670	6,286	4,599
Other Non-Revenues	001.240.389.00.00	145	0	0	-
Other Nonrevenues - DIS Reserves	001.220.389.02.40	1,578,646	1,101,971	1,652,956	1,432,771
Other Nonrevenues - Overhead	001.000.389.01.40	1,701,420	1,171,864	1,764,604	1,794,853
Other Planning & Development Services	001.240.345.89.00	74,392	19,342	30,690	94,482
Parking Fees - Boat Trailer Lot	107.410.362.31.10	79,593	68,423	81,832	79,593
Parking Fees - Lot 'B'	107.410.362.32.10	11,416	9,747	10,000	11,416
Passport & Naturalization Services	103.440.341.99.00	18,620	10,815	18,900	18,620
Payment ILO Taxes PILOT	001.000.337.00.00	7,164	7,979	7,164	7,979
Plan Checking Services	001.240.345.83.30	146,463	110,387	198,313	174,458
Port - Sulfur Mitigation Interlocal	104.720.337.30.00	22,963	11,255	11,435	22,963
Proceeds from Sales of Capital Assets	101.410.395.10.10	62	12,123	0	-
Proceeds from Sales of Capital Assets	001.000.395.10.10	3,411	1,119	1,863	-
	401.000.395.10.00	0	6,371	0	4,087
	440.750.395.10.00	14,700	7,578	0	-
	501.790.395.10.00	25,697	0	0	-
	501.790.395.10.10	91,740	8,088	37,718	-
Protective Inspection Services	001.240.342.40.00	1,694	2,153	2,541	2,828
Public Safety Jail Sales & Use Tax	001.000.313.15.00	907,973	553,062	1,095,826	1,138,958
Public Transportation Tax TBD	104.720.313.21.00	1,082,863	686,131	1,307,168	1,316,102
Real & Personal Property Tax	108.410.311.10.00	289,572	0	0	-

2026 Draft Budget Revenue (as of 10/03/2025)

Values					
Real & Personal Property Tax	001.000.311.10.00	3,743,940	2,558,390	4,500,000	4,585,597
	101.410.311.10.00	1,820,365	1,192,426	2,100,000	2,139,945
	102.430.311.10.00	174,784	113,412	200,000	203,804
	103.440.311.10.00	1,676,018	968,177	1,700,000	1,732,337
	104.720.311.10.00	491,965	0	0	-
	105.720.311.10.00	141,753	0	0	-
Recreation & Conservation Funding Board	108.410.334.02.70	141,337	55,639	205,000	200,000
Recreation Fees - Non Taxable	101.410.347.60.20	43,951	55,964	60,000	56,379
Recreation Fees - Taxable	101.410.347.60.10	80,518	54,133	90,000	80,518
REET 1 - First Quarter Percent	335.240.318.34.00	667,769	464,994	660,449	700,659
REET 1 Transfer In	108.410.397.01.00	0	0	0	50,000
REET 2 - Second Quarter Percent	335.240.318.35.00	664,898	464,994	660,449	700,659
REET Transfer in	001.713.397.01.00	0	0	655,000	90,000
Refinery Debt Capital Reserve	401.000.379.00.10	650,076	441,656	662,484	662,484
Repair Services	501.790.344.30.40	3,351,199	2,621,710	3,932,263	4,202,954
Reserved Fund Balance	401.000.308.10.00	0	0	-78,298	-
Roads/Streets Maintenance & Repair Servi	104.720.344.10.10	8,966	0	0	-
Sale of Scrap & Surplus	401.000.369.10.20	4,293	0	6,439	-
	440.000.369.10.20	1,605	1,704	0	-
	450.780.369.10.20	2,369	371	0	-
SALES OF MERCHANDISE	001.450.341.70.10	1,133	267	800	1,133
Sales of Merchandise - Retail	101.410.341.70.10	395	147	0	395
Sales of Merchandise - Retail Arts Commi	101.410.341.70.11	775	365	0	775
Sales of Merchandise - Wholesale	101.410.341.70.20	2,160	1,800	0	2,160
Sales of Merchandise, Firewood	107.410.341.71.10	13,580	10,949	13,556	13,580
Sales of Merchandise, Shower	107.410.341.72.30	4,480	3,263	3,664	4,480
Senior Center Rental	101.410.362.40.02	3,252	2,569	4,555	3,252
SEPA Related Mitigation Fees	001.240.345.86.00	1,440	480	960	828
Septic Waste Dump Fee	440.000.343.50.10	640,073	414,273	631,575	663,944
Sewer/Reclaimed Water Sales	440.000.343.50.00	7,672,699	5,234,934	8,756,984	8,071,443
	440.000.343.50.50	85,273	63,262	83,956	94,800
Skagit County Public Safety Sales Tax	001.310.337.00.10	191,466	191,952	185,789	191,952
Solid Waste Services	450.780.343.70.00	4,150,780	3,037,221	4,053,892	4,575,708
Solid Waste Services - Organics	450.780.343.70.70	940,447	652,244	934,910	980,689
Solid Waste Services -Bags Retail	450.780.343.70.10	807	777	778	1,177
Solid Waste Services -Bags WholeS	450.780.343.70.20	22,976	18,293	24,355	31,541
Solid Waste Services -Interdepartmental	450.780.343.70.50	90,450	67,235	90,336	98,699
Solid Waste Services -Recycling	450.780.343.70.60	1,254,645	863,602	1,254,033	1,302,685
Space & Facilities Leases (Long-Term)	001.240.362.50.00	54,513	57,607	52,588	51,220
	001.320.362.50.00	85,352	71,263	99,504	104,616
	101.410.362.50.00	597	546	4,918	597
	108.410.362.50.00	28,108	21,081	28,108	28,108
	440.000.362.50.00	12,294	22,654	29,302	39,059
Space & Facilities Rentals (Short-Term)	001.713.362.40.00	4,155	3,600	3,209	-
Special Assessments-Capital	445.770.368.10.00	6,868	0	0	-
Special Events	107.410.362.43.10	121	0	0	-

2026 Draft Budget Revenue (as of 10/03/2025)

Values					
State Reimb for Wildfire Fighting	001.320.342.21.00	5,574	0	0	-
Storm Drainage Services	445.770.343.10.30	2,181,372	1,519,105	2,189,531	2,291,831
Storm Drainage Services - Internal	445.770.343.10.00	32,628	22,469	32,628	33,897
Storvik Park Rental	101.410.362.40.00	5,047	4,419	0	5,047
Street & Curb Permits	001.240.322.40.00	10,343	6,692	6,510	10,343
	104.720.331.20.00	0	79,774	0	-
Tourism Promotion Services	135.240.345.60.00	0	79	0	-
Traffic Infraction Penalties	001.310.353.10.00	65,752	36,936	82,756	55,155
Transfers In	501.000.397.00.00	0	25,000	0	-
Transfers-In	001.000.397.00.00	0	0	0	800,000
	105.720.397.00.00	0	0	2,511,961	1,500,000
	108.410.397.00.00	0	0	265,000	75,000
	108.430.343.60.20	6,300	5,531	0	-
Transportation Improvement Board	105.720.334.03.80	570,808	0	5,016,000	3,790,000
UNASSIGNED FUND BALANCE	135.240.308.90.00	0	0	342	-
Unassigned Fund Balance	001.000.308.90.00	0	0	2,789,660	-
	101.410.308.90.00	0	0	257,367	-
	102.430.308.90.00	0	0	34,688	-
	103.440.308.90.00	0	0	165,932	-
	104.720.308.90.00	0	0	205,704	-
	105.720.308.90.00	0	0	74,670	-
	107.410.308.90.00	0	0	-105,666	-
	108.410.308.90.00	0	0	31,892	(220,000)
	112.240.308.90.00	0	0	192,145	-
	113.410.308.90.00	0	0	111,901	-
	611.320.308.90.00	0	0	-11,497	-
Unclaimed Money & Proceeds from Sales of	001.310.369.20.00	4,295	15	0	-
Unreserved Fund Balance	440.000.308.80.00	0	0	8,095,417	-
	445.000.308.80.00	0	0	876,092	-
	450.000.308.80.00	0	0	872,217	-
	501.790.308.80.00	0	0	-886,693	-
Utility Tax on Private Utilities	001.000.316.40.10	2,371,981	1,872,219	2,265,753	2,569,329
WA Public Safety Commission	001.310.334.03.52	11,392	950	0	30,000
Washington State Library Grant	103.440.334.05.70	400	0	0	-
Water Sales	401.000.343.40.00	13,871,031	10,023,126	14,194,675	14,882,350
Water Sales - Interdepartmental	401.000.343.40.50	170,097	173,113	188,204	223,911
Zoning & Subdivision Services	001.240.345.81.00	29,087	14,840	9,996	23,603
(blank)	001.260.343.22.20	2,775	1,850	0	-
	001.260.343.22.40	3,483	2,322	0	-
Interfund Loan Revenue	440.750.381.00.00	0	0	0	4,500,000
Grand Total		109,136,441	62,150,942	125,584,747	111,588,605



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 7.a.

Agenda Item Title: Ordinance 5005: Setting the 2026 Property Tax Levy

Staff Contact(s): Steve Hoglund

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

Greg Francioch
Steve Hoglund
Darcy Swetnam

Ordinance

Item Summary: Following the public hearing as required by state law, council is required to set the property tax levy for 2026.

This is the first read of the Property Tax 1% increase for 2026.

Scheduled to come back to Council on November 17th for final action.

Budget Impact:

The proposed 1% property tax increase for 2026 is \$85,646

Previous Action: Public hearing on revenue sources immediately prior to consideration of this item.

Recommended Motion: This is the first read of the ordinance. Final action is scheduled for November 17, 2025.

Alternative Actions: Do not adopt, direct staff to rebalance budget without levy increase.

Attachments (listed in order presented):

1. Ord 5005 2026 1% Property Tax Increase
2. Written Public Comment - Ordinance 5005 - Xuhua Mu

ORDINANCE NO. 5005

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ANACORTES,
SETTING THE CITY'S 2026 PROPERTY TAX REGULAR LEVY INCREASE

WHEREAS, the City Council of the City of Anacortes attest that the population of the City of Anacortes is more than ten thousand; and

WHEREAS, pursuant to RCW 35A.33.135, the City Council is required to determine and fix by ordinance the amount to be raised by ad valorem taxes; and

WHEREAS, pursuant to RCW 84.55.120 the City Council held a public hearing October 6, 2025, on the City's revenue sources for the 2026 current expense budget, which included consideration of a 1% property tax increase, and

WHEREAS, the after hearing and after duly considering all relevant evidence and testimony presented, the City Council has determined that the City of Anacortes requires an increase in property tax revenue from the previous year, in addition to that resulting from the addition of new construction and improvements to property and any increase in value of state-assessed property, in order to discharge the expected expenses and obligations of the City, and

WHEREAS, RCW 84.55.120 requires that the increase in the property tax levy over the prior year be stated both as to dollars and percentage.

NOW THEREFORE, the City of Anacortes does ordain:

Section 1: the City Council of the City of Anacortes does hereby fix and establish a regular property tax levy increase for 2026 in the amount of \$85,646, which is a percentage increase of one percent (1%) from the previous year.

Section 2: Effective date. This Ordinance shall take effect from and after five (5) days after its passage and publication, as required by law.

ADOPTED, at the regular meeting of the City Council of the City of Anacortes, this 17th day of November 2025, by a majority of the members.

City of Anacortes, Washington

BY:

Matt Miller, Mayor

ATTEST:

Steven D. Hoglund, City Clerk

APPROVED AS TO FORM:

Darcy Swetnam, WSBA #40530
City Attorney

From: [No Reply](#)
To: [CityClerk](#)
Subject: Public Comment Submission
Date: Monday, October 6, 2025 10:30:00 AM

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

Submitted by: Xuhua Mu
Email Address: xuhua.mu2@gmail.com

Commented on event: <https://anacorteswa.portal.civicclerk.com/event/1203/overview>
If you are having trouble viewing the URL above, cut and paste the string into your browser window.

User comment: Dear Anacortes Councilmembers, I want to raise a concern about the draft property tax ordinance being considered. As written, the ordinance states that the City requires an increase in property tax revenue “in addition to that resulting from new construction and improvements to property and any increase in value of state-assessed property.” In plain terms, this means the City can raise its property tax levy by 1% without considering the additional tax revenue that will automatically be provided by higher property valuations set by the County. This increase from valuations — whether from new construction or market reassessments — is a real cost to residents, and deserves to be acknowledged in the ordinance and in your discussions. For four years now, the City has cited flat revenue projections to justify annual levy increases. But to residents, the reality is that both rising valuations and levy increases compound into higher tax bills, regardless of what the “flat projection” models show. I urge the Council to: 1. Be transparent about how increased property valuations will affect total property tax collections, not just the 1% levy increase. 2. Clearly report to the public the combined effect of new construction, market revaluations, and levy increases — before voting on this ordinance. 3. Consider whether raising the levy again this year is consistent with the financial realities many households are facing, especially given that valuations have already climbed significantly. Citizens deserve full disclosure about how much their tax burden will rise, not just the portion labeled as the “levy increase.” Anything less undermines public trust. Thank you for your time and consideration. Xuhua Mu
Anacortes, WA October 6, 2025



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 7.b.

Agenda Item Title: Resolution 3186: Purchasing Policy Update

Staff Contact(s): Darcy Swetnam, Tiffany Matson

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

Tiffany Matson

Resolution

Darcy Swetnam

Steve Hogleund

Item Summary: City staff proposes an update to City of Anacortes' Purchasing Policy to reflect recent legislative changes and updated internal procedures.

Background: The updates to the Purchasing Policy include formatting and minor editing, as well as larger changes that are a result of legislative session outcomes that had multiple impacts to laws regarding the City's procurement and contracting requirements.

To summarize the biggest changes:

- Effective July 1, 2024, [SB 5268](#) made several amendments, added new sections, and repealed multiple RCWs related to small public works roster projects which are reflected with updated language within Section XII.F.
- Section XII.L reflects the changes of [HB1633](#), effective July 27, 2025, regarding the license requirements for HVAC, plumbing, and electrical subcontractors on public work projects over \$1,000,000. This bill modified the language so that *at the time of bid submittal* (vs. the old language that allowed for 1-hour after the bid submittal time) the subcontractors that the bidder names for HVAC, plumbing, and electrical work must be licensed, and the proof of license must be included with the bid. It also adds language that if the bidder names themselves for any of this work they must be licensed at the time of bid submittal for that work.
- Section XII.N has been added regarding the ability for the City to award to the second-lowest bidder on public works projects if certain conditions have been met. This is not a new law but it was not referenced or specified in the City's Purchasing Policy in the past.
- Section XII.O has updated language to specify the procedures to meet the expanded apprenticeship utilization requirements of [HB 1050](#), effective July 1, 2024. The added language includes specifying that City Council is approving 5

items that would qualify as “other criteria” that are appropriate for the adjustment of apprenticeship utilization requirements.

- Section XII.S has been added to clarify the procedures for changes to engineered public works contracts.

Budget Impact:

N/A

Previous Action: The proposed updates were presented and discussed at the July 10, 2025 Finance Committee meeting.

Recommended Motion: I move that City Council adopt Resolution 3186 Updating the Purchasing Policy.

Alternative Actions: Not adopt the resolution. Provide changes to the resolution and policy.

Attachments (listed in order presented):

1. Resolution 3186
2. COA Purchasing Policy 2025 - redline draft
3. Memo on Direct Contracting
4. Resolution 3186 - Purchasing Policy Presentation

RESOLUTION NO. 3186

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ANACORTES
UPDATING 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 adopted updated purchasing policies for City procurement and contracting in Resolution 3123, dated August 7, 2023; and

WHEREAS, Council now wishes to update those purchasing policies for City procurement and contracting with the City of Anacortes; and

NOW THEREFORE, BE IT RESOLVED, by the City Council of the City of Anacortes, Washington, that Resolution 3123 is hereby repealed and the attached updated Purchasing Policy is hereby adopted.

The foregoing resolution was ADOPTED by the City Council of the City of Anacortes, Washington, at a regular, open public meeting thereof this 6th day of October, 2025.

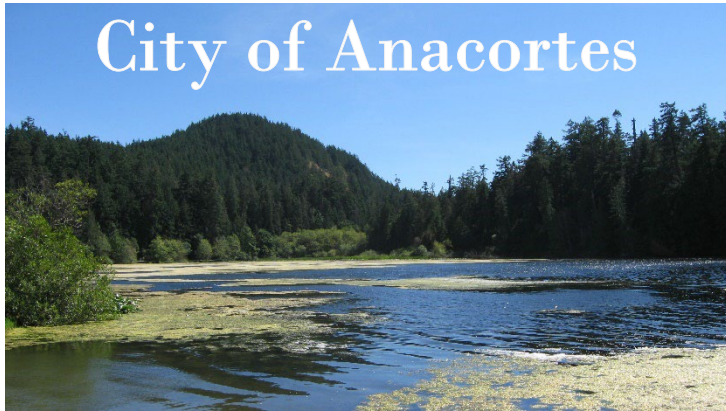
Matt Miller, Mayor

ATTEST:

Steven D. Hoglund, City Clerk/Treasurer

APPROVED AS TO FORM:

Darcy Swetnam, City Attorney



PURCHASING POLICY



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I. GENERAL

A. Purpose

The City of Anacortes ("City") Purchasing Policy ("Policy") is intended to direct the purchase of goods and services at a reasonable cost while following all applicable laws. 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 conflict or are more restrictive than these guidelines, such laws, regulations, grants, or requirements should be followed.

In the event any bid threshold limits in the Revised Code of Washington (RCW) are different from the values listed within this Policy, the RCW limits shall control.

The City Attorney shall be consulted when questions regarding potential conflicts arise. Applicable laws and regulations will be cited throughout this document.

E. Annual Review and Policy Approval Authority

This Policy may be reviewed annually by the City Attorney and Contracts and Grants Manager. When material changes to the Policy that change purchasing rules, contract rules, or procedures within the Policy are required the revised Policy must be presented to the Anacortes City Council for review and approval. Minor changes that do not materially change purchasing rules, contract rules, or procedures within the Policy, such as formatting edits and website link updates, are under the authority of the City Attorney and Contracts and Grants Manager to implement without City Council review.

II. ETHICS OF PROCUREMENT

A. Gifts and Conflicts of Interest

The City is committed to providing a very fair, transparent and equitable process for 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 interest or the appearance of such conflicts based on inappropriate opportunities to influence the solicitation and/or award process. The City uses the measure 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 Legal Department 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 the 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 PRA. Do not share information other than with City staff who are directly involved in the evaluation and selection process. Project Managers, the Legal Department, 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 submit questions, particularly regarding the evaluation process, or request copies of documents, refer them to the Legal Department.

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 selection advisory committee has a conflict of interest, or perceived conflict of interest, they must immediately withdraw from the process and 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 the Legal Department for advice on how to proceed. Legal Department staff will review your specific grant and guide you on next steps.

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 - **Information Systems and Technology Manager**
- Computers and related equipment, printers, scanners and copiers, software or systems - **Information Systems and Technology Manager**
- Anything purchased using Equipment Rental and Revolving (ER&R) funds – **Operations 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 executed 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.

The cost of purchasing materials, supplies, and equipment not related to a public works project should be pre-estimated for a calendar year's time. If the total yearly cost is over the bid limit for vendor purchases the city must bid the items, even though a single purchase may cost less than the bid limits.

To avoid bid splitting:

- A. Combine all phases of a public work project or vendor purchase when estimating cost.
- B. Combine the total of foreseen identical items purchased at the same time or within a calendar year's time, in which the cost exceeds competition limits (i.e. office supplies, water pipe, asphalt, paint, copy paper, 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 (AMC) [Chapter 1.30](#). **Only the Mayor has the designated signature authority to sign contracts and binding agreements for the City.** AMC Chapter 1.30 allows the Mayor to delegate signature authority for contracts and contract modifications meeting AMC 1.30.40 to the department director responsible for the agreement.

City Council approval is required for goods or services contracts that:

- A. Are contracts with a total aggregate value of \$45,000 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 \$45,000 signature threshold
or
- C. Are cost modifications for contracts with an original value between \$45,000-\$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

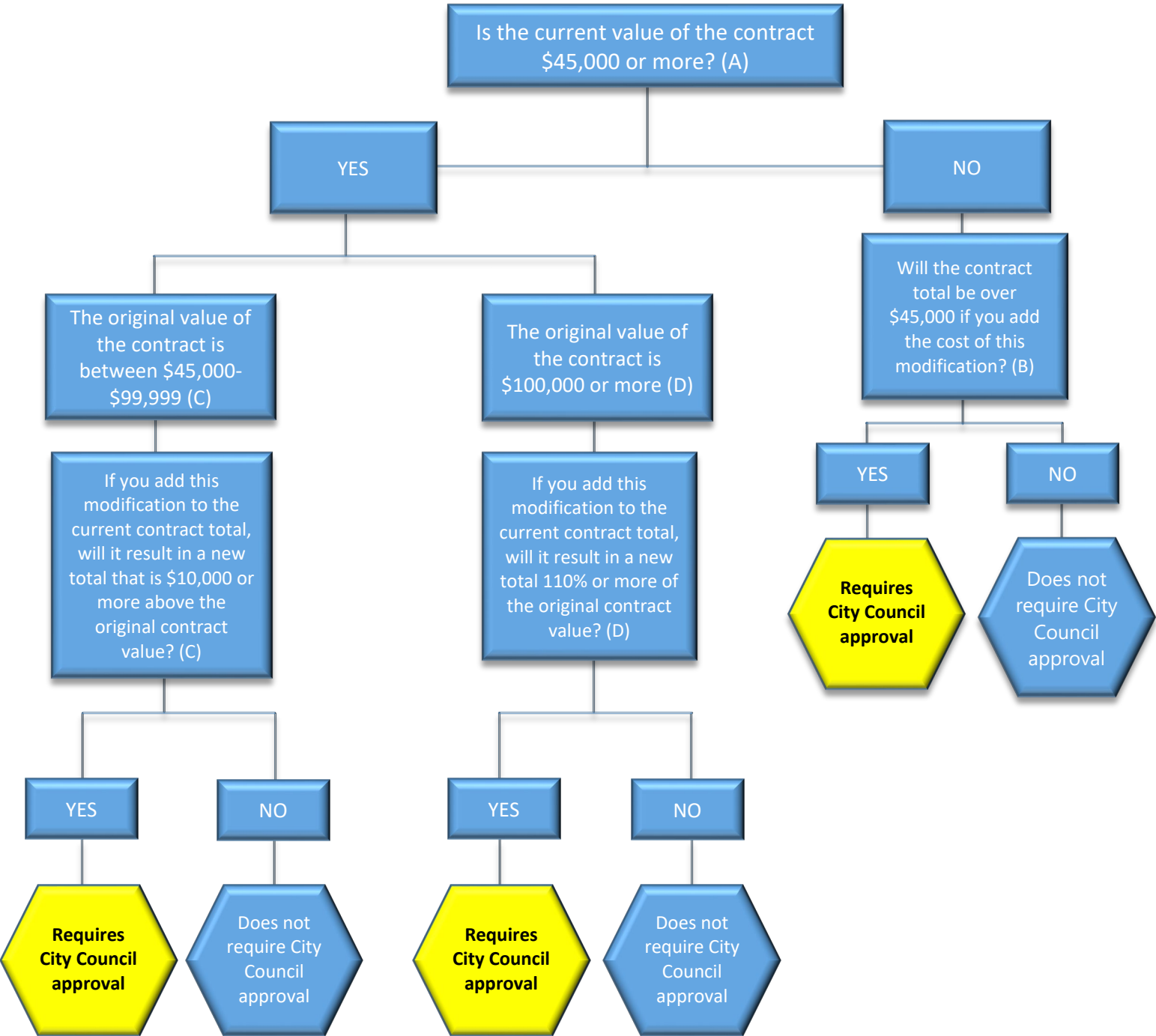
Example 1: a \$200,000 contract has a modification for \$18,000 for a new contract amount of \$218,000. The original contract amount is over \$100,000 so the next step is to figure out if the new total contract amount is 110% over the original value(D). 110% of \$200,000 would be \$220,000, so this modification 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 \$50,000 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 \$45,000-\$99,999, so the next step is to determine if this modification results in a new contract amount \$10,000 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 push the total contract amount over the \$45,000 threshold(B), and is not for a contract with an original value between \$45,000-\$99,999(C) or \$100,000 or more(D), so it does not need to be approved by Council.

Example 4: a \$40,000 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 \$46,000. Modification #1 did not meet any of the requirements of 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 \$45,000 signature threshold(B) and so it does need to be approved by Council.

Contract Modification Approval Requirements



IX. ELECTRONIC SIGNATURES

The City follows the Uniform Electronic Transactions Act, [Chapter 1.80 RCW](#), which applies to any electronic record or electronic signature created, generated, sent, communicated, received, or stored on or after June 11, 2020. A 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 AMC Chapter 1.30.

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.

XI. COMPOST PROCUREMENT LOCAL PREFERENCE REQUIREMENTS

When the City will use compost as defined by AMC [Chapter 2.86](#) for (a) Landscaping projects; (b) Construction and postconstruction soil amendments; (c) Applications to prevent erosion, filter stormwater runoff, promote vegetation growth, or improve the stability and longevity of roadways; the City, or the City's contractor, must purchase finished compost products from companies that: 1) produce compost locally within Skagit County; 2) are certified by a nationally recognized organization; 3) are permitted by the local health jurisdiction; and 4) produce finished compost products derived from municipal solid waste compost programs while meeting quality standards adopted by the Department of Transportation or adopted by rule by the Department of Ecology.

If compost meeting the above criteria is not available, preference for compost procurement must be given to products sourced as close as possible to the City. Proof that locally produced compost was not available at the time of purchase or was cost-prohibitive must be documented.

Staff should report the volume and cost of compost purchased throughout the year, and the source or sources of the compost, to the Finance Department by January 31st of the following year in order for the Finance Department to submit their report to the Washington State Department of Ecology by March 31st of each year².

² [RCW 43.19A.150\(5\)](#)



PUBLIC WORKS



XII. 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, executed at the cost of the state or of any municipality..."³. 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 using tools who isn't City staff, the purchase falls under public works procurement rules and contracting requirements.

Contact the Legal Department 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-\$75,500	Optional	\$0-\$44,999 = Mayor \$45,000+ = City Council
	Over \$75,500	Required	City Council
Multi Trade or Craft	\$0-\$150,000	Optional	\$0-\$44,999 = Mayor \$45,000+ = City Council
	Over \$150,000	Required	City Council
	DOLLAR LIMIT	QUOTES	APPROVAL
Using MRSC Small Works Roster	\$0-\$350,000	Must notify all contractors on the roster list	\$0-\$44,999 = Mayor \$45,000+ = City Council
			APPROVAL
Unit-Priced On-Call Contracts	All unit-priced on-call contracts must be procured through either the Small Works Roster or a formal bid process.		\$0-\$44,999 = Mayor \$45,000+ = City Council

Note: in the event the threshold limits in the Revised Code of Washington (RCW) are different from the values above, the RCW limits shall control.

"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 \$75,500 (single craft) or \$150,000 (multiple craft). For larger projects, you must contract with a responsible contractor. The City must provide a report to the state auditor of the costs of all public works greater than \$5,000 that are not let by contract⁴. For any project using City workers that cost in excess of \$25,000, the City must publish a description of the project and its estimated cost in its official newspaper at least 15 days before beginning the work⁵.

However, the City may have its own regularly employed personnel perform work which is an accepted industry practice under prudent utility management without a contract. For purposes of this section, "prudent utility management" means performing work with regularly employed personnel utilizing material of a worth not exceeding \$300,000 in value without a contract. This limit on value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment. For purposes of this section, "equipment" includes, but is not limited to, conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications⁶.

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 construction 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. The cost of any design or consultant work on the project is not included in the project's construction estimate. Additionally, 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 Legal Department.

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 submits a Request for New Contract Form to begin the contract process.

⁴ [RCW 35.23.352\(5\)](#)

⁵ [RCW 39.04.020](#)

⁶ [RCW 35.23.352\(1\)](#)

F. Small Works Roster (SWR)

When the estimated cost of a public works project is \$350,000 or less, the City may follow the Small Works Roster (SWR) process for construction of a public work or improvement as an alternative to the general competitive bidding requirements. The City has contracted with the Municipal Research and Services Center of Washington (MRSC) for the use of a statewide electronic database for small public works and consulting services developed and maintained by MRSC.

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(s) and solicit the names of contractors for such roster(s). Responsible contractors shall be added to the appropriate MRSC roster(s) at any time that they submit a written request and necessary records to MRSC.

Notification:

After an award is made using the small works roster, the City must make the awards and bids publicly available and available by request. Legal Department staff will fulfill this requirement by keeping an updated list on the City's website.

Once per year, the City must publish a list of all small works contracts awarded. This requirement is fulfilled automatically by MRSC Rosters and the City will not be required to post information separately.

Small Works Roster Process – Competitive Bidding - Between \$0 and \$350,000

For all small works contracts with an estimated cost up to \$350,000, excluding sales tax, the City can use the following small works roster process established by [RCW 39.04.152\(4\)\(a\)](#).

When using the small works roster competitive bid process, the City must send an Invitation to Bid to the entire List of Businesses ("project-specific roster" or "applicable roster") generated for the project. Staff will then evaluate the bids received, select the lowest responsive bid submitted by a responsible bidder, and proceed to contract award and execution.

After discussing the project with the requesting staff member, Legal Department staff will:

1. Prepare the bid documents, then log into MRSC Rosters and under "Generate a Roster" select "Small Works Roster."
2. Enter the project name and contract number then select "Over \$150,000."
3. Select the primary project type and work category. The project type and work category should reflect the majority project need, it is best not select smaller work scopes or anticipated subcontracting scopes.

4. The MRSC platform will save the project-specific roster for each project and Legal Department staff will save a copy in the procurement files.
5. Email an electronic Invitation to Bid **to the entire List of Businesses** ("project-specific roster" or "applicable roster") generated for the project. Only contractors accepted to a small works roster before a project-specific roster is generated can be invited to bid and be awarded a small works contract. The Invitation to Bid should contain the following information; items with an asterisk (*) are required by RCW 39.04.152(3):
 - a. Project name and number
 - b. The scope of work* including:
 - i. Existing conditions (as applicable)
 - ii. Materials and equipment that will be provided by the City or that the City requires*
 - iii. Current understanding of permitting requirements and authorities having jurisdiction
 - c. The estimated cost*
 - d. Project schedule and deadlines for completing the project
 - e. Information on a site walk and/or pre-bid conference if offered
 - f. Bid due date and time
 - g. Bid form
 - h. Instructions to Bidders, including mandatory bidder responsibility criteria and any supplemental bidder responsibility criteria (RCW 39.04.350)
 - i. Where and how to submit bids
 - j. How questions can be submitted and how addendums, if necessary, will be provided and communicated
 - k. City staff contact information
 - l. Sample contract (contract form) that will be awarded, including:
 - i. General conditions
 - ii. City required forms
 - iii. Insurance requirements (could be included in instructions to bidders)
 - iv. Bonding requirements (could be included in instructions to bidders)
 - v. Retainage approach (could be included in instructions to bidders)
 - vi. Payment procedures
 - vii. Any other contract or project requirements
6. The evaluation of bids and award of contract shall follow the City's standard rules and procedures for public work contracts.
7. After procurement and award is complete, Legal Department staff will return to the MRSC Rosters system under "Documentation" and manually populate each response to the invitation. The options for each prospective contractor are:
 - a. No response (default)
 - b. Declined
 - c. Not responsive

- d. Not responsible
- e. Bid received

For each bid received, the City will enter the bid amount. Once the information is entered into the system, it is immediately publicly available.

If the lowest bid exceeds the small works roster contracting threshold of \$350,000 (before sales tax) staff will need to revisit the project scope or use the public work formal bidding process instead.

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. The City is required to award the public works contract to the responsible bidder with the lowest responsive bid.

The general process is as follows:

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 Legal Department.
2. Legal Department staff 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 Legal Department of the lowest responsive bid.
8. Legal Department staff verifies the contractor is a responsible bidder.
9. The Project Manager submits a Request for New Contract Form to begin the contract process.
10. Legal Department staff verifies the contract award approval requirements and, if required, schedules and prepares the City Council documents.
11. The Legal Department administers the contract process.

H. Requests for Bid Documents

The 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. This includes 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 ensures that all bidders receive complete documentation, including all addendum, changes, and clarifications.

I. Unit-Priced Contracts – On-Call and Systemwide Maintenance

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 shall have a specified total aggregate not-to-exceed value.
3. The initial term of the contract may not exceed three years, with the option to extend or renew the contract for one additional year.
4. 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.

To Bid a Unit-Priced On-Call Contract:

- Use the Formal Bid or Small Works Roster procedures applicable to the estimate total aggregate not-to-exceed value of the contract.
- The Invitation to Bid must:
 - Specify that the contract will expire when the work orders total the estimate total aggregate not-to-exceed value 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 Wages for all work performed pursuant to each work order must be the prevailing wage rates in effect at the beginning date for each contract year.
 - Specify that on an annual basis (12-month contract period) the Prevailing Wage rates must be updated and Intents and Affidavits submitted to Labor and Industries).

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 must specify the intended bid price. 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

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. 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, 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
- Mandatory bidder responsibility questionnaire with all items filled in
- Certification of Compliance with Wage Payment Statutes
- For projects that cost an estimated \$1 million or more, a list of all licensed

subcontractors for HVAC, plumbing, or electrical work must be submitted. The bidder may also submit itself for any of these categories if they are licensed for those categories at the time of bid submittal. Within 48 hours after the published bid submittal time, the bidder must submit the names of the subcontractors they will use for structural steel installation and rebar installation, if awarded the contract⁷.

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.

M. Responsible Bidder

Before award of a public works contract, a bidder must meet the following responsibility criteria to be considered a responsible bidder and qualified to be awarded a public works project⁸:

- At the time of bidding have a certificate of registration in compliance with chapter [18.27 RCW](#), a plumbing contractor license in compliance with chapter [18.106 RCW](#), an elevator contractor license in compliance with chapter [70.87 RCW](#), or an electrical contractor license in compliance with chapter [19.28 RCW](#), as required under the provisions of those chapters.
- Have a current Washington State Unified Business Identifier (UBI) number.
- If applicable, have industrial insurance/workers' comp coverage required in [Title 51 RCW](#).
- Have a Washington State 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\(3\)](#).
- If bidding on a public works project subject to the apprenticeship utilization requirements in [RCW 39.04.320](#) to not have been found out of compliance by the Washington State Apprenticeship and Training Council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter [49.04 RCW](#) for the one-year period immediately preceding the date of the bid solicitation.
- Certify through a sworn statement that they are not a willful violator of labor laws in reference to [RCW 49.48.082](#).
- Have received training on the requirements related to public works and prevailing wage under chapter [39.04 RCW](#) and chapter [39.12 RCW](#), or received exemption from this requirement by completing three or more public works projects and have had a valid business license in Washington for three or more years. *(effective July 1, 2027 this language is changed so a bidder can be exempt from the online L&I training on prevailing wages if they have completed at least 1 public work project within the last 3 years and have not received a citation for a violation of RCW 39.04.350, chapter 39.12 RCW, or those provided in RCW 39.12.055 (1) through (3),*

⁷ [RCW 39.30.060](#)

⁸ [RCW 39.04.010](#), [RCW 39.04.350](#)

or they have to have at least 1 designated person who is a current employee or officer who has taken the L&I training within the last 3 years.)

- Not currently be debarred or suspended by the Federal Government on the U.S. Government's "System of Award Management" database (sam.gov).

In addition, [RCW 39.04.350\(3\)](#) 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.

N. Awarding to the Second-Lowest Bidder

[RCW 35.23.352](#) authorizes the City to award public works contracts to the second-lowest responsible bidder submitting a responsive bid if both of the following conditions are met:

- City Council issues a written finding that the lowest responsible bidder has delivered a project to the agency within the last three years which was late, over budget, or did not meet specifications, and City Council does not find in writing that the bidder has shown how they would improve their performance to be likely to meet project specifications; AND
- The second-lowest responsible bidder submitted a bid within 5% of the lowest bid and meets the same criteria as the lowest bidder.

If the City awards a contract to the second-lowest responsible bidder under those criteria the City must make an annual report to the state Department of Commerce including the total number of bids awarded to certified minority or women contractors and describing how notice was provided to potential certified minority or women contractors.

O. Apprenticeship Utilization Requirements⁹

For larger public works contracts, all cities and towns in Washington must require contractors to perform at least 15% of labor hours using apprentices enrolled in state-approved apprenticeship programs.

These requirements for large public works projects are phased in as follows:

Timeframe	Apprentice utilization required for all projects estimated to cost:
July 1, 2024-June 30, 2026	\$2 million or more
July 1, 2026-June 30, 2028	\$1.5 million or more
July 1, 2028 and after	\$1 million or more

"Estimated to cost" refers to the engineer's estimate or project estimate developed by the City which is included in the invitation to bid. Estimated cost is not the bid or award amount. Sales tax is included in the estimated cost of the project when determining whether apprentice utilization requirements apply.

For apprentice utilization requirements (AURs) the City is responsible for the following:

1. Incorporating AUR elements into bid documents and contracts. This includes provisions for apprentice utilization requirements, tracking, wages, expected costs, incentives, penalties, good faith efforts, and supporting specifications.
2. Reviewing and approving Apprentice Utilization Plans submitted by bidders/contractors. Ensure bidders and contractors submit an Apprentice Utilization Plan for the project.
3. Monitoring compliance. Verify that contractors and subcontractors submit and report the intent forms, certified payrolls, and affidavits to the L&I Prevailing Wage Intent and Affidavit (PWIA) Portal before making contract payments.
4. Reviewing and adjusting the requirements. If necessary, review and approve adjustments (reductions) to the apprentice utilization percentages, including a defined "good faith efforts" process.
5. Assessing incentives/penalties. Pay incentives or assess penalties as appropriate.

[RCW 39.04.320\(2\)](#) grants public agencies the authority to adjust (reduce) apprentice utilization requirements for a *specific project*. The statute outlines several scenarios that may warrant adjustments, including:

- A. A demonstrated lack of available apprentices in the project area
- B. A disproportionately high ratio of material costs to labor costs
- C. The contractor's documented "good faith efforts" to comply with apprentice utilization requirements
- D. Other criteria the public agency deems appropriate, which are subject to review by the public agency's governing body.

⁹ [RCW 39.04.320](#)

The City of Anacortes' City Council approves the following "other criteria" as appropriate for the adjustment of apprentice utilization requirements:

- A. Worker Displacement. If hiring an apprentice would necessitate laying off existing employees, the required apprentice utilization percentage may be adjusted proportionally for that contractor or subcontractor. Documentation should include the length of employment of the would-be laid-off workers, program requirements, and other relevant information.
- B. Unbalanced Program Costs. If the cost of training through a state-approved program is 50% or more of a subcontractor's entire bid, the City could potentially consider the program cost to be considered "unbalanced" for that project. An adjustment to the required apprentice utilization percentage might be lowered proportionally for that subcontractor. Documentation should include program information, costs, and the subcontractor's bid.
- C. Change Order Work. If an approved change order introduces new, previously unanticipated work and does not include sufficient scope or time to maintain apprentice ratios, it may result in a disproportionate distribution of total project hours and a potential shortfall in apprentice utilization. Documentation should typically include the change order itself and an updated Apprentice Utilization Plan (AUP) with notes explaining how the unplanned hours have impacted the apprentice utilization percentage.
- D. Warranty/Specialty Work. If the contract requires specialized equipment or systems that can only be serviced by certified, journey-level installers or technicians from the original equipment manufacturer (OEM), this may limit the number of apprentice-able occupations involved. In such cases, the prime contractor and the OEM can collaborate to provide justification based on the planned hours for the specific scope and jointly submit a request to adjust apprentice utilization percentages to accommodate the specialty work.
- E. Federal Funding. Federal funding often justifies adjustments or waivers of state apprentice utilization requirements on public works projects.

P. Bid Deposit, Performance Bond, and Payment Bond

Whenever competitive quotes or bids are required, a bidder may be required to make a deposit in the form of a cashier's check, postal money order, or surety 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 they have 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 Attorney¹⁰. 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 acceptance. The request will be evaluated and accepted or rejected by the Legal Department.

¹⁰ [RCW 39.08.010](#)

Q. Retainage

State law¹¹ 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, 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 held¹²:

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.

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.

R. Prevailing Wages

- State law requires prevailing wages to be paid by the contractor on all public works projects and all public building service maintenance contracts. 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

¹¹ [Chapter 60.28 RCW](#)

¹² [RCW 60.28.011](#)

(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 Legal Department.

- Owner/Operators that do not have any employees do not need to pay themselves prevailing wages, however, they 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 contract¹³.
- 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 rate¹⁴.
- 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.

¹³ [WAC 296-127-011](#)

¹⁴ [WAC 296-127-023](#)

****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 rates¹⁵. 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 at [SAM.GOV](https://sam.gov).

S. Changes to Engineered Public Work Contracts

When an addition, deletion, or revision to the contract terms including scope of work, contract price, and/or contract times is required for an engineered public work contract the following processes apply:

Field Order:

Applicable engineered projects will have a Minor Changes bid line item set at no more than \$25,000. Under this line item the City Project Manager can issue a Field Order which requires minor changes in the work that will be charged to the Minor Changes bid line item. The Field Order will be signed by the contractor, City Project Manager, and City Engineer and saved with the project documents. The contractor will be provided a copy of the completed Field Order.

Change Order:

Per [RCW 39.04.360](https://leg.wa.gov/RCW/default.aspx?cite=39.04.360) the City will issue a Change Order through a Contract Modification no later than 30 days after completion of any additional work or portion of any additional work. When the City's Project Manager determines a Change Order is required the Project Manager will present a draft to the City Engineer for review. If the City Engineer approves the Change Order the Project Manager will submit a contract request form to the Legal Department with the Change Order and any related documentation attached. The Legal Department will then issue a Contract Modification which will incorporate the Change Order documentation. A Change Order does not obligate the parties until a Contract Modification is fully executed by all parties.

Contract Modification:

A Contract 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 of the original contract amount. A Contract Modification must be approved and signed as required by Anacortes Municipal Code. An executed Contract Modification and incorporated Change Orders shall be full payment and final settlement of all claims for Contract time and for all costs of any kind, including costs of delays, related to work either covered or affected by the change.

¹⁵ [WAC 296-127-025](https://leg.wa.gov/WAC/default.aspx?cite=296-127-025)



SERVICES



XIII. 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 consultant 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 Legal Department 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 Legal Department for archiving. Once a firm has been selected, the Project Manager submits a Request for New Contract Form to begin the contract process.

B. Personal Services

Personal services are 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 Legal Department for assistance.
3. Submit all proposals and any evaluation documents through the Request for New Contract Form to begin the contract process.

C. Purchased Services

Purchased services are 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. However, there are a number of purchased services 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 Legal Department 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 or maintenance*), 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 Legal Department 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 through the Request for New Contract Form to begin the 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



XIV. 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. 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 Legal Department.

A. THRESHOLDS and LOCAL PREFERENCE:

DOLLAR LIMIT	PROCUREMENT PROCESS	APPROVAL*	LOCAL PREFERENCE
\$ -0- to \$10,000	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.
\$10,001 to \$40,000	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.
\$0 to \$50,000	MRSC Vendor Roster or Formal Sealed Bid Process (Contact Legal Department)	Mayor if under \$45,000; City Council if \$45,000+	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. <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.
\$50,001+	Must use Formal Sealed Bid Process (Contact Legal Department)	Mayor if under \$45,000; City Council if \$45,000+	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. <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.

***Approval:** Any contracts for goods, no matter the price or procurement method, must be managed by the Legal Department and can only be approved and signed as outlined in section VIII.

All dollar limits include freight, handling, set-up cost, and appropriate sales tax. Keep in mind that the cost of purchasing materials, supplies, and equipment not related to a public works project should be pre-estimated for a calendar year's time. If the total yearly cost is over the bid limit for vendor purchases, the City must bid the items, even though a single purchase may cost less than the bid limits.

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 \$10,001-40,000

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 Legal Department 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 ensure 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 -\$50,000

When purchasing materials, supplies, or equipment not connected to a public works project in the amount of \$50,000 or less, the City may award purchasing contracts by a vendor list process¹⁶. The City has contracted with 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:

- Draft 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.
- Save the PDF of the MRSC Vendor Roster category as well as the PDF of the narrowed down list of vendors selected for solicitation.
- Make 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. The information given to each vendor must be identical.
- Don't share quotations from one vendor with other vendors solicited for the bid on the materials, supplies, or equipment.
- Save a written record of each vendor's quote on the material, supplies, or equipment, and any conditions imposed on the bid by such vendor and attach them to the electronic invoice.
- Attach the PDFs saved from MRSC Vendor Roster to the electronic invoice.
- Send the following information to the Legal Department: the name of the vendor awarded the contract, the amount of the contract, a brief description of the type of items purchased under the contract, and the date it was awarded.

At least every two months, the City must post a list of contracts awarded using the Vendor Roster process. The list shall contain the name of the vendor awarded the

¹⁶ [RCW 39.04.190](#)

contract, the amount of the contract, a brief description of the type of items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

D. Formal Bid Process – Materials, Supplies, or Equipment \$40,001+

Unless the Vendor Roster process is used, purchases of supplies, goods, materials, and/or equipment over \$40,000 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 Legal Department 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 Legal Department.
- The Legal Department 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 must specify the intended bid price. 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.

- 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 Project Manager verifies the bids meet the requirements of the Invitation to Bid and submits a Request for New Contract Form to begin the contract process.
- The Legal Department determines contract award approval requirements, and if required, schedules and prepares the City Council documents.

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 Legal Department 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.

Equipment Purchase vs. Installation. [RCW 39.04.270](#) authorizes the competitive negotiation process for the "acquisition" of electronic data processing or telecommunications "equipment, software, or services." This likely includes installation services too since installation may require specialized knowledge of the systems. This means that installation would not have to be bid separately from the equipment purchase. However, any installations meeting the definition of a "public work" in [RCW 39.04.010](#) would still be subject to any other public works contracting requirements such as prevailing wages, bonds, retainage, and bidder responsibility criteria.

XV. EXCEPTIONS TO THE COMPETITIVE PROCESS

The Washington State statutes¹⁷ 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.

A resolution waiving competitive bidding due to any exception is required and must be presented to City Council for review and approval. The resolution will be prepared by the Legal Department and should include estimated project/purchase costs.

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 Legal Department 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*

¹⁷ [RCW 39.04.280](#), [RCW 39.34.030](#),
[RCW 39.30.045](#), [RCW 35.21.278](#)

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 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 Legal Department 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. Project Managers who have used expansive specifications and find significant data that indicate a sole source may complete a [Sole Source Justification Form](#) and submit to the Legal Department.

B. Special Market Conditions

Special Market Conditions

[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 Legal Department 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 Director must pre-approve an upper bidding limit, (which must be within the approved City budget), for the person doing the bidding.

C. Emergency Public Works and 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. Emergency work is only for the repair and/or restoration of facility/utilities/infrastructure to pre-damage conditions or current standards. Any betterment is not an emergency and will be planned, designed, and administered through the standard competitive processes.

When an emergency arises and City staff determine that they must make emergency purchases and/or cannot perform the required work, staff must contact the Public Works Director.

If the Public Works Director determines an emergency situation exists and a contractor(s) needs to be called in or purchases made, the Director will notify the Mayor, who is authorized by Anacortes Municipal Code 1.30.090 to declare an emergency and enter into emergency contracts.

Upon declaration of the Mayor that an emergency situation exists, and upon the Mayor's authorization, required purchases can be made and contractor(s) can be called upon to make the necessary repairs.

Emergency Purchasing Procedures (not connected with a public works project)

1. When circumstances require immediate purchase of materials, supplies, or equipment to respond to an emergency City staff shall conduct competitive solicitation to the extent practicable given the emergency and in keeping with the dollar value of the acquisition. Any emergency purchase shall be documented by the Department with a written explanation of the emergency.
2. If the emergency purchases are over the City's bid limits staff will notify the Legal Department of the purchases on the first working day following the emergency situation.
3. If the emergency purchases are over the City's bid limits the Legal Department will prepare a resolution to affirm the declaration of an emergency and waive competitive bidding requirements. The resolution will be presented to the City Council within two weeks following the emergency purchases.

Emergency Public Works Procedures

1. Prior to emergency public work commencing the Project Manager must verify through <https://secure.lni.wa.gov/verify/> that the proposed contractor(s) meet the following mandatory requirements:
 - a) At the time of quote submittal be a registered contractor in compliance with chapter 18.27 RCW, a plumbing contractor license in compliance with chapter 18.106 RCW, an elevator contractor license in compliance with chapter 70.87 RCW, or an electrical contractor license in compliance with chapter 19.28 RCW, as required under the provisions of those chapters.
 - b) Have a current Washington State Unified Business Identifier (UBI) number.
 - c) Have a Washington State Employment Security Department (ESD) account as required in Title 50 RCW.
 - d) If applicable, have industrial insurance/workers' comp coverage required in Title 51 RCW.
 - e) Have a state excise tax registration number as required in Title 82 RCW.
 - f) Have received training on requirements related to public works and prevailing wage by Labor and Industries or approved training provider under RCW 39.04.350, and chapter 39.12 or are exempted by Labor and Industries.
 - g) Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065.
 - h) Not currently be debarred or suspended by the Federal Government on the U.S. Government's "System of Award Management" database (sam.gov).

- i) If quoting on a public works project subject to the apprenticeship utilization requirements in RCW 39.04.320 to not have been found out of compliance by the Washington State Apprenticeship and Training Council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter 49.04 RCW for the one-year period immediately preceding the date of the bid solicitation. Not have any apprenticeship violations, if applicable
 - j) Meet any supplemental criteria requirements, if applicable.
- The Project Manager will save a copy of the verification check.
- 2. Before any work commences the contractor(s) must review and sign an Emergency Public Work Agreement form, outlining prevailing wage and bond requirements and payment type/schedule. The Project Manager will provide the contractor a signed Emergency Public Work Agreement form to the Legal Department as soon as possible.
- 3. The first working day following the emergency situation, the Project Manager will notify the Legal Department of:
 - a) The need for the emergency work.
 - b) The name(s) of contractor(s) called in to perform the work and provide copies of the L&I & SAM verification checks.
 - c) The type of work being performed by the contractor(s) and any required construction specifications or standards that apply to the work.
 - d) The estimated cost of the work and payment type.
- 4. The Legal Department will issue the emergency contracts and the contractor(s) will be required to execute the contract and provide all required bonds and insurance documents within five (5) working days of the work commencing.
- 5. The Legal Department will prepare a resolution to affirm the declaration of an emergency and waive competitive bidding requirements. The resolution will be presented to the City Council within two weeks following award of the emergency contract(s).

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") which must be approved by City Council. Contact the Legal Department for assistance through this process.

Prior to making a purchase under such an agreement, the City must ensure that the host agency complied with its own statutory contracting requirements and posted the solicitation online, and that the vendor agreed to the arrangement through the initial solicitation documents.

The originating agency's procurement, advertisement, and contract documents should 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.

E. Pollution Control Facilities

Chapter [70A.210.110](#) 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 Legal Department must be involved in this process.

F. Neighborhood "Self-Help" Projects

Without regard to competitive bidding laws for public works, the City may contract with a chamber of commerce, a service organization, a community, youth, or athletic association, or other similar association located and providing service in the immediate neighborhood, for drawing design plans, making improvements to a park, public square, other public spaces, or port habitat site, installing equipment or artworks, or providing maintenance services for such a project, or for a facility or facilities as a community or neighborhood project, or for an environmental justice stewardship or sustainability project, and may reimburse the contracting association its expense. The contracting association may use volunteers to whom no wage or salary compensation is paid in the project and provide the volunteers with clothing or tools; meals or refreshments; accident/injury insurance coverage; and reimbursement of their expenses. The consideration received by the City (the improvements, artwork, etc.) must be at least equal to two 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 seventy-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 Streets¹⁸

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

¹⁸ [RCW 47.24.050](#)

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.

XVI. 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

Anacortes Municipal Code requires that every person engaging in business within the City limits of Anacortes register their business with the state and include a City of Anacortes Endorsement. Businesses from outside City limits with a gross annual income of \$2,000 in Anacortes are also required to obtain a City endorsement. Business licenses and City endorsements can be obtained through the State of Washington Department of Revenue (DOR) Business Licensing Service (BLS) at bls.dor.wa.gov.

XVII. 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.

XVIII. 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 are good places 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 the Legal Department if you would like to consider this option.

XIX. SALES TAX AND USE TAX

A. Sales Tax

The City 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. To look up tax rates, visit the Washington State Department of Revenue (DOR) [website](http://www.dor.wa.gov).

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.

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.

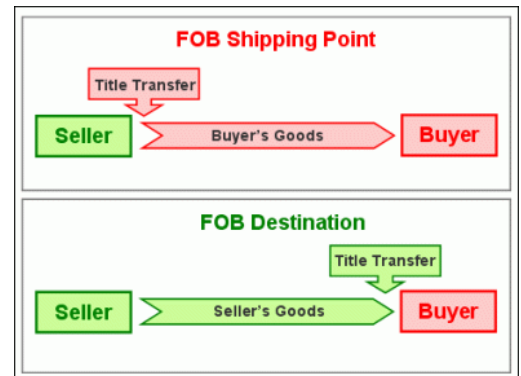
Use tax is due if:

- 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.

XX. 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 and Delivered Duties Paid (DDP) Delivery Point if applicable. 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 or customs/export/import charges. 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 or shipping point, the City owns the merchandise from the point of shipping while it is in transit.
- Freight Prepaid or Freight Collect refers to who is responsible for paying shipping charges - the City or the seller.
- DDP Delivery Point means the seller assumes all of the responsibility, risk, and costs associated with transporting goods including completing export clearance and customs documentation and paying for all export and import duties.

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.

XXI. 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@anacorteswa.gov

All questions regarding payments should be directed to the City Accounts Payable.

Invoices related to contracts are processed by the Legal Department.

The City 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.

Accounts payable checks are paid on the next business day after approval at a regular City Council meeting.

A P-Card is an alternate way to pay for something. See the City's [policy](#) for details and requirements.

XXII. APPENDICES

A. Definitions

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: A document that details an addition, deletion, or revision to the Contract terms including Scope of Work, Contract Price, and/or Contract Times issued on or after the Effective Date of the Contract that is then included in a Contract Modification. A Change Order does not obligate the parties until a Contract Modification is fully executed by all parties.

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.

Field Order: A document issued by the City's Project Manager on engineered public work projects that details the minor changes in the Work that will be charged to the Minor Changes bid line item.

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 and Affidavits of Prevailing Wages Paid 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 (NOC): After final acceptance of any public works project over \$35,000, a public agency must file a NOC with the Department of Revenue (DOR), Department of Labor and Industries (L&I), and Employment Security Department (ESD)¹⁹. Each state agency must approve

¹⁹ [RCW 60.28.051](#)

the NOC 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 retainage²⁰.

Ordinary Maintenance: Ordinary maintenance is defined as maintenance work performed by the regular employees of the state or any county, municipality, or political subdivision created by its laws.

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.”

Public Work: “Public work” means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.

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.

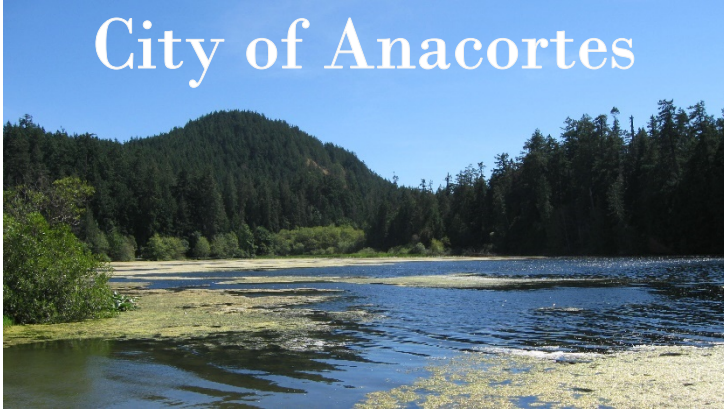
²⁰ [RCW 60.28.060](#)

B. [Matrix of Contract Requirements](#)

City of Anacortes Contract Requirements

	Estimated Cost	Quotes	Formal Bids	Advertisement & Public Bid Opening	Bid Bond	Council Approval	Retainage	Performance / Payment Bonds	Intents & Affidavits	Notice of Final Acceptance	Notice of Completion
Public Works											
Single Trade or Craft	\$0-\$75,500	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver for 10% Retainage	Under \$5,000 optional no-fee Combined Form; \$5,000+ Yes	Yes	If \$35K+
	\$75,501+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver with 10% Retainage if under \$150k	Yes	Yes	Yes
Multiple Trade or Craft	\$0-\$150,000	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver for 10% Retainage	Under \$5,000 optional no-fee Combined Form; \$5,000+ Yes	Yes	If \$35K+
	\$150,001+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver for 10% Retainage if under \$150k	Yes	Yes	Yes
MRSC Small Works Roster (SWR)	\$0-\$350,000	must notify all contractors on the roster list	No	No	No	If \$45K+	Under \$5,000 – No retainage required; or 5%, or 10% with Bonds Waiver	•Yes, or •Under \$5k – not required, or •Waiver of bonds for 10% Retainage	Under \$5,000 optional no-fee Combined Form; \$5,000+ Yes	Yes	If \$35K+
	Over \$350,000	Can't use SWR - See bid requirements above									
Materials, Supplies, Equipment (Unrelated to Public Work/Construction, Services, A/E)											
	\$0-\$10,000	1+	No	No	No	No	No	No	No	No	No
	\$10,001-\$40,000	3+	No	No	No	No	No	No	No	No	No
	\$40,001+	Not allowed	Yes	Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Vendor List	\$0-\$50,000	3+	No	No	No	If \$45K+	No	No	No	No	No
	Over \$50,000	Can't use Vendor List - See bid requirements above									
Personal Services											
May Use MRSC Consultant Roster	Any Amount	1+	No	No	No	If \$45K+	No	No	No	No	No
Purchased Services											
	Any Amount	1+	No	No	No	If \$45K+	No	No	Possibly	No	No
Architectural and Engineering (A/E) Professional Services											
	Any Amount	Both a RFQ and RFP Required - NO Quotes or Bids Allowed		Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Consultant Roster	Any Amount	Select consultant first based on qualifications, then request proposal		No	No	If \$45K+	No	No	No	No	No

City of Anacortes



PURCHASING POLICY



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I. GENERAL

A. Purpose

The City of Anacortes ("City") Purchasing Policy ("Policy") is intended to direct the purchase of goods and services at a reasonable cost while following all applicable laws. 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 conflict or are more restrictive than these guidelines, such laws, regulations, grants, or requirements should be followed.

In the event any bid threshold limits in the Revised Code of Washington (RCW) are different from the values listed within this Policy, the RCW limits shall control.

The City Attorney shall be consulted when questions regarding potential conflicts arise. Applicable laws and regulations will be cited throughout this document.

E. Annual Review and Policy Approval Authority

This Policy may be reviewed annually by the City Attorney and Contracts and Grants Manager Specialist. When material changes to the Policy that change purchasing rules, contract rules, or procedures within the Policy are required, the revised Policy must be presented to the Anacortes City Council for review and approval. Minor changes that do not materially change purchasing rules, contract rules, or procedures within the Policy, such as formatting edits and website link updates, are under the authority of the City Attorney and Contracts and Grants Manager Specialist to implement without City Council review.

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 SpecialistLegal Department](#) 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 [PRA 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 SpecialistLegal Department](#), 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 submit questions, particularly with regard ~~ing to~~ [evaluation process](#), or ~~to~~ [request copies of](#) documents, refer them to the [Contract SpecialistLegal Department](#).

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, or perceived conflict of interest, they must immediately withdraw from the process. ~~If you have a conflict or perceived conflict of interest, you must~~ and 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 the Legal Department for advice on how to proceed. ~~We~~ Legal staff 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 - **Information Systems and Technology Manager/IT Manager.**
- Computers and related equipment, printers, scanners and copiers, software or systems - **Information Systems and Technology Manager/IT Manager.**
- Anything purchased using Equipment Rental and Revolving (ER&R) funds – **Fleet Services-Operations 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 executed 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.

The cost of purchasing materials, supplies, and equipment not related to a public works project should be pre-estimated for a calendar year's time. If the total yearly cost is over the bid limit for vendor purchases the City must bid the items, even though a single purchase may cost less than the bid limits.

To avoid bid splitting:

- A. Combine all phases of a public work project or vendor purchase when estimating cost.
- B. Combine the total of foreseen identical items purchased at the same time or within a calendar year's time, in which the cost exceeds competition limits (i.e. office supplies, water pipe, asphalt, paint, copy paper, 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.

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 (AMC) [Chapter 1.30](#). **Only the Mayor has the designated signature authority to sign contracts and binding agreements for the City.** AMC Chapter 1.30 allows the Mayor to delegate signature authority for contracts and contract modifications meeting AMC 1.30.40 to the department director responsible for the agreement.

City Council approval is required for goods or services contracts that:

- A. Are contracts with a total aggregate value of \$45,000 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 \$45,000 signature threshold
or
- C. Are cost modifications for contracts with an original value between \$45,000-\$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 \$100,000 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 \$50,000 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 \$45,000-\$99,999, so the next step is to determine if this modification results in a new contract amount \$10,000 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.

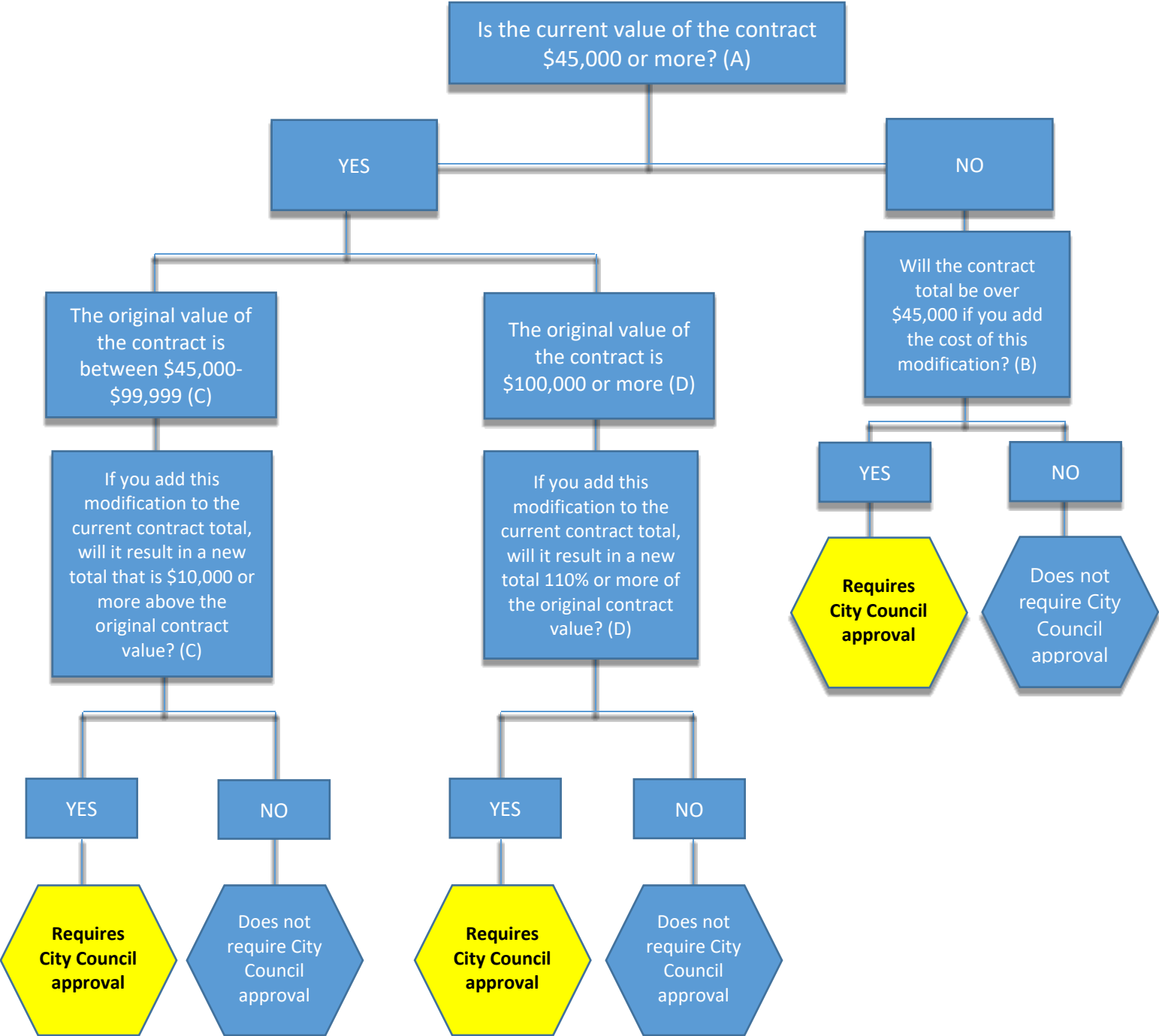
Example 3: a \$10,000 contract has a modification of \$1,500 for a new contract amount of \$11,500. The modification does not push the total contract amount over the \$45,000 threshold(B), and is not for a contract with an original value between \$45,000-\$99,999(C) or \$100,000 or more(D), so it does not need to be approved by Council.

Example 4: a \$40,000 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 \$46,000. Modification #1 did not meet any of the requirements of 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 \$45,000 signature threshold(B) and so it

¹ [RCW 35.23.352\(1\)](#)

does need to be approved by Council.

Contract Modification Approval Requirements



IX. ELECTRONIC SIGNATURES

The City follows the Uniform Electronic Transactions Act, [Chapter 1.80 RCW](#), which applies to any electronic record or electronic signature created, generated, sent, communicated, received, or stored on or after June 11, 2020. A 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 AMC Chapter 1.30.

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.

XI. COMPOST PROCUREMENT LOCAL PREFERENCE REQUIREMENTS

When the City will use compost as defined by AMC [Chapter 2.86](#) for (a) Landscaping projects; (b) Construction and postconstruction soil amendments; (c) Applications to prevent erosion, filter stormwater runoff, promote vegetation growth, or improve the stability and longevity of roadways; the City, or the City's contractor, must purchase finished compost products from companies that: 1) produce compost locally within Skagit County; 2) are certified by a nationally recognized organization; 3) are permitted by the local health jurisdiction; and 4) produce finished compost products derived from municipal solid waste compost programs while meeting quality standards adopted by the Department of Transportation or adopted by rule by the Department of Ecology.

If compost meeting the above criteria is not available, preference for compost procurement must be given to products sourced as close as possible to the City ~~of Anacortes~~. Proof that locally produced compost was not available at the time of purchase or was cost-prohibitive must be documented.

Staff should report the volume and cost of compost purchased throughout the year, and the source or sources of the compost, to the Finance Department by ~~November 30th~~ January 31st ~~of every the following year~~ in order for the Finance Department to submit their report to the Washington State Department of Ecology by March 31st of each year.



PUBLIC WORKS



XII. 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, executed at the cost of the state or of any municipality...”². 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 using tools who isn’t City staff, the purchase falls under public works procurement rules and contracting requirements.

Contact the ~~Contract Specialist~~ Legal Department 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-\$75,500	Optional	\$0-\$44,999 = Mayor \$45,000+ = City Council
	Over \$75,500	Required	City Council
Multi Trade or Craft	\$0- \$116,155 <u>\$150,000</u>	Optional	\$0-\$44,999 = Mayor \$45,000+ = City Council
	Over \$116,155 <u>\$150,000</u>	Required	City Council
	DOLLAR LIMIT	QUOTES	APPROVAL
Using MRSC Small Works Roster	\$0-\$49,999	Minimum 3 quotes requested	\$0-\$44,999 = Mayor \$45,000+ = City Council
	\$0 <u>\$50,000-</u> \$249,999 <u>\$350,000</u>	<u>Must notify all contractors on the roster list</u> Minimum 5 quotes requested	\$0-\$44,999 = Mayor \$45,000+ = City Council <u>City Council</u>
	<u>\$250,000-</u> <u>\$350,000</u>	Minimum 5 quotes requested <u>Must notify all contractors on roster</u>	City Council
			APPROVAL
Unit- Priced On-Call Contracts	All unit-priced on-call contracts must be procured through either the Small Works Roster or a formal bid process.		\$0-\$44,999 = Mayor \$45,000+ = City Council

Note: in the event the threshold limits in the Revised Code of Washington (RCW) are different from the values above, the RCW limits shall control.

² RCW 39.04.010

"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.

~~Effective June 30, 2024: The ability for the City to pursue public works by contract or day labor without calling for bids is increased from \$116,155 to \$150,000 if more than a single craft or trade is involved.~~

C. Day Labor

The City may use our own employees to perform public works projects with an estimated cost up to \$75,500 (single craft) or \$~~150,000~~~~116,155~~ (multiple craft). For larger projects, you must contract with a responsible contractor. The City must provide a report to the state auditor of the costs of all public works greater than \$5,000 that are not let by contract³. 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~~15 days before beginning the work⁴.

~~Effective June 30, 2024:~~ However, the City may have its own regularly employed personnel perform work which is an accepted industry practice under prudent utility management without a contract. For purposes of this section, "prudent utility management" means performing work with regularly employed personnel utilizing material of a worth not exceeding \$300,000 in value without a contract. This limit on value of material being utilized in work being performed by regularly employed personnel shall not include the value of individual items of equipment. For purposes of this section, "equipment" includes, but is not limited to, conductor, cabling, wire, pipe, or lines used for electrical, water, fiber optic, or telecommunications.

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 construction 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. The cost of any design or consultant work on the project is not included in the project's construction estimate. ~~However~~Additionally, 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~~Legal Department.

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 submits a Request for New Contract Form to begin the contract process.

F. Small Works Roster (SWR)⁵

When the estimated cost of a public works project is \$350,000 or less, the City may follow the Small Works Roster (SWR) process 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. ~~At least once per year, the City must post a list of all small works roster contracts awarded regardless of dollar value, including the date, the name of the contractor, the amount of the contract, a brief description of the type of work performed, and the location where the bid quotations for these contracts are available for public inspection.~~

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 ~~(s) or rosters~~ and solicit the names of contractors for such roster ~~(s) or rosters~~. Responsible contractors shall be added to the appropriate MRSC roster ~~(s) or rosters~~ at any time that they submit a written request and necessary records to MRSC.

Notification:

After an award is made using the small works roster the City must make the awards and bids publicly available and available by request. Legal Department staff will fulfill this requirement by keeping an updated list on the City's website.

Once per year, the City must publish a list of all small works contracts awarded. This requirement is fulfilled automatically by MRSC Rosters and the City will not be required to post information separately.

To use the SWR:

- ~~Requests for quotes must emphasize that quotes 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 quote under the subject solicitation. Contractors who quote on this project must be registered on the Small Works Roster by the time that quotes are due.~~

³ [RCW 43.09.205](#)

⁴ [RCW 39.04.020](#)

- Requests for quotes should list if bonds and prevailing wage will be required.
- Project Manager or Contract Specialist Legal Department contacts contractors off the Small Works Roster. Requests for quotes 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 request. The information given to each contractor must be identical. Quotes not requiring a bid deposit may be submitted by email.
- At the time quotes are solicited, the City shall not inform a contractor of the terms or amount of any other contractor's quote 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 Legal Department shall make a written record of each contractor's quote on the project and of any conditions imposed. Immediately after an award is made, the quotations obtained shall be recorded, open to public inspection, and available by inquiry.
- The Contract Specialist Legal Department verifies the lowest bidder meets the legal criteria in the request for quotes and is a responsive, responsible bidder (RCW 39.04.010, 39.04.350, sam.gov).
- The Project Manager verifies the lowest responsive, responsible bidder meets the requirements to perform the Scope of Work and submits a Request for New Contract Form to initiate 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.
- Retainage may be waived.

~~Small Works Roster "Limited Public Works Process"—up to \$49,999~~

- If a work, construction, alteration, repair, or improvement project is estimated to cost less than fifty thousand dollars (\$50,000), the City may award such a contract using the limited public works process.⁶
- A minimum of three electronic or written quotes from the appropriate small works roster is to be solicited and the contract shall be awarded to the lowest responsible bidder.
- 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.

⁵ RCW 39.04.155

- ~~The Contract SpecialistLegal Department administers the contract process and if the contract is \$0-\$44,999 it is under the Mayor's signature authority threshold. If it is \$45,000 or more it is required to be approved for award by City Council.~~

~~Effective July 1, 2024: The previous limited public works threshold of \$50,000 is replaced by a new threshold of \$150,000, and the City may enter into direct contracting under certain conditions as specified in RCW 39.10.908 Section 15 or must solicit quotes from all on the appropriate roster.~~

~~Small Works Roster Process - Between \$50,000 and \$249,999~~

- ~~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 SpecialistLegal Department administers the contract process and the contract is required to be approved for award by City Council.~~

Small Works Roster Process – Competitive Bidding - Between \$250,000 and \$350,000

For all small works contracts with an estimated cost up to \$350,000, excluding sales tax, the City can use the following small works roster process established by RCW 39.04.152(4)(a).

When using the small works roster competitive bid process, the City must send an Invitation to Bid to the entire List of Businesses ("project-specific roster" or "applicable roster") generated for the project. Staff will then evaluate the bids received, select the lowest responsive bid submitted by a responsible bidder, and proceed to contract award and execution.

After discussing the project with the requesting staff member, Legal Department staff will:

1. Prepare the bid documents, then log into MRSC Rosters and under "Generate a Roster" select "Small Works Roster."
2. Enter the project name and contract number then select "Over \$150,000."
3. Select the primary project type and work category. The project type and work category should reflect the majority project need, it is best not select smaller work scopes or anticipated subcontracting scopes.
4. The MRSC platform will save the project-specific roster for each project and Legal Department staff will save a copy in the procurement files.
5. Email an electronic Invitation to Bid **to the entire List of Businesses** ("project-specific roster" or "applicable roster") generated for your project. Only contractors accepted to a small works roster before a project-specific roster is generated can be invited to bid and be awarded a small works contract. The Invitation to Bid

should contain the following information; items with an asterisk (*) are required by RCW 39.04.152(3):

- a. Project name and number
 - b. The scope of work* including:
 - c. Existing conditions (as applicable)
 - d. Materials and equipment that will be provided by the City or that the City requires*
 - e. Current understanding of permitting requirements and authorities having jurisdiction
 - f. The estimated cost*
 - g. Project schedule and deadlines for completing the project
 - h. Information on a site walk and/or pre-bid conference if offered
 - i. Bid due date and time
 - j. Bid form
 - k. Instructions to Bidders, including mandatory bidder responsibility criteria and any supplemental bidder responsibility criteria (RCW 39.04.350)
 - l. Where and how to submit bids
 - m. How questions can be submitted and how addendums, if necessary, will be provided and communicated
 - n. City staff contact information
 - o. Sample contract (contract form) that will be awarded, including:
 - p. General conditions
 - q. City required forms
 - r. Insurance requirements (could be included in instructions to bidders)
 - s. Bonding requirements (could be included in instructions to bidders)
 - t. Retainage approach (could be included in instructions to bidders)
 - u. Payment procedures
 - v. Any other contract or project requirements
6. The evaluation of bids and award of contract shall follow the City's standard rules and procedures for public work contracts.
7. After procurement and award is complete, Legal Department staff will return to the MRSC Rosters system under "Documentation" and manually populate each response to the invitation. The options for each prospective contractor are:
 - a. No response (default)
 - b. Declined
 - c. Not responsive
 - d. Not responsible
 - e. Bid received

For each bid received, the City will enter the bid amount. Once the information is entered into the system, it is immediately publicly available.

If the lowest bid exceeds the small works roster contracting threshold of \$350,000 (before sales tax) the staff member will need to revisit the project scope or use the public work formal bidding process instead.

- ~~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 quotes 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 Specialist~~Legal Department ~~administers the contract process and the contract is required to be approved for award by City Council.~~

~~Effective July 1, 2024: The bid limit for using the Small Works Roster is modified to apply to work with an estimated cost of \$350,000 or less excluding state sales tax, and the City will notify all contractors in the roster category for projects with an estimated cost of \$150,000-\$350,000.~~

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. The City is required to award the public works contract to the responsible bidder with the lowest responsive bid.

The general process is as follows:

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~~Legal Department.
2. The ~~Contract Specialist~~Legal Department ~~staff~~ 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~~Legal Department of the lowest responsive bid.
8. The ~~Contract Specialist~~Legal Department staff verifies the contractor is a responsible bidder.
9. The Project Manager submits a Request for New Contract Form to begin the contract process.
10. The ~~Contract Specialist~~Legal Department staff verifies the contract award approval requirements and, if required, schedules and prepares the City Council documents.
11. The ~~Contract Specialist~~Legal Department 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., This including includes 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 ensures 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 contracts⁷.~~ 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

⁷ [RCW 35.23.352](#)

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 shall have a specified total aggregate not-to-exceed value.
3. The initial term of the contract may not exceed three years, with the option to extend or renew the contract for one additional year.
4. 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.

To Bid a Unit-Priced On-Call Contract:

- Use the Formal Bid or Small Work Rosters procedures applicable to the estimate total aggregate not-to-exceed value of the contract.
- The Invitation to Bid must:
 - Specify that the contract will expire when the work orders total the estimate total aggregate not-to-exceed value 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 Wages for all work performed pursuant to each work order must be the prevailing wage rates in effect at the beginning date for each contract year.
 - Specify that on an annual basis (12-month contract period) the Prevailing Wage rates must be updated and Intents and Affidavits submitted to Labor and Industries).

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 must specify the intended 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, 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
- Certification of Compliance with Wage Payment Statutes
- For projects that cost an estimated \$1 million or more, a list of all licensed subcontractors for HVAC, plumbing, or electrical work must be submitted. The bidder may also submit itself for any of these categories if they are licensed for those categories at the time of bid submittal. Within 48 hours after the published bid submittal time, the bidder must submit the names of the subcontractors they will use for structural steel installation and rebar installation, if awarded the contract.

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.

M. Responsible Bidder

~~The City is required to award public works contracts to a responsible bidder with the lowest responsive bid. This applies to informal bidding, such as a small works roster, as well as formal competitive bids. Before award of a public works contract, a bidder must meet the following responsibility criteria to be considered a responsible bidder and qualified to be awarded a public works project: Responsible bidders⁸ must meet a number of mandatory criteria. The bidder must:~~

- At the time of bidding have a certificate of registration in compliance with chapter [18.27 RCW](#), a plumbing contractor license in compliance with chapter [18.106 RCW](#), an elevator contractor license in compliance with chapter [70.87 RCW](#), or an electrical contractor license in compliance with chapter [19.28 RCW](#), as required under the provisions of those chapters.

⁸ [RCW 39.04.010](#), [RCW 39.04.350](#)

- Have a current Washington State Unified Business Identifier (UBI) number.
- If applicable, have industrial insurance/workers' comp coverage required in [Title 51 RCW](#).
- Have a Washington State 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\(3\)](#).
- If bidding on a public works project subject to the apprenticeship utilization requirements in [RCW 39.04.320](#) to not have been found out of compliance by the Washington ~~S~~state ~~A~~apprenticeship and ~~T~~training ~~C~~council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter [49.04 RCW](#) for the one-year period immediately preceding the date of the bid solicitation.
- Certify through a sworn statement that they are not a willful violator of labor laws in reference to [RCW 49.48.082](#).
- Have received training on the requirements related to public works and prevailing wage under chapter [39.04 RCW](#) and chapter [39.12 RCW](#), or received exemption from this requirement by completing three or more public works projects and have had a valid business license in Washington for three or more years. *(effective July 1, 2027 this language is changed so a bidder can be exempt from the online L&I training on prevailing wages if they have completed at least 1 public work project within the last 3 years and have not received a citation for a violation of RCW 39.04.350, chapter 39.12 RCW, or those provided in RCW 39.12.055 (1) through (3), or they have to have at least 1 designated person who is a current employee or officer who has taken the L&I training within the last 3 years.)*
- Not currently be debarred or suspended by the Federal Government on the U.S. Government's "System of Award Management" database ([sam.gov](#)).

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 submitted⁹. 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\(32\)](#) 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.

N. Awarding to the Second-Lowest Bidder

RCW 35.23.352 authorizes the City to award public works contracts to the second-lowest responsible bidder submitting a responsive bid if both of the following conditions are met:

- City Council issues a written finding that the lowest responsible bidder has delivered a project to the agency within the last three years which was late, over budget, or did not meet specifications, and City Council does not find in writing that the bidder has shown how they would improve their performance to be likely to meet project specifications; AND
- The second-lowest responsible bidder submitted a bid within 5% of the lowest bid and meets the same criteria as the lowest bidder.

If the City awards a contract to the second-lowest responsible bidder under those criteria the City must make an annual report to the state Department of Commerce including the total number of bids awarded to certified minority or women contractors and describing how notice was provided to potential certified minority or women contractors.

N.O. Apprenticeship Utilization Requirements¹⁰

~~Effective July 1, 2024: Public works contracts estimated to cost more than \$2 million must require no less than 15% of total labor hours be performed by apprentices.~~

~~Effective July 1, 2026, and until July 1, 2028: Public works contracts estimated to cost more than \$1.5 million must require no less than 15% of total labor hours be performed by apprentices.~~

~~Effective July 1, 2028: Public works contracts estimated to cost more than \$1 million must require no less than 15% of total labor hours be performed by apprentices.~~

For larger public works contracts, all cities and towns in Washington must require contractors to perform at least 15% of labor hours using apprentices enrolled in state-approved apprenticeship programs.

These requirements for large public works projects are phased in as follows:

<u>Timeframe</u>	<u>Apprentice utilization required for all projects estimated to cost:</u>
<u>July 1, 2024-June 30, 2026</u>	<u>\$2 million or more</u>
<u>July 1, 2026-June 30, 2028</u>	<u>\$1.5 million or more</u>
<u>July 1, 2028 and after</u>	<u>\$1 million or more</u>

"Estimated to cost" refers to the engineer's estimate or project estimate developed by the City which is included in the invitation to bid. Estimated cost is not the bid or award amount. Sales tax is included in the estimated cost of the project when determining whether apprentice utilization requirements apply.

For apprentice utilization requirements (AURs) the City is responsible for the following:

1. Incorporating AUR elements into bid documents and contracts. This includes provisions for apprentice utilization requirements, tracking, wages, expected costs, incentives, penalties, good faith efforts, and supporting specifications.
2. Reviewing and approving Apprentice Utilization Plans submitted by bidders/contractors. Ensure bidders and contractors submit an Apprentice Utilization Plan for the project before issuing the Notice to Proceed. The City may exempt a bidder from this requirement if the bidder met or exceeded apprentice utilization requirements on the last public works project the bidder completed.
3. Monitoring compliance. Verify that contractors and subcontractors submit and report the intent forms, certified payrolls, and affidavits to the L&I Prevailing Wage Intent and Affidavit (PWIA) Portal before making contract payments.
4. Reviewing and adjusting the requirements. If necessary, review and approve adjustments (reductions) to the apprentice utilization percentages, including a defined "good faith efforts" process.
- 4.5. Assessing incentives/penalties. Pay incentives or assess penalties as appropriate.

RCW 39.04.320(2) grants public agencies the authority to adjust (reduce) apprentice utilization requirements for a *specific project*. The statute outlines several scenarios that may warrant adjustments, including:

- A. A demonstrated lack of available apprentices in the project area
- B. A disproportionately high ratio of material costs to labor costs
- C. The contractor's documented "good faith efforts" to comply with apprentice utilization requirements
- D. Other criteria the public agency deems appropriate, which are subject to review by the public agency's governing body.

The City of Anacortes' City Council approves the following "other criteria" as appropriate for the adjustment of apprentice utilization requirements:

- A. Worker Displacement. If hiring an apprentice would necessitate laying off existing

⁹ [RCW 39.30.060](#)

¹⁰ [RCW 39.04.320, HB1050](#)

employees, the required apprentice utilization percentage may be adjusted proportionally for that contractor or subcontractor. Documentation should include the length of employment of the would-be laid-off workers, program requirements, and other relevant information.

- B. Unbalanced Program Costs. If the cost of training through a state-approved program is 50% or more of a subcontractor's entire bid, the City could potentially consider the program cost to be considered "unbalanced" for that project. An adjustment to the required apprentice utilization percentage might be lowered proportionally for that subcontractor. Documentation should include program information, costs, and the subcontractor's bid.
- C. Change Order Work. If an approved change order introduces new, previously unanticipated work and does not include sufficient scope or time to maintain apprentice ratios, it may result in a disproportionate distribution of total project hours and a potential shortfall in apprentice utilization. Documentation should typically include the change order itself and an updated Apprentice Utilization Plan (AUP) with notes explaining how the unplanned hours have impacted the apprentice utilization percentage.
- D. Warranty/Specialty Work. If the contract requires specialized equipment or systems that can only be serviced by certified, journey-level installers or technicians from the original equipment manufacturer (OEM), this may limit the number of apprentice-able occupations involved. In such cases, the prime contractor and the OEM can collaborate to provide justification based on the planned hours for the specific scope and jointly submit a request to adjust apprentice utilization percentages to accommodate the specialty work.
- E. Federal Funding. Federal funding often justifies adjustments or waivers of state apprentice utilization requirements on public works projects.

O.P. 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 cashier's check, postal money order, or surety 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 they have 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 Attorney¹¹. 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 acceptance. The request will be evaluated and accepted or rejected by Legal.

P.Q. Retainage

State law¹² 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, 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 held¹³:

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.

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.

Q.R. Prevailing Wages

- State law requires prevailing wages to be paid by the contractor on all public works projects and all public building service maintenance contracts¹⁴. 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**

¹¹ [RCW 39.08.010](#)

¹² [Chapter 60.28 RCW](#)

¹³ [RCW 60.28.011](#)

Specialist Legal Department.

- 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 rate¹⁵.
- 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

¹⁴ [WAC 296-127-011](#)

¹⁵ [WAC 296-127-023](#)

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 rates¹⁶. 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 at [SAM.GOV](https://sam.gov).

S. Changes to Engineered Public Work Contracts

When an addition, deletion, or revision to the contract terms including Scope of Work, Contract Price, and/or Contract Times is required for an engineered public work contract the following processes apply:

Field Order:

Applicable engineered projects will have a Minor Changes bid line item set at no more than \$25,000. Under this line item the City Project Manager can issue a Field Order which requires minor changes in the work that will be charged to the Minor Changes bid line item. The Field Order will be signed by the Contractor, City Project Manager, and City Engineer and saved with the project documents. The Contractor will be provided a copy of the completed Field Order.

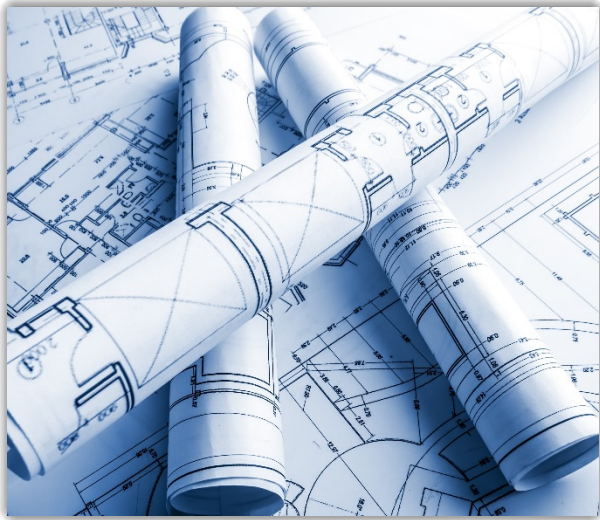
Change Order:

Per RCW 39.04.360 the City will issue a Change Order through a Contract Modification no later than 30 days after completion of any additional work or portion of any additional work. When the City's Project Manager determines a Change Order is required the Project Manager will present a draft to the City Engineer for review. If the City Engineer approves the Change Order the Project Manager will then submit a contract request form to the Legal Department with the Change Order and any related documentation attached. The Legal Department will then issue a Contract Modification which will incorporate the Change Order documentation. A Change Order does not obligate the parties until a Contract Modification is fully executed by all parties.

Contract Modification:

A Contract 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 of the original contract amount. A Contract Modification must be approved and signed as required by Anacortes Municipal Code. An executed Contract Modification and incorporated Change Orders shall be full payment and final settlement of all claims for Contract time and for all costs of any kind, including costs of delays, related to work either covered or affected by the change.

¹⁶ [WAC 296-127-025](https://wac.wa.gov/wac/296-127-025)



SERVICES



XIII. 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 consultant 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~~[Legal Department](#) 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~~[Legal Department](#) for archiving.

Once a firm has been selected, the Project Manager submits a Request for New Contract

Form to begin the contract process.

B. Personal Services

Personal sServices are 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 SpecialistLegal Department for assistance.
3. Submit all proposals and any evaluation documents through the Request for New Contract Form to begin the 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. However, Tthere 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 SpecialistLegal Department 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 or maintenance*), 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~~Legal Department 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 through the Request for New Contract Form to begin the 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



XIV. 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. 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 SpecialistLegal Department](#).

A. THRESHOLDS and LOCAL PREFERENCE:

DOLLAR LIMIT	PROCUREMENT PROCESS	APPROVAL*	LOCAL PREFERENCE
\$ -0- to \$2,500 <u>\$10,000</u>	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 <u>\$10,001 to \$7,500</u> \$40,000	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 <u>\$10,001 to \$15,000</u> \$50,000	MRSC Vendor Roster or Formal Sealed Bid Process (Contact Contract SpecialistLegal Department)	<u>Mayor if under \$45,000;</u> <u>City Council if \$45,000+De</u> <u>partment Head</u>	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. <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.
\$15,001 <u>\$50,001+</u>	Must use Formal Sealed Bid Process (Contact Contract SpecialistLegal Department)	<u>Department Head</u> if under \$45,000; <u>City Council</u> if \$45,000+	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. <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.

***Approval:** ~~The Department Head may only approve purchases that are provided for in the City budget and are under \$45,000.00. Any contracts for goods, no matter the price, or procurement method must be managed by the Contract~~

~~Specialist~~Legal Department and can only be approved and signed as outlined in section VIII. signed by the Mayor.

All dollar limits include freight, handling, set-up cost, and appropriate sales tax. Keep in mind that the cost of purchasing materials, supplies, and equipment not related to a public works project should be pre-estimated for a calendar year's time. If the total yearly cost is over the bid limit for vendor purchases, the City must bid the items, even though a single purchase may cost less than the bid limits.

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.

~~Effective June 30, 2024: Any purchase of supplies, material, or equipment not related to a public work with an estimated cost of more than \$40,000 shall be by contract. If the estimated purchase is between \$40,000 to \$50,000, purchases may be made using the vendor list process in RCW 39.04.190.~~

B. Informal Competitive Quotes - Materials, Supplies or Equipment between ~~\$2,501-\$7,500~~10,001-40,000

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~~Legal Department 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 ensure 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).

Effective June 30, 2024: The informal quote threshold is raised to \$10,000-\$40,000.

C. Vendor Roster – Materials, Supplies, or Equipment \$0 -~~\$1550,000~~

When purchasing materials, supplies, or equipment not connected to a public works project in the amount of ~~\$5015,000~~ or less, the City may award purchasing contracts by a vendor list process¹⁷. 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.

Effective June 30, 2024: The Vendor Roster threshold is raised to \$50,000.

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:

- Draft 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.
- Save the PDF of the MRSC Vendor Roster category as well as the PDF of the narrowed down list of vendors selected for solicitation.
- Make 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. The information given to each vendor must be identical.
- Don't share quotations from one vendor with other vendors solicited for the bid on the materials, supplies, or equipment.

¹⁷ [RCW 39.04.190](#)

- Save a written record of each vendor's quote on the material, supplies, or equipment, and ~~of~~ any conditions imposed on the bid by such vendor and attach them to the electronic invoice.
- Attach the PDFs saved from MRSC Vendor Roster to the electronic invoice.
- Send the following information to the ~~Contract Specialist~~Legal Department: the name of the vendor awarded the contract, the amount of the contract, a brief description of the type of items purchased under the contract, and the date it was awarded.

At least every two months, the City must post a list of contracts awarded using the Vendor Roster process. The list shall contain the name of the vendor awarded the contract, the amount of the contract, a brief description of the type of items purchased under the contract, and the date it was awarded. The list shall also state the location where the bid quotations for these contracts are available for public inspection.

D. Formal Bid Process – Materials, Supplies, or Equipment ~~\$7,500~~\$40,001+

Unless the Vendor Roster process is used, purchases of supplies, goods, materials, and/or equipment over ~~\$7,500~~\$40,000 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~~Legal Department to discuss whether the formal bid or RFP process best fits your situation.

~~Effective June 30, 2024: The formal bid threshold is raised to \$40,001+.~~

- 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~~Legal Department.
- The ~~Contract Specialist~~Legal Department 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 must specify the intended 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.
- 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 Project Manager verifies the bids meet the requirements of the Invitation to Bid and submits a Request for New Contract Form to begin the contract process.
- The ~~Contract Specialist~~Legal Department determines contract award approval requirements, and if required, schedules and prepares the City Council documents.

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~~Legal Department 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.

Equipment Purchase vs. Installation. [RCW 39.04.270](#) authorizes the competitive negotiation process for the "acquisition" of electronic data processing or telecommunications "equipment, software, or services." This likely includes installation services too since installation may require specialized knowledge of the systems. This means that installation would not have to be bid separately from the equipment purchase. However, any installations meeting the definition of a "public work" in [RCW 39.04.010](#) would still be subject to any other public works contracting requirements such as prevailing wages, bonds, retainage, and bidder responsibility criteria.

XV. EXCEPTIONS TO THE COMPETITIVE PROCESS

The Washington State statutes¹⁸ 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.

A resolution waiving competitive bidding due to any exception is required and must be presented to City Council for review and approval. The resolution will be prepared by the ~~Contract Specialist~~Legal Department and should include estimated project/purchase costs.

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~~Legal Department 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

¹⁸ [RCW 39.04.280](#), [RCW 39.34.030](#),
[RCW 39.30.045](#), [RCW 35.21.278](#)

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 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 SpecialistLegal Department](#) 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. Project Managers who have used expansive specifications and find significant data that indicate a sole source may complete a [Sole Source Justification Form](#) and submit to the [Contract SpecialistLegal Department](#).

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~~[Legal Department](#) 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 Director must pre-approve an upper bidding limit, (which must be within the approved City budget), for the person doing the bidding.

C. Emergency Public Works and 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. Emergency work is only for the repair and/or restoration of facility/utilities/infrastructure to pre-damage conditions or current standards. Any betterment is not an emergency and will be planned, designed, and administered through the standard competitive processes.

When an emergency arises and City staff determine that they must make emergency purchases and/or cannot perform the required work, staff must contact the Public Works Director.

If the Public Works Director determines an emergency situation exists and a contractor(s) needs to be called in or purchases made, the Director will notify the Mayor, who is authorized by Anacortes Municipal Code 1.30.090 to declare an emergency and enter into emergency contracts.

Upon declaration of the Mayor that an emergency situation exists, and upon the Mayor's authorization, required purchases can be made and contractor(s) can be called upon to make the necessary repairs.

Emergency Purchasing Procedures (not connected with a public works project)

1. When circumstances require immediate purchase of materials, supplies, or equipment to respond to an emergency City staff shall conduct competitive solicitation to the extent practicable given the emergency and in keeping with the dollar value of the acquisition. Any emergency purchase shall be documented by the Department with a written explanation of the emergency.
2. If the emergency purchases are over the City's bid limits, staff will notify the ~~Contract Specialist~~Legal Department of the purchases on the first working day following the emergency situation.
3. If the emergency purchases are over the City's bid limits ~~Contract Specialist~~ the Legal Department will prepare a resolution to affirm the declaration of an emergency and waive competitive bidding requirements. The resolution will be presented to the City Council within two weeks following the emergency purchases.

Emergency Public Works Procedures

1. Prior to emergency public work commencing the Project Manager must verify through <https://secure.lni.wa.gov/verify/> that the proposed contractor(s) meet the following mandatory requirements:
 - a) At the time of quote submittal be a registered contractor in compliance with chapter 18.27 RCW, a plumbing contractor license in compliance with chapter 18.106 RCW, an elevator contractor license in compliance with chapter 70.87 RCW, or an electrical contractor license in compliance with chapter 19.28 RCW, as required under the provisions of those chapters.
 - b) Have a current Washington State Unified Business Identifier (UBI) number.
 - c) Have a Washington State Employment Security Department (ESD) account as required in Title 50 RCW.
 - d) If applicable, have industrial insurance/workers' comp coverage required in Title 51 RCW.
 - e) Have a state excise tax registration number as required in Title 82 RCW.
 - f) Have received training on requirements related to public works and prevailing wage by Labor and Industries or approved training provider under RCW 39.04.350, and chapter 39.12 or are exempted by Labor and Industries.
 - g) Not be disqualified from bidding on any public works contract under RCW 39.06.010 or 39.12.065.
 - h) Not currently be debarred or suspended by the Federal Government on the U.S. Government's "System of Award Management" database (sam.gov).

- i) If quoting on a public works project subject to the apprenticeship utilization requirements in RCW 39.04.320 to not have been found out of compliance by the Washington State Apprenticeship and Training Council for working apprentices out of ratio, without appropriate supervision, or outside their approved work processes as outlined in their standards of apprenticeship under chapter 49.04 RCW for the one-year period immediately preceding the date of the bid solicitation. Not have any apprenticeship violations, if applicable
 - j) Meet any supplemental criteria requirements, if applicable.
- The Project Manager will save a copy of the verification check.
2. Before any work commences the contractor(s) must review and sign an Emergency Public Work Agreement form, outlining prevailing wage and bond requirements and payment type/schedule. The Project Manager will provide the contractor a signed Emergency Public Work Agreement form to the Contract SpecialistLegal Department as soon as possible.
 3. The first working day following the emergency situation, the Project Manager will notify the Contract SpecialistLegal Department of:
 - a) The need for the emergency work.
 - b) The name(s) of contractor(s) called in to perform the work and provide copies of the L&I & SAM verification checks.
 - c) The type of work being performed by the contractor(s) and any required construction specifications or standards that apply to the work.
 - d) The estimated cost of the work and payment type.
 4. The Contract SpecialistLegal Department will issue the emergency contracts and the contractor(s) will be required to execute the contract and provide all required bonds and insurance documents within five (5) working days of the work commencing.
 5. The Contract SpecialistLegal Department will prepare a resolution to affirm the declaration of an emergency and waive competitive bidding requirements. The resolution will be presented to the City Council within two weeks following award of the emergency contract(s).

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") which must be approved by City Council. Contact the Contract SpecialistLegal Department for assistance through this process.

Prior to making a purchase under such an agreement, the City must ensure that the host agency complied with its own statutory contracting requirements and posted the solicitation online, and that the vendor agreed to the arrangement through the initial solicitation documents.

The originating agency's procurement, advertisement, and contract documents should 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~~.

E. Pollution Control Facilities

Chapter [70A.210.110](#) 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~~[Legal Department](#) must be involved in this process.

F. Neighborhood "Self-Help" Projects

Without regard to competitive bidding laws for public works, the City may contract with a chamber of commerce, a service organization, a community, youth, or athletic association, or other similar association located and providing service in the immediate neighborhood, for drawing design plans, making improvements to a park, public square, other public spaces, or port habitat site, installing equipment or artworks, or providing maintenance services for such a project, or for a facility or facilities as a community or neighborhood project, or for an environmental justice stewardship or sustainability project, and may reimburse the contracting association its expense. The contracting association may use volunteers to whom no wage or salary compensation is paid in the project and provide the volunteers with clothing or tools; meals or refreshments; accident/injury insurance coverage; and reimbursement of their expenses. The consideration received by the City (the improvements, artwork, etc.) must be at least equal to two 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 seventy-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 Streets¹⁹

By passing a resolution, the City Council may authorize Skagit County to construct,

¹⁹ [RCW 39.04.280](#)

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.

XVI. 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

Anacortes Municipal Code requires that every person engaging in business within the City limits of Anacortes register their business with the state and include a City of Anacortes Endorsement. Businesses from outside City limits with a gross annual income of \$2,000 in Anacortes are also required to obtain a City endorsement. Business licenses and City endorsements can be obtained through the State of Washington Department of Revenue (DOR) Business Licensing Service (BLS) at bls.dor.wa.gov.

XVII. 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.

XVIII. 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 are good places 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 [the Legal Department](#) if you would like to consider this option.

XIX. 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. To look up tax rates, visit the Washington State Department of Revenue (DOR) [website](#).

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.

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.

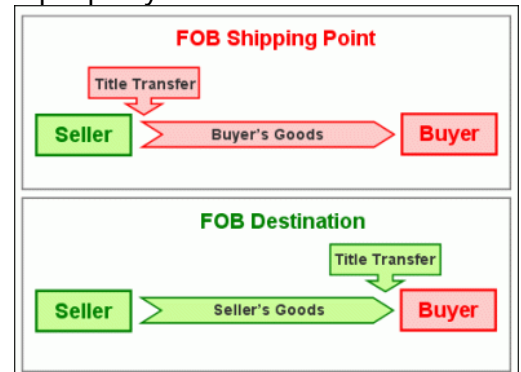
XX. FREIGHT

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 and Delivered Duties Paid (DDP) Delivery Point if applicable.

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 or customs/export/import charges. 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 or shipping point, the City owns the merchandise from the point of shipping while it is in transit.
- Freight Prepaid or Freight Collect refers to who is responsible for paying shipping charges - the City or the seller.
- DDP Delivery Point means the seller assumes all of the responsibility, risk, and costs associated with transporting goods including completing export clearance and customs documentation and paying for all export and import duties.



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.

XXI. 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@anacorteswa.gov cityofanacortes.org

All questions regarding payments should be directed to the City Accounts Payable.

Invoices related to contracts are processed by the ~~Contract Specialist~~Legal Department.

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.

XXII. APPENDICES

A. Definitions

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

A document that details an addition, deletion, or revision to the Contract terms including Scope of Work, Contract Price, and/or Contract Times issued on or after the Effective Date of the Contract that is then included in a Contract Modification. A Change Order does not obligate the parties until a Contract Modification is fully executed by all parties. 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.

Field Order

A document issued by the City's Project Manager on engineered public work projects that details the minor changes in the Work that will be charged to the Minor Changes bid line item.

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 and Affidavits of Prevailing Wages Paid 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 (NOC)

After final acceptance of any public works project over \$35,000, a public agency must file a NOC with the Department of Revenue (DOR), Department of Labor and Industries (L&I), and Employment Security Department (ESD)²⁰. Each state agency must approve the NOC 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 retainage²¹.

Ordinary Maintenance

Ordinary maintenance is defined as maintenance work performed by the regular employees of the state or any county, municipality, or political subdivision created by its laws.

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.”

Public Work

“Public work” means all work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality, or which is by law a lien or charge on any property therein.

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.

²⁰ [RCW 60.28.051](#)

²¹ [RCW 60.28.060](#)

B. Matrix of Contract Requirements — through 6/30/2024

Yes = REQUIRED; No = OPTIONAL

City of Anacortes Contract Requirements

	Estimated Cost	Quotes	Formal Bids	Advertisement & Public Bid Opening	Bid Bond	Council Approval	Retainage	Performance / Payment Bonds	Intents & Affidavits	Notice of Final Acceptance	Notice of Completion
Public Works											
Single Trade or Craft	\$0-\$75,500	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver with 10% Retainage	Under \$2,500 use the no-fee Combined Form; \$2,500+ Yes	Yes	If \$35K+
	\$75,501+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver with 10% Retainage if under \$150k	Yes	Yes	Yes
Multiple Trade or Craft	\$0-\$116,155	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver with 10% Retainage	Under \$2,500 use the no-fee Combined Form; \$2,500+ Yes	Yes	If \$35K+
	\$116,156+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver with 10% Retainage if under \$150k	Yes	Yes	Yes
MRSC Small Works Roster (SWR)	\$0-\$49,999	3+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver with 10% Retainage	Yes	Yes	If \$35K+
	\$50,000-\$249,999	All on Roster list or 5+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver with 10% Retainage if under \$150k	Yes	Yes	Yes
	\$250,000-\$350,000	5+, must notify all contractors on the roster list	No	No	No	Yes	5%	Yes	Yes	Yes	Yes
	Over \$350,000	Can't use SWR - See bid requirements above									
Materials, Supplies, Equipment (Unrelated to Public Work/Construction, Services, A/E)											
	\$0-\$2,500	1+	No	No	No	No	No	No	No	No	No
	\$2,501-\$7,500	3+	No	No	No	No	No	No	No	No	No
	\$7,501+	Not allowed	Yes	Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Vendor List	\$0-\$15,000	3+	No	No	No	No	No	No	No	No	No
	Over \$15,000	Can't use Vendor List - See bid requirements above									
Personal Services											
May Use MRSC Consultant Roster	Any Amount	1+	No	No	No	If \$45K+	No	No	No	No	No
Purchased Services											
	Any Amount	1+	No	No	No	If \$45K+	No	No	Possibly	No	No
Architectural and Engineering (A/E) Professional Services											
	Any Amount	Both a RFQ and RFP Required - NO Quotes or Bids Allowed		Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Consultant Roster	Any Amount	RFP Required - NO Quotes or Bids Allowed		No	No	If \$45K+	No	No	No	No	No

Matrix of Contract Requirements—effective 7/1/2024

Yes = REQUIRED; No = OPTIONAL

City of Anacortes Contract Requirements

	Estimated Cost	Quotes	Formal Bids	Advertisement & Public Bid Opening	Bid Bond	Council Approval	Retainage	Performance / Payment Bonds	Intents & Affidavits	Notice of Final Acceptance	Notice of Completion
Public Works											
Single Trade or Craft	\$0-\$75,500	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver for 10% Retainage	Under \$2,500 use the no-fee Combined Form; \$2,500+ Yes	Yes	If \$35K+
	\$75,501+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver with 10% Retainage if under \$150k	Yes	Yes	Yes
Multiple Trade or Craft	\$0-\$150,000	1+	No	No	No	If \$45K+	5%, or 10% with Bonds Waiver	Yes, or Waiver for 10% Retainage	Under \$2,500 use the no-fee Combined Form; \$2,500+ Yes	Yes	If \$35K+
	\$150,001+	Not allowed	Yes	Yes - 13 Days Before Bid Opening	Yes - 5% of Bid	Yes	5%, or 10% with Bonds Waiver if under \$150k	Yes, or Waiver for 10% Retainage if under \$150k	Yes	Yes	Yes
MRSC Small Works Roster (SWR)	\$0-\$150,000	enter into direct contracting under certain conditions as specified in RCW 39.10.908 <u>or</u> must solicit quotes from all on the appropriate roster	No	No	No	If \$45K+	Under \$5,000 – No retainage required; or 5%, or 10% with Bonds Waiver	•Yes, or •Under \$5k – not required, or •Waiver of bonds for 10% Retainage	Yes; Under \$5,000 – Combo Forms allowed	Yes	If \$35K+
	\$150,000-\$350,000	must notify all contractors on the roster list	No	No	No	Yes	5%	Yes	Yes	Yes	Yes
	Over \$350,000	Can't use SWR - See bid requirements above									
Materials, Supplies, Equipment (Unrelated to Public Work/Construction, Services, A/E)											
	\$0-\$10,000	1+	No	No	No	No	No	No	No	No	No
	\$10,001-\$40,000	3+	No	No	No	No	No	No	No	No	No
	\$40,001+	Not allowed	Yes	Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Vendor List	\$0-\$50,000	3+	No	No	No	No	No	No	No	No	No
	Over \$50,000	Can't use Vendor List - See bid requirements above									
Personal Services											
May Use MRSC Consultant Roster	Any Amount	1+	No	No	No	If \$45K+	No	No	No	No	No
Purchased Services											
	Any Amount	1+	No	No	No	If \$45K+	No	No	Possibly	No	No
Architectural and Engineering (A/E) Professional Services											
	Any Amount	Both a RFQ and RFP Required - NO Quotes or Bids Allowed		Yes - No Min # of Days	No	If \$45K+	No	No	No	No	No
MRSC Consultant Roster	Any Amount	RFP Required - NO Quotes or Bids Allowed		No	No	If \$45K+	No	No	No	No	No

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Staff Recommendation for Opting Out of Small Works Roster Direct Contracting

The Washington State Legislature passed Second Substitute House Bill 5268 in 2023, modifying the Small Works Roster (SWR) contracting requirements for state agencies and local government which was effective July 1, 2024.

With the new law, public agencies have two options – either solicit quotes from all contractors registered on roster for the category of work, or, for projects under \$150k, agencies can elect to authorize direct contracting to award the contract to a small businesses (as defined in RCW 39.04.010(7)) without competition.

If direct contracting is authorized, a series of contractor selection and strict rotation procedures, negotiation processes, and reporting rules are then applicable and must be followed by all City staff.

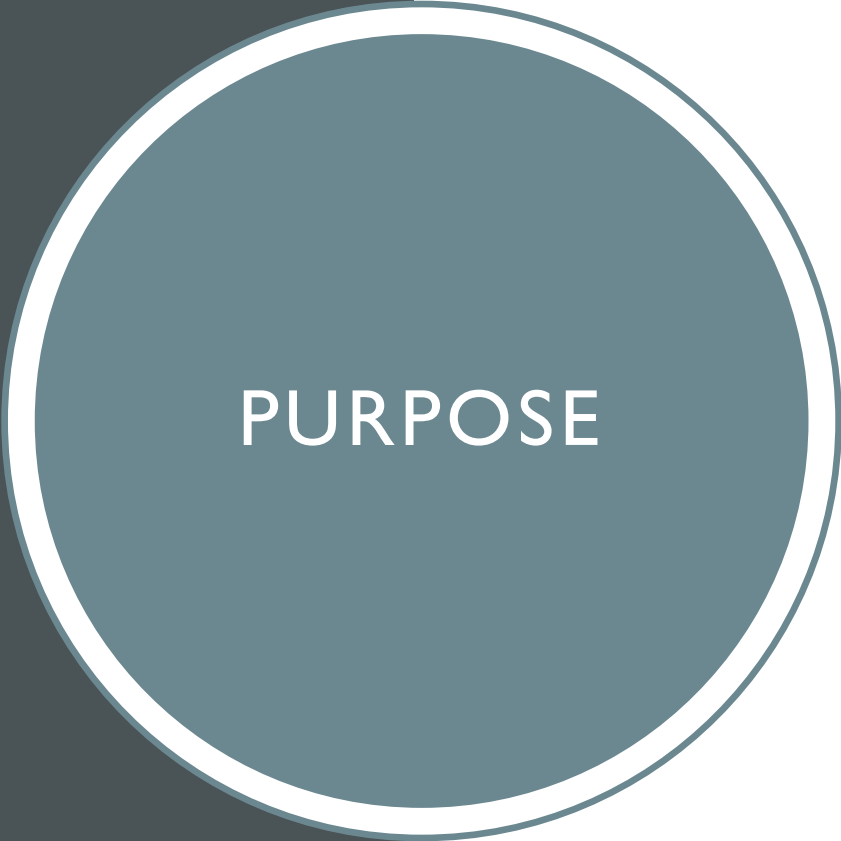
To use direct contracting, the City must establish a business utilization plan for awarding contracts to small businesses; draft procedures describing how the City will rotate between different contractors or document efforts to use different contractors for different projects; draft procedures describing how award amounts will be determined, including the negotiation process; provide notification to all other small, women, minority, and veteran-owned contractors on the project-specific roster informing them which contractor was directly selected and awarded the project; and annually publish a list of all small works contracts awarded and all contractors contacted for a direct negotiation process even if the contractor contacted for direct negotiation was not awarded a contract. The City's contracting system is not currently set up to track and monitor these areas and new procedures, and tools would need to be developed to meet these onerous requirements.

City staff does not recommend the City elect to authorize the use of direct contracting for SWR because it requires development of extensive new procedures that will take significantly more staff time to manage, and it will expose the City to potential protests and audit findings. Additionally, without direct contracting, the City would still be able to support small business by sending solicitation to all businesses on the SWR. For these reasons, City staff have not been able to identify any agency that is electing to use the direct contracting procedures.

To summarize, the City does not have the administrative staff bandwidth to monitor the rotation of contractors, the required negotiation process, and the multiple reporting requirements in addition to the current workload. The risk of an audit finding for overlooking or misunderstanding the SWR direct contracting requirements does not currently equal the reward when in the past two years the City has not had a single-trade construction project in the price range that would require a formal or SWR procurement process. Staff believes that offering bid opportunities to all contractors registered on a SWR category will provide a fair bid process with manageable procedures and efficient use of staff time.



RESOLUTION 3186: UPDATING THE PURCHASING POLICY



PURPOSE

The goal of the City's Purchasing Policy is to provide information to staff regarding the laws that must be followed for purchasing goods and hiring contractors, consultants, and vendors; as well as provide a manual that staff finds easy to navigate and useful when learning and following our internal procedures.

The definition of a “public work” in procurement and contracting is “all work, construction, alteration, repair or improvement other than ordinary maintenance, executed at the cost of the state or of any municipality”.



WHAT IS A
PUBLIC
WORK?

SECTION XII.F – SMALL WORKS ROSTER

When the estimated cost of a public works project is \$350,000 or less, the City may follow the Small Works Roster (SWR) process for construction of a public work or improvement as an alternative to the general competitive bidding requirements.

Effective July 1, 2024, the legislative changes to the small works roster included removing the ability for agencies to obtain quotes from 3-5 contractors and added a new option to “direct contract” with one specific contractor at a time for contracts under \$150,000.

The state law now allows for two options for using the SWR:

- Send an Invitation to Bid to the entire List of Businesses (project-specific roster) generated for the project
- Use the “direct contracting” option for projects estimated to cost less than \$150,000. For staff to have the ability to use direct contracting the local government must first:
 - authorize the direct contracting option
 - establish a business utilization plan for awarding contracts to small businesses and businesses owned by minorities, women, and veterans
 - establish direct contracting procedures that include:
 - how the city will rotate between different contractors or document efforts to use different contractors for different projects
 - how contracts will be negotiated and award amounts determined

Direct contracting requires strict rotation procedures and agencies are not allowed to award contracts to the same contractor until the list of small businesses has been rotated through. There is no expiration for rotation, so if a small business contractor was awarded a contract, the next time a project opportunity comes up in that category we must be aware of the previous award and make sure to not solicit that same contractor, even if it is decades later.

The use of direct contracting triggers new reporting requirements including:

- reporting including submitting the results of each negotiation process and contract award amounts
- notifying all other small, women, minority, and veteran-owned contractors on the project-specific roster and informing them which contractor was directly selected and awarded the project
- annually publishing a list of all small works contracts awarded and all contractors contacted for a direct negotiation process even if the contractor contacted for direct negotiation was not awarded a contract

City staff recommends the City’s procedure for using the Small Works Roster is to send solicitations to the entire project-specific roster list and that the use of direct contracting not be authorized.

SECTION XII.L – RESPONSIVE BID

This update adds to the requirements of bidders on public work projects over \$1,000,000 that they must submit a list of licensed subcontractors for HVAC, plumbing, or electrical work with their bid. Before the change the law did not specify the subcontractors for these categories had to be licensed at the time of bid submittal.

SECTION XII.N – AWARDING TO THE SECOND-LOWEST BIDDER

This new section has been added regarding the ability for the City to award to the second-lowest bidder on public works projects if certain conditions have been met, including City Council issuing a written finding against the lowest bidder that within the last 3 years the bidder has been late on a project, was over budget, or did not meet specifications and has not shown they can improve, and the 2nd lowest bidder is within 5% of the lowest bid. This is not a new law, but it was not referenced or specified in the City's Purchasing Policy in the past.

SECTION XII.O – APPRENTICESHIP UTILIZATION REQUIREMENTS

On July 1, 2024, HB 1050 went into effect which added apprenticeship utilization requirements for larger public works contracts in which we must require contractors to perform at least 15% of labor hours using apprentices enrolled in state-approved apprenticeship programs. These requirements are phased in between 2024-2028.

The added language in this section details for staff the exact requirements and what the City is responsible for. The statute outlines 4 specific scenarios that warrant adjustments to the apprenticeship utilization requirements but also allows for local governments to approve “other criteria”. We have proposed language for 5 other scenarios to be approved by City Council through this policy update that will qualify as other criteria.

SECTION XII.S – CHANGES TO ENGINEERED PUBLIC WORK CONTRACTS

This new section was added in order to give guidance to staff on the procedures for making changes on a public work contract that has been engineered. This language details who can issue and approve field orders, change orders, and contract modifications on applicable contracts and the processes to follow.



City Council Agenda Bill

Meeting Date: October 6, 2025 **Agenda Item:** 7.c.

Agenda Item Title: Ordinance 5006: Authorizing an Interfund Loan from Water to Sewer

Staff Contact(s): Steve Hoglund

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

Greg Francioch
Steve Hoglund
Darcy Swetnam

Ordinance

Item Summary: The Wastewater fund seeks to take an interfund loan for the period of 5 years at 3.61% from the Water fund, to start on the Combined Sewer Overflow (CSO) project as soon as possible. The period of the loan will be 5 years, with the first principal payment scheduled for December 31, 2026; a prorated interest payment will be calculated on the entire balance for fiscal year 2025. The interest rate is equivalent to the current 5-year treasury rate (the rate at which this money could otherwise be invested for the same period of time). The ordinance is structured that the loan could be paid off early on December 31st of any year before its due date.

Budget Impact:

\$4,500,000 principal, \$162,450 in simple interest if carried for the full 5 years.

Previous Action: This is first read of the ordinance

Recommended Motion: NA. Intention is to bring back for action on October 13, 2025.

Alternative Actions: Do not approve interfund loan, direct staff as to next steps.

Attachments (listed in order presented):

1. Ord 5006 interfund loan 401 to 440
2. Written Public Comment - Ordinance 5006 - William Turner

ORDINANCE 5006

AN ORDINANCE AUTHORIZING AN INTERFUND LOAN BETWEEN THE WATER FUND AND THE WASTEWATER FUND.

WHEREAS, the Wastewater fund would like to proceed on the Combined Sewer Overflow project, with an estimated at a cost of \$4,500,000, as soon as possible but does not currently have the liquidity needed to proceed; and

WHEREAS, the Water fund has sufficient cash to make a short-term loan to provide such liquidity to the Wastewater fund without impacting its ability to continue operations; and

WHEREAS, performing an interfund loan in lieu of obtaining outside financing allows the City to keep the earned interest from the loan within the City finances rather than paying an outside provider; and

WHEREAS, an interfund loan also allows for a more quick and efficient means of financing as it can be authorized by Council and bond attorneys and underwriters are not necessary for the process.

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF ANACORTES DOES ORDAIN AS FOLLOWS:

Section 1. The Water Fund (401) is authorized to loan the Wastewater Fund (440) \$4,500,000. The term of the loan will be five years.

Section 2. The loan amount will be assessed an interest rate, which is equal to the current 5-year Treasury rate. As of October 1, 2025, that rate is 3.61%. Simple interest will be assessed against the remaining balance of the loan. Payments will be due on December 31st of each year, starting in 2026, until the loan is paid off. A prorated amount of interest will be calculated for fiscal year 2025. Payoff of the entire balance can be made any year on December 31st.

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

PASSED AND APPROVED THIS 13th **day of October 2025.**

CITY OF ANACORTES, WASHINGTON:

BY: _____
Matt Miller, Mayor

ATTEST:

Steven D. Hoglund, City Clerk

APPROVED AS TO FORM:

Darcy Swetnam, WSBA #40530
City Attorney

From: [William Turner](#)
To: [City Council](#); [CityClerk](#)
Cc: [Andrew Rheaume](#); [Jon Lunsford](#)
Subject: Loan to sewer from water
Date: Thursday, October 2, 2025 1:43:16 PM

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

City Council,

Please consider loan to Storm water plan to fix its problems with small pipes, but include money for rehabilitation for Ace of Hearts Creek and riparian buffers at Ace dog park and ball field and include some money for park improvements.

Thank you, Bill Turner

Sent from my iPad