



Anacortes City Council
Municipal Building Council Chambers
904 6th Street

October 15, 2018
6:00 p.m.

PRELIMINARY AGENDA

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

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Mayor's Award of Merit: Terry Nemeth
 - b. Finance Committee
 - c. Public Works Committee
4. **Public Comment**
5. **Consent Agenda (Action)**
 - a. Minutes of October 8, 2018
 - b. Approval of Claims in the amount of: \$339,572.26
 - c. Contract Award: 2018 Storm Pond Maintenance 18-084-STM-001
 - d. Contract Award: Operations Facility Remodel - Drywall 16-085-IDS-009
6. **Public Hearings**
7. **Other Business**
 - a. * Third Quarter Finance Update (Discussion)
 - b. * Fiber Update (Discussion)
8. **Adjournment**

Per Resolution 1949, citizens wishing to comment on items not on the agenda may do so under the Public Comment portion of the agenda. Citizens wishing to comment on agenda items indicated with an asterisk () may do so as those items are considered by Council during the course of the meeting. Citizens wishing to speak will please sign in at the back of the Council Chambers prior to the start of the meeting. The Mayor may limit comments to those who have signed in, and may limit the time allotted to each speaker to facilitate the orderly progress of the meeting.*

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



Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning October 22, 2018

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

October 22, 2018

- Contract Award: Operations Facility HVAC System Install 18-134-FAC-001
- Review of 2019/2020 Biennial Budget - Non-Public Works Departments (Discussion)

November 5, 2018

- Latecomer Agreement: Rock Ridge 4 and 5
- Continued Public Hearing: Budgeted Revenue Sources, including 1% Property Tax Increase (Discussion)
- Public Hearing: 2019/2020 Biennial Budget (Discussion)
- Public Hearing: 2019-2024 Capital Facilities Plan (Discussion)
- Sewer Rate Discussion - FCS Group (Discussion)

November 13, 2018

** There will be no regular City Council meeting this night; Mayor and Council will be engaged in an AWC event in the Council Chambers. **

November 19, 2018

- Resolution ____: Authorizing a 1% Property Tax Increase (Discussion/Possible Action)
- Ordinance ____: Adopting the 2019-2024 Capital Facilities Plan (Discussion/Possible Action)
- Ordinance ____: Adopting the 2019/2020 Biennial Budget (Discussion/Possible Action)

November 26, 2018

December 3, 2018

- Ordinance ____: Adopting the 2019-2024 Capital Facilities Plan (Action)
- Ordinance ____: Adopting the 2019/2020 Biennial Budget (Action)

December 10, 2018

December 17, 2018

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Public Works, Monday, Oct 15, 2018, 5:00 PM, Main Conference Room, City Hall
- Planning, Monday, Oct 22, 2018, 5:00 PM, Main Conference Room, City Hall
- Public Safety Committee, Tuesday, Oct 23, 2018, 10:00 AM, Mayor's Office, City Hall
- Finance, Wednesday, Oct 24, 2018, 5:00 PM, Main Conference Room, City Hall
- Housing Affordability & Community Services, Thursday, Nov 1, 2018, 1:30 PM, City Hall
- Public Works, Monday, Nov 5, 2018, 5:00 PM, Main Conference Room, City Hall



Laurie Gere, Mayor

CITY OF ANACORTES

904 6th Street Anacortes, WA 98221

p: 360-299-1950 | f: 360-299-1938

laurieg@cityofanacortes.org | www.anacorteswa.gov

October 2, 2018

Terry Nemeth
Anacortes, WA 98221

Dear Terry,

Congratulations! Terry, you have been nominated by Jeff Marrs to receive the Mayor's Award of Merit because of your outstanding and diligent performance in the Public Works Department. Your supervisor and co-workers commend your eagerness and steadfastness in handling each task that is before you. Additionally, you have been instrumental in various cost saving projects for the city.

As Water Distribution Supervisor for the City of Anacortes Public Works Department, you have been ready to deal with any issue that arises within the department 24/7 for a number of years now. On top of your job duties, you have recently taken the lead on such projects as: the first in North America to install fiber optics in a water pipe system, the remodel of the operations shop, and the coordination with the Washington State Department of Transportation on the Sharpe's Corner roundabout project on Highway 20 into the city. As with many projects, you have saved our city money on this last project and was recognized by WSDOT for your efforts on the Sharpe's Corner roundabout project. WSDOT and contractor representatives have commented that your quick response and general cooperative attitude went a long way to keeping the Sharpe's Corner roundabout project on schedule.

Representatives from Craley, the United Kingdom company that developed the fiber optic waterline product have used the innovative installation techniques and equipment developed by you and your crew as a regular part of their product demonstration.

Terry, your high energy, positive "can do" attitude, and dedication to your job is quite apparent when you are contacted to address a leaking pipe water quality question or any other issue that arises within or outside your job scope. As a long term employee with the city, you show no signs of slowing down and will continue to be a tremendous asset to this community for years to come. We are fortunate to have you as a member of the City of Anacortes Public Works water system team.

Terry, I am pleased to select you as a Mayor's Award of Merit recipient. Please confirm with Nicole Tesch 360.299.1950 that you will be able to attend the City Council meeting on Monday, October 15, at 6:00 p.m. to receive your award. I encourage you to invite your family, friends, and co-workers to the presentation. The award of merit includes a \$75.00 gift certificate to a local restaurant of your choice. Please let Nicole know at which Anacortes restaurant you would like to celebrate your recognition. Additionally, your name will be added to the plaque that hangs in City Hall for all to see!

Sincerely,

CITY OF ANACORTES

Laurie M. Gere, Mayor

Skagit Conservation District

Rates and Charges Analysis

Impact to level of service

GENERAL APPROACH

In order to facilitate application of the rate approach, SCD staff split programs/services into five major headings: Farm Assistance/Water Quality/Planning, Rural and Urban Forestry, Ecosystem Management, Outreach and Education, and Administration. Each of these programs includes multiple services that aid in the development of the overall program. It is important to understand that programs referenced below are implemented at various levels of service over multiple years and individually not require a full FTE annually. These programs/services and the benefits they provide are further defined below:

\$5.00 per parcel per year - \$0.10cent per acre per year - \$3.00 per forest landowner per year

Program	Indirect	Direct	Allocation Basis	Total Cost	Existing Funds	Rates and Charges
Water Quality Protection Staff Funding	\$449,907	\$4,545	99%/1%	\$454,452	\$399,452	\$55,000
WQ Cost Share	\$103,550	\$5,450	95%/5%	\$109,000	\$100,000	\$9,000
Wild Urban Interface/Forest Health Staff Funding	\$54,450	\$550	99%/1%	55,000		\$55,000
WUI/FHCost Share	\$8,910	\$90	99%/1%	\$9,000		\$9,000
Ecosystem Management Reducing Developed Area Impact Staff Funding	\$406,749	\$4,109	99%/1%	\$410,858	\$361,008	\$49,850
EM Cost Share RDAI Cost Share	\$107,910	\$1,090	99%/1%	\$109,000	\$100,000	\$9,000
Outreach and Education Staff Funding	\$113,350	\$1,145	99%/1%	\$114,495	\$74,495	\$40,000
O and E Projects	\$20,305	\$205	99%/1%	\$20,510	\$16,510	\$4,000
Administration	\$57,137		100% Indirect	\$57,137	\$57,137	
Assessor fee for collection	\$29,500			\$29,500		\$29,500
Reserve Account	\$50,000			\$50,000		\$50,000
	\$1,401,768	\$17,184		\$1,418,952	\$1,108,602	\$310,350

Water Quality Protection and Improvement: (Farm Planning, Projects, Monitoring)

Increase from 4.1 FTE to 4.8 FTE

- = Denotes no change or increase to existing LOS
- > = Denotes the rates and charges would allow increased Level of Service (LOS).
- + = Denotes the rates and charges would initiate work on this task.

○ = Maintain Level of Service (LOS), > = Increased LOS, + = Rates and charges supported

Soil Tilth, climate Change, Habitat – Propose and implement projects to sustain adequate drainage for agricultural land

- Participate in the Skagit and Stillaguamish Watershed Councils
- Lead Northwest CD Engineering Cluster
- Native Plant sale
- Acquire knowledge to provide precision agriculture expertise (partner with WSU Extension)
- > Provide technical assistance in the form of site visits, technical assistance letters, events and classes, and farm plans to landowners
- > Create dairy nutrient management plans as required to operate
- > Partner with land-trusts to develop and implement farmland protection programs
- > Continue to partner with WSU to integrate succession and business planning
- > Provide cost-share and secure grant funds for BMP implementation projects
- > Coordinate with Western Washington Ag to apply conservation at a large scale.
- > Assist landowners through coordination with NRCS programs like EQIP and RCPP.
- > Work with County to implement the Voluntary Stewardship Program (VSP), stocking rates, access to water, site specific resource considerations)
- > Provide risk management education to farmers including climate change impacts to hydrology, temperature, precipitation, etc.
- > Provide technical assistance to include drainage, engineering, soil health, water availability, alternative management techniques
- + Provide cost-share for ongoing soil health practices (cover crops, no-till, hedgerows, etc.)
- + Promote equipment sharing program (cooperatives or partnership with private companies)
- + Purchase a manure spreader for the manure spreader loan program for nutrient management
- + Bring back Horses for Clean Water program
- + Complete Agriculture Resilience Plan
- + Launch a Working Buffers/Agroforestry program

○ = Maintain Level of Service (LOS), > = Increased LOS, + = Rates and charges supported

Wildland urban interface and Forest Health:

Fund 1 Forestry FTE

- > Restore the Community Firewise program to reduce risk and improve forest health.
- > Continue fire weather monitoring program
- > Forest Advisory board participation
- > Develop and implement tree planting projects
- > Provide Communities Tree City support activities such as Arbor Day events and free Trees
- > Adoption of the updated wildfire risk map/analysis in to Skagit County Hazard Mitigation Plan
- + Continue to work with Seattle City Light
- + Staff time to develop forest stewardship plans for rate payers
- + Develop the forestry element of Resource Management Plans
- + Provide technical assistance on site specific tree selection to provide desired function
- + Assist in danger tree determination and provide alternative prescriptions
- + Assist with urban riparian forest management
- + Assist in sourcing local small forest landowner log supply to local mills

o = Maintain Level of Service (LOS), > = Increased LOS, + = Rates and charges supported

Ecosystem Management - Increase from 2.8 FTE to 3.5 FTE

Maintain sufficient water for adequate food production, people, fish and wildlife

Protect, preserve, and enhance habitat for fish and wildlife

Land use planning and conservation of all resource lands in face of increasing population

- Increase CREP program acreage providing assistance and cost share to cooperators involved in riparian planting projects
- Protection of resource lands through Farmland Legacy, 3Fi and RCPP program.
- Provide technical assistance to landowners on sustainable gardening methods.
- > Assist landowners in developing fish and wildlife elements of Resource Management Plans
- > Provide technical assistance in the form of site visits, technical assistance letters, events and classes, and restoration plans to landowners
- > Provide technical assistance for fish and wildlife habitat projects
- > Develop innovative solutions addressing human and wildlife compatibility such as swan and snow geese cover crop management.
- > Correct 2 fish passage barriers/year
- > Complete one multi-benefit project in the floodplain/year
- > Provide cost-share for private landowners and as match for EQIP (RCPP)
- + Offer technical assistance with Urban Riparian Buffer management
- + Provide 1,000 free native plants/year
- + Maintain or develop sufficient water supply conservation strategies

Managing already developed areas to reduce impacts

- Provide specified stormwater NPDES permit element support to improve water quality
- Support the Stream Team program
- Support the Storm Team program
- Provide leadership with urban sustainable gardening and backyard wildlife partners
- > Integrate LID into stormwater, habitat and farm planning efforts
- > Provide broad-scale stormwater outreach for adults and children
- > Provide professional level training opportunities
- > Develop and maintain engaging online content and communities
- > Provide technical assistance and cost-share to community-based projects
- > Hold events and awareness building campaigns
- > Provide stewardship opportunities for multi-family residences and under-represented audiences
- + Provide increased cost-share funding for private property implementation
- + Initiate technical assistance for commercial properties
- + Explore development of a Rain Catchment Program
- + Analyze priority sub-basins and reaches and coordinate targeted assistance with other partners

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Outreach and Education

Increase from 0.75 FTE to 1.0 FTE

- Publish a print newsletter biannually and an e-news monthly
- Provide more effective and efficient engagement to first-time contacts
- Maintain the Marine Biotoxin Monitoring
- Support Watershed Masters program from classes to volunteer hour coordination.
-
- > Timely distribution of communications from other partners that offer technical assistance or funding
- > Expand the volunteer program
- > Expand Arbor Day, Soil and Water Conservation Week Proclamation and Poster Contest.
- > Expand the district's social media presence and platforms
- > Develop compelling content through videos, advertisements, and media partnerships
- > Develop and deliver an agriculture education program
- > Coordinate with local and regional partners
- > Provide technical support and cost-share to schools for stormwater retrofits and outdoor classrooms
- > Provide support to schools for field trips, classroom presentation, and envirothon
- > Expand agricultural engagement efforts: Family Farm days, workshops, and field days
- > Expand upon curriculum like Ocean Acidification, Climate Change, STEM and Project-Based Learning
- > Engage elected officials through legislative packets, events and relationship building
- > Provide follow-up outreach to cooperators across programs
- + Restore historic events such as the annual Partnership Breakfast and cooperator awards event.
- + Launch targeted outreach to New Homeowners through local real estate firms.
- + Integrate the Puget Sound Wide Better Ground program and outreach campaign
- + Provide stewardship opportunities for extra-curricular groups like 4H, FFA, and Scouts

○ = Maintain Level of Service (LOS), > = Increased LOS, + = Rates and charges supported

District Operations/Administration

Remains at 1.1 FTE, \$50,000 to reserve account and \$29,500 to assessor for collection of fee

- Meet statutory, administrative and fiscal responsibilities
- Leverage other contract and grant opportunities
- > Provide leadership and professional development opportunities for board and staff.
- > Work to maintain adequate and stable funding.
- > Programmatic oversight on all District programs, District strategic planning, day-to-day operations
- > Provide adequate staffing for District financial and administrative needs
- > Provide necessary equipment, office space, utilities and supplies to staff
- + Build a reserve account for long-term capital expenditures and contingency funding
- + Upgrade and provide a secure and stable technology base for efficient District Operations
- + Fund the County Assessor for collection of fees

Most services provided by the District are of indirect benefit to rate payers as the entire county's population benefits when there is clean water, healthy soils, healthy forests, clean air, rich biodiversity, a strong agricultural economy and improved food access for all.

○ = Maintain Level of Service (LOS), > = Increased LOS, + = Rates and charges supported

*Our mission is to maintain and improve the quality of life reflecting community expectations
through a focus on public participation and employees-mayor-council teamwork.*



Anacortes City Council

**Municipal Building Council Chambers
904 Sixth Street**

**October 15, 2018
6:00 p.m.**

PUBLIC COMMENT SIGN IN SHEET

Per Resolution 1949, citizens wishing to comment on items not on the agenda may do so under the Public Comment portion of the agenda. Citizens wishing to comment on agenda items indicated with an asterisk (*) may do so as those items are considered by Council during the course of the meeting. Citizens wishing to speak will please sign in at the back of the Council Chambers prior to the start of the meeting. The Mayor may limit comments to those who have signed in and may limit the time allotted to each speaker to facilitate the orderly progress of the meeting. These rules are intended to promote an orderly system of holding a public hearing or meeting, to give every person who wishes to speak an opportunity to be heard, and to ensure that no individual is embarrassed by exercising his or her right to free speech.

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

Name	Topic
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City Council Minutes – October 8, 2018

At 6:00 p.m. Mayor Laurie Gere called to order the regular Anacortes City Council meeting of October 8, 2018. Councilmembers Eric Johnson, Anthony Young, Ryan Walters, Brad Adams, Liz Lovelett and Matt Miller were present. Councilmember Bruce McDougall was absent.

Ms. Lovelett moved, seconded by Mr. Young, to excuse the absence of Mr. McDougall who was travelling on business. The motion carried unanimously by voice vote.

Mayor Gere moved Item 4a ahead of Item 3a on the Agenda. Councilmembers concurred.

The assembly joined in the Pledge of Allegiance.

Confirmation of Fire Chief David Oliveri:

Mayor Gere requested City Council confirmation of Fire Chief David A. Oliveri effective November 13, 2018. The mayor reviewed the selection process for the position as summarized in the packet materials for the meeting. Mr. Young moved, seconded by Mr. Johnson, to approve the appointment of Fire Chief David A. Oliveri. Vote: Ayes – Young, Walters, Adams, Lovelett, Miller and Johnson. Motion carried. Mayor Gere administered the Oath of Office to Chief Oliveri.

Executive Session (30 Minutes) per RCW 42.30.110 (i)

At approximately 6:08 p.m. Mayor Gere announced that City Council and the City Attorney would convene in Executive Session for approximately 30 minutes to discuss potential litigation. At approximately 6:38 p.m. the mayor and councilmembers returned to the Council Chambers and Mayor Gere called the meeting back into regular session. No action was taken in the Executive Session.

Announcements and Committee Reports

Port/City Liaison Committee: Mr. Johnson reported from the committee meeting held October 2, 2018. He elaborated on the group's discussion of the Olsen Building, the Port/City MOU for development of the North Basin, the Depot Master Plan, the Maritime Strategic Plan update, the city's development regulations update, the Port's potential update of the petroleum coke plan, and the Guemes Channel Trail.

Planning Committee: Mr. Walters reported from the committee meeting earlier in the evening at which those present reviewed the Berk Consulting report on fire impact fees. Mr. Walters referenced the matrix of proposed fees and said the committee suggested comparing that matrix to other cities which have many categories for fire impact fees. He emphasized that the committee did not want to create barriers to multifamily construction. Mr. Miller inquired if the Berk report had been finalized. Mr. Walters deferred to staff to respond.

Ms. Lovelett reported from the recent Skagit Population Health Trust meeting which reviewed the Skagit County Trends website (www.skagitcountytrends.ewu.edu). She called the site a robust tool for elected officials to analyze a wide range of metrics. Ms. Lovelett reported that the Trust also discussed implementation of the First 1000 Days strategic plan adopted by County Board of Health regarding better maternal and child outcomes.

Mayor Gere reported that earlier in the day the Skagit County Commissioners had approved the multiparty EMS Service Delivery Agreement which had been approved by Council at its meeting on October 1, 2018.

Mayor Gere shared correspondence from Thomas Wooten, Chairman of the Samish Indian Nation, reporting that the tribal council had approved a resolution recognizing Indigenous Peoples' Day on the second Monday of

October in lieu of Columbus Day. Chairman Wooten encouraged the City to join in officially recognizing and celebrating Indigenous Peoples' Day through a proclamation. Mayor Gere suggested Council consideration of this request prior to next October.

Mayor's 2019/2020 Biennial Budget Message: Mayor Gere read her annual budget message into the record, then distributed hard copies to councilmembers and the press as well as posting it on the city website. [The full text of the message is included at the end of these meeting minutes.]

Public Comment

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

Consent Agenda

Mr. Young removed Item 6b, Approval of Claims, from the Consent Agenda. Ms. Lovelett moved, seconded by Mr. Adams, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of October 1, 2018
- c. Resolution 2024: Sole Source Procurement of a Zetasizer from Malvern Panalytical for the Water Treatment Plant

The following vouchers/checks were approved for payment:
EFT numbers: 90820 through 90868, total \$606,839.75
Check numbers: 90869 through 90914, total \$171,199.57
Wire transfer numbers: 238676 through 238879, total \$1,553.88

- b. Approval of Claims in the amount of: \$780,319.73

Mr. Young reiterated his request that staff purchase locally whenever possible. He commented on the many contributions of local merchants to the community and urged that the value of those contributions be considered in evaluating the relative value of their prices. Mr. Young moved, seconded by Mr. Miller to approve Consent Agenda Item 6b. The motion carried unanimously by voice vote.

PUBLIC HEARINGS

Public Hearing on Budgeted Revenue Sources, including 1% Property Tax Increase

Finance Director Steve Hoglund summarized the city's planned revenue sources and projected amounts by category for the 2019/2020 biennium. Mr. Hoglund's slide presentation was added to the packet materials for the meeting. Mr. Hoglund reported that the Implicit Price Deflator (IPD) for the year was 1.55% so the city was able to take the full allowed 1% property tax increase without a Declaration of Critical Need. Mr. Hoglund elaborated that a 1% property tax increase would net the city approximately \$50K with an expected \$5.74 tax increase for an average Anacortes household.

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

Mr. Young urged preparing for an eventual economic downturn. Mayor Gere and Mr. Miller thanked Mr. Hoglund for his conservative revenue projections. Mr. Miller requested an easily understandable summary of how the property tax millage rate affects individual tax bills. Mr. Hoglund explained that property tax for a particular parcel is based on its assessed value, which is determined by the Skagit County Assessor. The 1% increase affects only the overall property tax collected for the City of Anacortes, which is then spread over all parcels in the city based on their assessed value. What affects individual property tax bills is the assessed value of each property *in relation to others in Anacortes*. Mr. Walters reminded that the rate of inflation is more than

1% so the value of the city's property tax revenue in fact shrinks each year even if Council elects to raise the levy by 1%.

Mr. Walters asked staff to look into how public hearings are advertised and suggested that more than the published agenda would be appropriate. Mr. Hoglund confirmed that the property tax resolution would not come back to Council for action until November 19 which left significant opportunity for additional public outreach.

Mike McKenna, 4103 D Court, urged Council to be very prudent when considering taxes and fees. Mr. McKenna said that the combined increases in utility rates, sales tax and property tax over the past three years had outstripped his 2% COLA as an Island Hospital employee. He said Anacortes is a great town and he is happy to live here but that residents are losing ground in the face of rising taxes and fees from the city, school district, hospital district, the pool district and the Port of Anacortes.

No one else wished to address Council on this topic. Mayor Gere left the public hearing open.

OTHER BUSINESS

Review of 2019/2020 Biennial Budget - Public Works

Public Works Director Fred Buckenmeyer presented his department's proposed budget and organization chart for 2019/2020. His presentation was added to the packet materials for the meeting. Senior Accountant Philip Steffen distributed hard copies of the Public Works department budget to Mayor and Councilmembers at the beginning of the presentation. Mr. Johnson and Mr. Walters confirmed with Mayor Gere that councilmembers would receive the budget document and budget message in electronic format following the meeting. Mr. Young thanked staff for providing a large print format.

Mr. Buckenmeyer presented the proposed budget for each of the funds managed by his department, focusing on capital expenditures. He responded to councilmember questions about specific projects.

Facilities Fund 001-713: Mr. Hoglund explained that Senior Center capital projects were included in the lump sum for General Government Facilities Maintenance Projects in the draft 2019-2024 Capital Facilities Plan, with anticipation of REET funding. Ms. Lovelett and Mr. Walters asked Mr. Buckenmeyer to bring back a cost estimate to provide a metal rather than composition roof on the Senior Center, noting that it might be more cost effective even if the initial price were double the \$90K estimate for composition.

Resource Conservation Fund 001-714: Mr. Hoglund explained that the significant apparent reduction in this budget was due to a recommendation from the state auditors that utility departments fund their share of the program directly rather than through interfund transfers. Mr. Walters urged budgeting for standardized recycling receptacles in each city office.

Street Maintenance Fund 104: Mr. Buckenmeyer noted the \$1.71M annual budget for pavement overlay/sealing, per previous Council direction, and said this line item assumed passage of the city's transportation sales tax initiative in November. He also noted the one additional FTE in the Engineering department to support the overlay program. Mr. Miller inquired about the staffing levels required at different budgeted amounts. Mr. Buckenmeyer indicated that there was not a strict formula to predict that but said current staffing was insufficient to support the increase from \$1.1M to \$1.7M annually.

Arterial Construction Fund 105: Mr. Buckenmeyer reviewed the roundabout, ADA Ramp and sidewalk programs included in the budget and indicated which of those projects anticipated grant funding. He also noted one additional FTE in the Engineering department to support those projects with funding for the position to come from grants and impact fees. Mr. Walters confirmed with Mr. Hoglund that grants anticipated but not awarded were not included in the budgeted totals and would require a budget amendment after award.

Water Fund 401: Mr. Buckenmeyer briefly reviewed the capital projects for the water utility which were introduced in more detail as part of the Capital Facility Plan discussion at the October 1 City Council meeting. Mr. Walters inquired about the \$7500 annual budget for the energy efficient appliance rebates and asked how many rebates had been awarded in 2018. Mr. Buckenmeyer reported that a handful of \$50 rebates had been issued and 60 more were pending. Mr. Walters encouraged additional promotion of that program. Water System Manager Jeff Marrs called Council's attention to budget line 896 and noted that although the Water Treatment Plant would have significantly increased costs for chlorine due to the new sodium hypochlorite technology, the plant's overall chemical budget would decrease due to the more efficient use of chemicals in the new plant.

Sewer Fund 440: Mr. Buckenmeyer briefly reviewed the capital projects for the sewer utility which were introduced in more detail as part of the Capital Facility Plan discussion at the October 1 City Council meeting. Ms. Lovelett inquired whether the budgeted projects assumed current sewer rates or the increased rates that would be considered by Council at its November 5, 2018 meeting. Mr. Buckenmeyer confirmed that the 2019 and 2020 capital projects assumed current sewer rates. Mr. Johnson inquired about the significant increase in the department's Interfund Services budget. Mr. Hoglund explained that the Interfund Services line items reflect departmental charges by Information Technology and Equipment Rental services. He noted that many Public Works divisions saw increases in those charges in the proposed budget, based on both operating and replacement reserve charges for increasingly costly equipment.

Storm Drainage Fund 445: Mr. Buckenmeyer noted that no capital projects had been budgeted for the stormwater utility in 2018 to allow the new rate structure to build some working capital for projects beginning in 2019. Ms. Lovelett noted the line items for weed control in several Public Works divisions. She asked Mr. Buckenmeyer to report back to Council on how widely herbicides are used by Public Works staff.

Sanitation Fund 450: Mr. Buckenmeyer noted the addition of one FTE for an additional solid waste driver. He also noted the annual capital expense to replace aging dumpsters. Mr. Walters requested written documentation from each department providing a justification for any new employee positions being proposed. Mr. Buckenmeyer and Ms. Schuh explained that each position had been reviewed by the Personnel Committee and that the Mayor's Budget Message addressed which of those positions had been included in the proposed budget. Ms. Schuh said she would forward to councilmembers a complete list of proposed positions and the determinations made regarding each in the proposed budget. Mr. Johnson inquired about the Waste Management rate change reflected on line 1195. Mr. Buckenmeyer explained that the budget lien item reflects the CPI adjustment authorized by the city's current contract with Waste Management. He alerted Council that the Skagit County Solid Waste Governance Board was likely to authorize a tipping fee increase, which the city's solid waste utility would pass through to customers via rates, and that Waste Management, Inc. would also likely request a revision to its contract with the city due to changes in the global markets for recycling feed stock. Mr. Walters confirmed that neither of those potential impacts was addressed in the budget document as presented.

Equipment Rental Fund 501: Mr. Buckenmeyer noted the \$1.1M budgeted for equipment replacements in 2019 and said he would provide an itemized list of those prior to adoption of the budget. Ms. Lovelett noted that an additional mechanic position that had been requested had not been funded in the budget. She requested more information on how much the city was spending on outside mechanic fees and how much maintenance was being deferred due to the current staffing levels. Mr. Buckenmeyer agreed.

Mr. Adams thanked Mr. Buckenmeyer for providing the map of gravel streets in response to Mr. Adams's request at the previous week's Council meeting. He asked Mr. Buckenmeyer to provide a list of which of those streets should have priority for paving in the future.

Mr. Walters noted that an additional GIS technician that had not been funded in the proposed budget and asked how the city planned to meet the demand for GIS services. Mr. Buckenmeyer said the budget included funding

to engage contract or part time help in GIS as needed. He explained the increasing workload to support the GIS and Cartegraph asset management systems on which more and more city functions depend. Mr. Walters urged developing more GIS capability in house through training and possibly redistributing workload to end users. Mr. Young agreed.

Mr. Miller thanked the mayor and staff for curbing the additional FTE requests. He encouraged consolidating information about position requests and justifications in one place and including calculations of overtime savings anticipated by such positions. Mr. Miller asked for more information about the proposed grant funded engineering FTE and asked if that position might help with the overlay program.

Mr. Young emphasized to staff the value of calculating and presenting the revenue that would be generated and/or costs that would be saved by any proposed budget initiative.

Mayor Gere invited members of the audience to comment on the proposed budget. No one present wished to address the Council. The mayor advised that the budget review and discussion would continue in the weeks ahead.

There being no further business, at approximately 8:40 p.m. the Anacortes City Council meeting of October 8, 2018 was adjourned.

MAYOR'S BUDGET MESSAGE

Honorable City Council and Members of our Community:

I am pleased to present to you the City's 2019-2020 proposed biennial budget, a financial roadmap for the City of Anacortes that totals \$63,112,833 in 2019 and \$68,553,276 in 2020. The budget is our tool to provide the services and quality of life to every Anacortes resident. It also provides a foundation for implementation of the Comprehensive Plan goals to provide a vibrant future for the next generation. It is a balanced budget that reflects our commitment to maintain our infrastructure and our intent to provide quality services and amenities to our residents while being conscientious of our financial position and in compliance with RCW 35A.34.

The budget is the framework for how we allocate our resources of the City to a variety of programs necessary to move our community toward its achievement of goals within available resources. Once adopted by the City Council, the budget establishes the direction for all City government programs and services for the coming biennium.

It is my fiscal responsibility to continuously evaluate City revenue and expenditures with a view of maintaining a strong financial position while providing quality municipal services. In line with the 2016 Comprehensive Plan, the City seeks to support a dynamic and robust local economy with balanced and sustainable growth that will create jobs and improve the tax basis within the community. The City supports our public safety departments and provides staff with the tools and resources needed, and we seek to continuously maintain and improve our public infrastructure and facilities. We are committed to developing and maintaining a professional, highly qualified, highly trained and service oriented workforce. We employ sound business practices that are efficient, effective, and responsive to the delivery of City services. The proposed budget works to provide our continued investment in much needed infrastructure to allow for growth.

The governmental operating budget totals \$26,944,801 and receives 69.5% of its funding from taxes that can only grow in a strong economy. General taxes fund the operation of police, fire, ambulance service, administrative services, municipal court, legal, planning, community and economic development, parks and recreation, library, museum, Anacortes Senior Center and street maintenance.

Year to date, the majority of our revenue streams are outpacing prior year revenues for the same period. Building activity continues to be busy, with the current year number of building permits issued outpacing the prior year to date by 25%. Sales tax receipts year to date are exceeding the prior year revenues through the same period by 20%, but is skewed by the \$90 million high school construction project. When the high school construction project is removed, the sales tax is continuing to exceed the budget by 9%. This is the sixth consecutive year of sales tax growth where the increases are being driven primarily by hospitality businesses, vehicle sales, residential construction, and boat sales.

Property taxes are the City's single largest governmental revenue stream. I have worked closely with staff to develop a budget with a high level of service to the community that operates within the parameters of Initiative 747, which limits annual property tax increases to 1%, or the Implicit Price Deflator, whichever is less. The proposed budget utilizes a 1% property tax increase in revenue projections. Anacortes remains one of the lowest taxing cities in Skagit County with a 2018 general millage of \$1.53 per \$1,000 of assessed value, generating a 2018 property tax levy of \$5,038,278.

The City has healthy reserves. In the General Fund \$3 million is available in unrestricted cash, \$4.8 million is available for emergency reserves, and \$6.2 million is available in Equipment Rental and Reserve (ER&R). ER&R funds have been methodically replenished to ensure that funding is set aside to replace items as necessary. Additional restricted reserves funds include \$30 million in utilities and \$10 million in other governmental restricted funds.

PUBLIC SAFETY

Police Department:

The 2019-2020 Police budget proposal is a reflection of the department's mission:

- Preventing and responding to crime
- Increasing community readiness and resilience
- Maintaining and enhancing publically owned assets
- Preventing and responding to emergencies

The Police Department staff includes three administrators, three detectives, eighteen patrol officers (including sergeants and corporals), one Narcotics K-9 officer, and one School Resource Officer. Our non-commissioned staff consists of five records staff, one code enforcement/animal control officer, and one community resource officer. In the future, my goal is to increase the staffing of the Commissioned Police Department to meet the needs of our growing community.

The success of our narcotics detection K-9 team in locating and removing illegal drugs from our community has led to an increase in funding to offset additional vehicle tow/impound costs, narcotics field test kits, and animal care costs.

The Community Justice Center is fully operational and the budget includes an increase in the City's portion of jail fees. We have also budgeted increases for Skagit 911 fees and Spillman records management fees.

The School Resource Officer program has successfully increased our role in providing a safer learning environment for our middle and high school students, and we continue to focus on training to better prepare our officers in dealing with high-risk incidents. The budget includes funds to train officers' awareness and skill in dealing with people with substance abuse issues, mental health disorders, and those in crisis.

Fire Department/Medic:

The City recently entered into an interlocal agreement with Skagit County, City of Burlington, City of Mount Vernon, City of Sedro Wooley and Aero Skagit Emergency Services to transition the countywide ambulance services

to a fire based system. While the City has contracted with EMS since 2001 to provide ambulance service on Fidalgo and Guemes Islands, the interlocal expands the City's service area requiring additional staff and 24-hour services at each of the three stations to meet call response expectations. This biennial budget uses EMS Levy funds, as well as City funding, to hire an additional four Firefighter/Paramedics. To prepare for the March's Point Station providing 24-hour service will require \$50,000 each year to pay for the increased station costs and the gear for the additional staff. In addition, \$50,000 each year is allocated for contracted services to enhance and improve the City's emergency operations planning to manage and administer develop, implement, and coordinate the City's Emergency Management Program.

PUBLIC WORKS

Public Works is the largest department within the City and is responsible for managing and maintaining construction of streets and sidewalks, water lines, sewer lines and stormwater lines; the production and distribution of water to the region; maintenance of our streets, sidewalks and street signs; maintenance of our storm water and sewer system; purchasing and maintaining the City's vehicle and equipment fleet; maintenance, repair and construction of City-owned buildings; resource conservation, and managing all activities within the public right-of-way ranging from street vacations to parades.

To support the Public Works Department a total of three new positions have been budgeted for: two engineering technicians and one sanitation worker. One of the engineering technician positions will be dedicated to the Pavement Management Overlay program, and is dependent on voter approval of the two tenths of one percent Transportation Benefit District sales tax that is on the November ballot. The other engineering technician position will be funded by impact fees allowing additional work to be completed in house rather than through the use of a consultant. The sanitation department reduced the size of their staff when they moved to automated trucks. They have since added drop box services and staff are no longer able to complete the routes utilizing the current staffing model. In the future, my goal is to increase the staffing for an additional equipment mechanic due to the deferred fleet maintenance and work being outsourced.

There are several capital improvement projects budgeted to improve our aging infrastructure:

- Construction of fiber optic network to connect all our City buildings and improve the water and wastewater telemetry systems.
- Continued implementation of the Cartegraph asset management software to coordinate our capital improvement projects.
- Geographical Informational Systems mapping is now available online to allow access to our extensive mapping system. The Cartegraph system will be even more powerful as we continue to add more data points. \$40,000 has been allocated to assist with data entry into Cartegraph system and mapping.
- Overlay and sidewalk repair programs expansion
- Design and permitting for a second raw waterline serving the connection to the water treatment plant located in Mount Vernon.
- Wastewater treatment, collection, and conveyance system improvements to include design work on a combined sewer stormwater overflow system enhancement.
- Storm drainage improvements are underway and will lead to infrastructure enhancements following the gradual increase of stormwater utility fees.

PARKS AND RECREATION

Our Parks and Recreation staff provides over 70 recreational programs and events for community members of all ages. The staff maintains 21 parks, including Washington Park, Grandview Cemetery and over 3000 acres of the Anacortes Community Forest Lands. It manages the facility of the Depot Arts Community Center and Plaza, the Anacortes Senior Activity Center and the Heart of Anacortes. The biennium budget includes some significant projects that will improve our parks and recreation programs and facilities:

- **Community Youth Recreation Center:** The Parks Construction Fund includes budget for \$2.5 million in 2019 and \$5 million in 2020 for the Community Youth Recreation Center. A local anonymous donor has pledged to match each dollar raised for the project, a capital campaign is underway, and grant opportunities will be explored to provide funding for the remainder of the project. As of today, the master plan process with the Anacortes School District is currently in process.
- Washington Park infrastructure improvements: \$40,000 in 2019 and \$50,000 in 2020 for campground improvements. \$25,000 in 2019 and \$25,000 in 2020 to design improvements for day use and boat launch area in anticipation of grant applications to fund these future improvements.
- Grandview Cemetery improvements and expansion: \$100,000 in 2019 and \$250,000 in 2020
- Guemes Channel Trail: \$100,000 is budgeted each year to continue progress

LEGAL

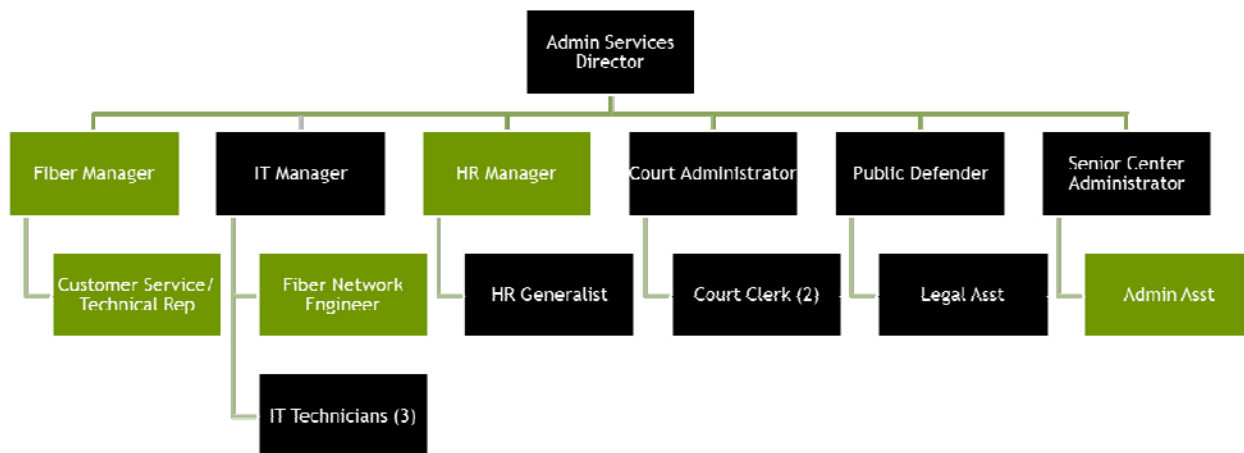
The City Attorney's Office provides in-house counsel to City leaders and staff to support the good work they do and ensure the City meets the highest legal standards. The legal budget currently funds a full-time City attorney, a contract specialist, a legal assistant who supports the City Attorney and City Prosecutor and oversees public records and claims, a part-time legal assistant overseeing the Laserfiche implementation and records management, and contract City prosecutor.

In addition to continuing to provide quality legal support to all City departments, the legal department has two main goals for the next biennium. The first of these is to complete implementation of the Laserfiche enterprise content management software across all City departments. The City has made significant progress towards this goal in 2018 by implementing the software, developing a public portal, and beginning the process of moving City records into the system. The legal department will focus in the coming biennium on moving all City departments into the system and building processes to more efficiently and effectively create, store, preserve, and deliver City records and carry out City business processes.

The City Attorney's office will also focus on a number of Code and process updates in the coming biennium to better serve the City's legal needs. We anticipate significant Code updates through the development regulation update as well as a complete rewrite of Title 13, Public Services. The legal department's budget reflects the funds necessary to codify all ordinance updates and support other departments in transitioning to the new code. The legal department will continue work on projects to increase City efficiency and legal compliance, such as working with City foundations to establish agreements for cooperation, and rewriting the City's procurement and contracting policies. Additionally, the City Attorney's Office will be carefully evaluating and building on City processes for responding to public records requests to promote transparency and ensure the fullest compliance with information requests. In future budgets, I foresee needing to separate the prosecutor support from public records support.

ADMINISTRATIVE SERVICES

Currently administrative services consolidates human resources, risk management, the public defender's office, municipal court, and the senior activity center. In 2019, I am recommending restructuring the department to incorporate the business management of the City's municipal fiber project and IT services. I anticipate that the Senior Activity Center will transition mid-biennium to the Parks and Recreation Department to better align core services. The positions in green are new positions:



Human Resources:

The human resources department focuses on prevention and training as a risk management strategy and a way to reduce liability. Anacortes is recognized as a Well City by the Association of Washington Cities. This designation provides a 2% discount on medical premiums, which results in significant savings. In 2019, the City is implementing payments and withholdings for implementation of WA Paid Family Medical Leave Act in preparation for claims beginning in 2020.

In 2019, funds have been budgeted to transition to an electronic system for recruitment and applicant tracking. This will improve applicant's experience with the selection process and add efficiencies to the hiring process.

We are committed to providing a safe work environment. The safety committee is actively engaged in reducing workplace injuries. Our projected 2019 Labor & Industries (L&I) experience factor is 0.8196 which is 18% lower than L&I anticipates of similarly sized cities. The City's focus on safety and prevention provides cost savings to the City and employees in premiums, and more importantly, helps reduce injuries.

The human resource department provides labor relations with our four collective bargaining units. Contract negotiations will begin in summer 2019 for a successor Teamster Local 231 bargaining agreement which now includes library and museum employees. The current Teamster contract expires on December 31, 2019. In 2019, a library class and compensation study will be completed in accordance with an agreement made in the collective bargaining process.

In 2019, we will be entering the second year of a three-year contract with IAFF 1537, the second year of a four-year contract with the Fraternal Order of Police (commissioned), and the second year of a three-year contract with the Fraternal Order of Police (non-commissioned).

Public Defense:

The City employs a full-time public defender and legal assistant to meet the state-mandated standards for delivery of public defense services. Our public defender attends daily in-custody hearings ensuring prompt public defense for indigent clients. Funding continues to be allocated to determine client's eligibility for public defense. The transition to in-custody hearings at the Law and Justice Center is complete and running smoothly.

Municipal Court:

The City contracts with Skagit County District Court for judicial services. The Court continues to see an increase in probation services following the District Court policy change that alcohol related and domestic violence offenses are referred to probation for pretrial monitoring and post sentence compliance with treatment requirements. Courtroom safety is a priority and in 2019 funds are allocated for contracted security and screening services on days when Court is in session.

Anacortes Senior Activity Center (ASAC):

The Anacortes Senior Activity Center is a vital community hub where seniors thrive. There are an average of 150 visitors per day and 258 programs per month. The ASAC is staffed by one full time administrator, an administrative assistant, and over 170 volunteers providing nearly 10,000 hours annually of volunteer assistance. The administrative assistant is a .8 FTE who is transitioning from a Foundation funded position to a City funded position.

In 2017, the ASAC transitioned management from Skagit County to the City of Anacortes. Negotiations are underway with Skagit County for the successor agreement which includes county funding toward the senior center administrator wages and City funding for the county managed nutrition program. In 2019, the Anacortes Senior Activity Center Foundation is contributing \$30,000 to transition a Foundation employee to City employment in the role of administrative assistant. Over the next six years, the Foundation contribution toward this employee's wages will decrease incrementally.

In 2019, the ASAC will be implementing an Aging Mastery Program through the National Council on Aging. The City is very appreciative of the financial support, in excess of \$100,000, that the Foundation provides to augment the City's budget for the ASAC.

Municipal Fiber:

For several years the City has been researching the possibility of a municipal fiber network. Initially our water and wastewater utility systems transitioned to fiber for our telemetry needs to replace the outdated radio frequency communication systems. We built a telemetry backbone with excess capacity aware that there may be a need for future expansion in support of a broadband system.

In 2017, the City issued a RFQ for an internet service provider partner. In March 2018, four providers presented their proposals to City Council. Following the presentations, City Council passed Resolution 2013 detailing the community's support for municipal fiber, articulating the criticality of technological infrastructure to current and future development, and kicking off the development of a business plan in support of the municipal fiber network.

An ad-hoc municipal fiber committee formed and over many iterations a business plan is emerging that provides for building a citywide system over a five year period. The business plan goals include:

- Delivering high speed residential and business internet service at competitive prices throughout the community
- Providing excellent customer service
- Achieving a market share of 35% or more
- Paying for construction liabilities (loans) with subscriber revenue
- Becoming cash flow positive in 2-3 years
- Becoming a catalyst for local business development and economic growth

I am recommending a methodical approach to this business implementation. Phase 1, the pilot test area, will pass 1000 buildings in the Central Business District, Old Town, and M Avenue. We will gain experience in this pilot area that will guide future business decisions about how best to move forward with further expansion of the network. I recommend that Council support this project understanding that we are taking the project in calculated phases and in a fiscally responsible way.

The five year construction project is projected to cost \$13 million with \$3.29 million necessary to support this project for the first two years. **This figure is not accounted for in the proposed budget.** Given the significance of this project, I am supportive of considering multiple funding mechanisms including but not limited to loans from reserves, bonds, grants, and revenue from our customers. I am looking forward to an interactive conversation to address funding options for the municipal fiber project.

During the first year, I anticipate hiring four staff members- a Business Manager, a Network Engineer, and a Customer Service/Technical Representative to support Fiber, and additionally, an HR Manager to support the Human Resources department as the Administrative Services Director takes oversight of the Fiber department.

With fiber access, I foresee a community where households can connect all their devices without worry, entrepreneurs have the infrastructure they need to innovate, our education and healthcare providers will have the platform for learning and telemedicine, and the City will have additional capacity to address local problems, from growing traffic congestion to managing large databases. All this translates into improved economic performance with the creation of more jobs, more innovation, as well as incentive for additional infrastructure investments and companies relocating or expanding into the City of Anacortes.

INFORMATION TECHNOLOGY

The information technology (IT) department supports the City's computing and networking requirements. The IT department is responsible for the operation and security of the City's computing network at all City buildings, as well as keeping operational 311 desktop and laptop computers, 111 cell phones, and 53 servers. The department is funded through interfund charges from the departments that use its services based on the number of electronic devices the department has. The interfund charges pay for the department's operating costs as well as the replacement charges for future computers. Included in the budget is funding for 25 additional Laserfiche licenses each year to continue the citywide electronic content management implementation.

PLANNING, COMMUNITY & ECONOMIC DEVELOPMENT

Our Planning, Community, and Economic Development department has several projects continuing including the completion of the Development Regulation updates consistent with the 2016 Comprehensive Plan. Since the Comprehensive Plan and Land Use Development code updates are near completion, we are focusing on providing robust economic development, building a strategic plan to address business expansion, business retention and business attraction in the community and creation of an economic development webpage.

The building department's budget includes a new building inspector position that was filled in 2018 due to increased permit activity and inspection needs. The department will be moving into the 2018 International Building Codes next year therefore the budget includes training and materials. Laserfiche implementation is underway to allow public access to building permits.

Building and Planning staff, in coordination with the finance department, continue to research permit software allowing for more interactive processing of applications and building permits with the public.

LIBRARY

The Library budget proposal is a reflection of the department's mission as well as the Library's Strategic Plan to improve access to services and programs, develop and launch branding and communication improvements, better utilize library spaces and provide staff training to meet the changing needs of the community.

Anacortes Public Library is the only library in Skagit County open seven days a week offering this essential City service. The Library continues to be the "heart of the community" as demonstrated in the huge attendance for

programs and events, the demand for materials and downloadable content, the increase in customer help for technology assistance, and the rising number of visitors.

We have focused on library rebranding to provide consistent signage and marketing materials using an easily identifiable library logo. The Library has trained more passport agents for the very popular service since we are the only passport service acceptance facility within 50 miles that is available on weekends.

MUSEUM

The Anacortes Museum serves many constituents. It is also caretaker of three major City properties: the 1910 Carnegie Library Building, the W.T. Preston stern-wheel steamboat (both of which are on National Historic Registers) and the Anacortes Maritime Heritage Center.

Community engagement is a core value, exemplified in the following ways:

- Support for all City staff and departments on history research that has present day relevance such as sign collaboration, planning department assistance, and historical content for the A-Town is Our Town Magazine.
- Support for the Anacortes School District, Port of Anacortes, tribes, businesses, media, and other museums with assessing and archiving their own collections.
- Increasing online collection availability
- Exhibits that involve the community from start to finish.

SOCIAL SERVICES

The City participates in social service support to aid the poor and infirmed. In 2018, the City adopted municipal code that exempts low income housing projects from paying impact fees. The Anacortes Family Center benefited from this policy change when they applied for a building permit for a twenty unit transitional housing project resulting in cost savings of approximately \$160,000 in reduced impact fees and general facilities waivers. The City also offers a 20% utility bill discount for residents who are within 150% of the federal poverty level.

The proposed budget has the following social identified:

- \$108,000 in Community Development Block Grant funding (to date in 2018)
 - \$65,000 went to Anacortes Housing Authority
 - \$16,300 has gone to the Anacortes Family Center
 - \$30,100 Anacortes Family Center to purchase essential appliances for twenty apartments
- \$1,500 for Anacortes Community Health
- \$10,000 for Skagit Community Action Agency
- \$14,000 to the County Health department for chemical dependency treatment
- \$10,000 for the Boys and Girls Club for members who meet poverty criteria
- \$40,000 to the County for the Meals on Wheels program
- Continue to share the cost of a Community Resource Officer with the Anacortes School District at a City share of \$66,345 in 2019, and \$68,261 in 2020.

EXECUTIVE SUMMARY:

Balancing the City's 2019-2020 biennial budget is a simple equation of our operating expenditures not exceeding our operating revenues. As presented, my budget continues our commitment to balance fiscal responsibility while meeting City Council and community priorities. It reflects my expectation to maintain and improve our infrastructure. As a reminder, this proposed budget does not include funding of the Municipal Broadband project

and I look forward to further discussing our funding options for municipal broadband separately. The proposed budget is a financial roadmap for our City and represents our continued commitment to effective service delivery.

I look forward to your working with you all on the 2019-2020 biennial budget, providing the services and quality of life to every Anacortes resident.

Respectfully,

Laurie Gere, Mayor

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 15, 2018 City Council meeting:
[Download this file in OpenDocument spreadsheet format.](#)

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount
239169	3/30/2018	726228	YSI INCORPORATED (XYLEM)	SENSOR CAP KIT	\$126.10
238867	7/9/2018	0952-503478	ALL PHASE ELECTRIC SUPPLY CO.	HEAT SHRINK END CAPS	\$87.23
239094	8/26/2018	9815449104	VERIZON WIRELESS	WTP SCADA MODEM 8/2-9/26/18	\$500.91
239183	9/12/2018	128255	PACIFIC TIRE COMPANY, INC	TIRES FOR STOCKING SHOP	\$700.25
239025	9/13/2018	24454	WESTERN SYSTEMS REFUSE &	TV VIDEO CAMERA REPAIRS	\$250.09
239161	9/14/2018	INV006083	TRAFFIC SAFETY SUPPLY CO. INC	2" POST FOR STREET SIGNS	\$2,555.44
238450	9/20/2018	77863252	EMERALD RECYCLING SVCS INC	WASTE REMOVAL- SHOP	\$122.09
238974	9/22/2018	21136684	ARAMARK	OPS- STAFF SHIRTS	\$135.44
239087	9/24/2018	18-35636	EDGE ANALYTICAL, INC	BLUE HERON RESERVOIR 2 TESTING	\$872.00
238920	9/25/2018	L46932	LAUTENBACH INDUSTRIES	MIXED RECYCLE HAULED	\$409.77
239099	9/25/2018	114-7402121	UNITED SITE SERVICES, INC	INTAKE STATION PORTA-POTTI RENTAL	\$22.98
239078	9/26/2018	316278	DOORMAN COMMERCIAL, LLC	LIBRARY FIBER ROOM DOOR REPLACEMENT	\$3,786.65
238991	9/26/2018	11153784	HACH COMPANY	CLEVIS PINS	\$67.38
238935	9/26/2018	MV198572	MOTOR TRUCKS, INC	PARTS- VEH #605	\$1,891.86
238939	9/26/2018	MV198564	MOTOR TRUCKS, INC	PARTS- VEH #603	\$58.19
239097	9/26/2018	331 0425228	UNIFIRST CORPORATION	WTP WEEKLY LAUNDRY SERVICE	\$94.39
239098	9/26/2018	331 0425244	UNIFIRST CORPORATION	WTP LAUNDRY SERVICE INTERN TH	\$6.19
238300	9/27/2018	0699112	FERGUSON ENTERPRISES, INC	METERS- WATER INVENTORY	\$6,551.45
239027	9/27/2018	27669	JET CITY EQUIPMENT	RENTAL OF HR30T 9 DD ROLLER FOR 22ND ST	\$325.50
238928	9/27/2018	MV198639	MOTOR TRUCKS, INC	PART- VEH #514	\$99.19
238922	9/27/2018	001-414590	PISTON SERVICE OF ANACORTES	PARTS- VEH #144	\$110.68
238924	9/27/2018	001-414628	PISTON SERVICE OF ANACORTES	COOLANT- VEH #603	\$79.59
238942	9/27/2018	242681	PORTLAND COMPRESSOR	PART- #11944	\$46.44
238868	9/28/2018	0688799-1	FERGUSON ENTERPRISES, INC	WATER INVENTORY	\$90.20
239195	9/28/2018	36714661	INGRAM LIBRARY SERVICES, LLC	BOOKS - ADULT	\$847.16
239196	9/28/2018	36714660	INGRAM LIBRARY SERVICES, LLC	BOOKS - ADULT	\$190.65
239153	9/28/2018	128930	LES SCHWAB TIRE CENTERS	TIRE SERVICE- VEH #512	\$70.53
238927	9/28/2018	MV198657	MOTOR TRUCKS, INC	PARTS- VEH #514	\$672.18
238929	9/28/2018	MV198654	MOTOR TRUCKS, INC	DRUM- VEH #514	\$431.52
239074	9/28/2018	001-414779	PISTON SERVICE OF ANACORTES	PARTS- VEH #514	\$77.86
238930	9/28/2018	0227902-IN	REISNER DISTRIBUTOR INC	OIL- VEH #514	\$115.13
239061	9/28/2018	9815489206	VERIZON WIRELESS	CITY CELL PHONES 8/29-9/28/18	\$10,005.14
239187	9/30/2018	215	BOYS & GIRLS CLUBS	SEPT - LUNCH PROGRAM SERVICE PROVISION	\$540.00
239076	9/30/2018	144	BUBBA SUDZ CAR WASH, INC.	SEPTEMBER CAR WASHES- 7	\$63.00
238944	9/30/2018	7044	PETDATA, INC	PETDATA LICENSING FEES SEPTEMBER	\$110.70

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount
239083	9/30/2018	28754	REICHHARDT & EBE ENGINEERING	SHIP HARBOR & SR20 INTERSECTION - 8/27/18-9/14/18	\$4,244.45
238921	9/30/2018	CL77812	REISNER DISTRIBUTOR INC	VEHICLE FUEL - SEPTEMBER	\$20,179.32
239084	9/30/2018	1118	SKAGIT CONSERVATION DISTRICT	NPDES II OUTREACH & EDUCATION - SEPTEMBER 2018	\$1,253.20
238973	9/30/2018	INV00414107	SMARSH, INC	ARCHIVING PLATFORM 9/1-9/30/18	\$735.05
238937	9/30/2018	8090123	UTILITIES UNDERGROUND LOCATION	UTILITY LOCATE TICKETS FOR SEPTEMBER	\$206.40
238946	9/30/2018	COURT & BUILDING FEE	WASHINGTON STATE TREASURER	3RD QTR COURT & BUILDING FEES 2018	\$44,763.04
239160	10/1/2018	052-010-00	CITY OF ANACORTES	OPS WATER/SEWER/GARBAGE	\$873.79
239021	10/1/2018	360-293-1900-0122885	FRONTIER COMMUNICATIONS	CITY MAIN PHONE 10/1-10/31/18	\$1,068.40
239164	10/1/2018	300000340004	PUGET SOUND ENERGY INC	STREET LIGHTS 8/29-9/27/18	\$66.44
239165	10/1/2018	300000325005	PUGET SOUND ENERGY INC	SS 17 ST BETW Q & COMMERCIAL #2, 8/7-9/6/18	\$75.77
239166	10/1/2018	300000006951	PUGET SOUND ENERGY INC	310 HADDON RD # ST LIGHTS, ANACORTES 8/29-9/27/18	\$5.31
239200	10/1/2018	200000667218	PUGET SOUND ENERGY INC	LIBRARY 10TH & M ST 8/31 - 10/1/2018	\$67.87
239201	10/1/2018	200000666863	PUGET SOUND ENERGY INC	LIBRARY 10TH STREET LED 8/31 - 10/1/2018	\$6.60
239202	10/1/2018	200000667101	PUGET SOUND ENERGY INC	LIBRARY 1220 10TH 8/7 - 9/6/2018	\$1,549.12
238947	10/1/2018	5054662116	RICOH USA, INC	S/N C86086497 PUB DEF COPIES 7/1-9/30/18	\$38.18
238969	10/1/2018	5054661948	RICOH USA, INC	CITY WIDE 7/1-9/30/18	\$646.34
238970	10/1/2018	5054662403	RICOH USA, INC	S/N C86152062 HR COPIES 9/1-9/30/18	\$16.31
238988	10/1/2018	5054662035	RICOH USA, INC	S/N C86138599 APD FRONT OFFICE COPIES 9/1-9/30/18	\$35.82
239081	10/1/2018	PR016	STELLAR J CORPORATION	BLUE HERON CIRCLE RESERVOIRS PROJECT - CONSTRUCTION - SEPT 2018	\$80,785.04
239066	10/1/2018	1389673-0043-8	WASTE MANAGEMENT	SEPTEMBER 2018 CONTRACTED SERVICES	\$105,894.13
238945	10/1/2018	094727561	XEROX CORPORATION	CLRCUBE XNE-099723 8/21-9/21/18	\$248.55
239089	10/2/2018	248 984 6277 5	CASCADE NATURAL GAS CORP.	WTP NATURAL GAS 8/30-10/1/18	\$329.54
239026	10/2/2018	8498 30 017 0319913	COMCAST	LIBRARY INTERNET ACCESS 10/09-11/08/18	\$183.12
239088	10/2/2018	18-36300	EDGE ANALYTICAL, INC	BLUE HERON FLUORIDE TEST	\$24.00
239085	10/2/2018	1633-23	MAKERS ARCHITECTURE	ZONING, DEV & DESIGN STDS - SEPTEMBER 2018	\$5,071.25
238923	10/2/2018	001-415055	PISTON SERVICE OF ANACORTES	WIPER BLADES- VEH #605	\$7.66
239090	10/2/2018	200024889996	PUGET SOUND ENERGY INC	WTP INTAKE ELECTRICITY 8/31/18-10/1/18	\$343.66
239177	10/2/2018	9052785	RYAN HERCO PRODUCTS CORP	PUMP	\$464.71
238932	10/2/2018	765917	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$364.49
238934	10/2/2018	765939	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$513.34
238936	10/2/2018	765995	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$458.84
238938	10/2/2018	766033	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$407.27

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount
238940	10/2/2018	766140	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$404.34
239147	10/3/2018	B64748	ACE HARDWARE	FOAM TAPE	\$5.85
238931	10/3/2018	279223	FAMILY CARE NETWORK PLLC	CDL PHYSICAL	\$200.00
239064	10/3/2018	010907973	GALLS, LLC.	UNIFORM VEST AND CARRIER; NEW EMP KELLINGTON	\$1,133.83
239203	10/3/2018	36784968	INGRAM LIBRARY SERVICES, LLC	BOOKS - ADULT	\$123.57
238990	10/3/2018	001-415181	PISTON SERVICE OF ANACORTES	PARTS- VEH #181	\$181.38
239073	10/3/2018	001-415178	PISTON SERVICE OF ANACORTES	PARTS- VEH #860	\$35.71
238941	10/3/2018	766276	SKAGIT COUNTY SOLID WASTE FUND	WWTP - SEWER JET VACUUM WASTE	\$622.92
238926	10/3/2018	119002185	WASHINGTON STATE PATROL	BACKGROUND CHECKS; SEPT 2018	\$194.00
238943	10/3/2018	119001697	WASHINGTON STATE PATROL	BACKGROUND CHECKS HAMNER, LAGRAVE,	\$36.00
238987	10/4/2018	1990920611	ARAMARK	APD NYLON MATS CLEANED	\$16.28
239023	10/4/2018	1990920619	ARAMARK	OPS & PARKS LAUNDRY SVC FOR	\$58.16
238971	10/4/2018	784647	BAYSHORE OFFICE PRODUCTS INC	PUB DEF OFC SUP	\$63.60
238989	10/4/2018	ReimbFaber	FABER, ROBERT	UNIFORM BOOTS; OFC FABER	\$192.34
239176	10/4/2018	9925017783	GRAINGER	1 1/4"PIPE, THREADED ENDS	\$147.22
238992	10/4/2018	001-415278	PISTON SERVICE OF ANACORTES	PARTS- #7910	\$4.67
239071	10/4/2018	001-415312	PISTON SERVICE OF ANACORTES	WIPER BLADES- VEH #151	\$26.00
239072	10/4/2018	001-415248	PISTON SERVICE OF ANACORTES	BATTERY- #9902A	\$188.74
239178	10/4/2018	2018-8572	PUBLIC SAFETY TESTING, INC	SUBSCRIPTION FEES, POLICE & FIRE	\$618.00
238975	10/4/2018	113431	WALTON BEVERAGE COMPANY, INC	OPS/PARKS- BREAKROOM SUPPLIES	\$157.50
238985	10/4/2018	113429	WALTON BEVERAGE COMPANY, INC	WWTP BREAKROOM SUPPLIES	\$35.00
239028	10/4/2018	113430	WALTON BEVERAGE COMPANY, INC	CITY HALL BREAK ROOM SUPPLIES	\$175.00
239144	10/4/2018	113432	WALTON BEVERAGE COMPANY, INC	WTP BREAKROOM SUPPLIES	\$35.00
238986	10/5/2018	10-162220-01	GRESHAM TRANSFER INC.	INCINERATOR SAND REMOVAL, STORAGE AND REPLACEMENT	\$8,478.75
239063	10/6/2018	00005W5A83408	UNITED PARCEL SERVICE, INC	UPS SHIPPING CHARGES; WEEK ENDING 10-6-18	\$27.82
239079	10/6/2018	000099E018408	UNITED PARCEL SERVICE, INC	SHIPMENTS	\$110.43
239062	10/7/2018	D12492	SEBO'S DO-IT CENTER	NEW FLAG POLE KEY MADE	\$1.83
239168	10/8/2018	1990924483	ARAMARK	LAUNDRY SERVICE FOR WWTP	\$71.59
239086	10/8/2018	PO 15-136	FRONTLINE CLEANING SERVICES	RETAINAGE RELEASE FOR WTP CLEANING NOV 2015	\$135.20
239075	10/8/2018	OPI-MA-2019-14	HEALTH CARE AUTHORITY, ATTN: AUDIT/COMPLIANCE UN	REFUND AMBULANCE OVERPAYMENT	\$361.26
239171	10/8/2018	001-415570	PISTON SERVICE OF ANACORTES	WIPER BLADES- #050	\$8.45
239186	10/8/2018	001-415549	PISTON SERVICE OF ANACORTES	WIPER BLADES FOR #051	\$8.45
239185	10/8/2018	023360-IN	SIRENNET.COM	LIGHTS FOR VEH #182	\$558.99
239163	10/9/2018	239163 LTAC July 4	ANACORTES PARKS FOUNDATION	4TH OF JULY FIREWORKS DISPLAY	\$10,000.00
239179	10/9/2018	785275	BAYSHORE OFFICE PRODUCTS INC	STORAGE BOXES FOR CLOSED TICKETS/FINANCIAL INFO	\$40.61

Invoice Doc #	Transaction Date	Invoice #	Vendor Full Name	Description	Total Amount
239193	10/9/2018	ReimbFarnsworth	FARNSWORTH, DIANA	TRAVEL REIMB NASA@MYLIBRARY	\$174.08
239175	10/9/2018	WAANA108340	FASTENAL COMPANY	PIPE FITTINGS	\$130.59
239197	10/9/2018	36706091	INGRAM LIBRARY SERVICES, LLC	BOOKS - ADULT	\$225.69
239199	10/9/2018	36680759	INGRAM LIBRARY SERVICES, LLC	BOOKS - ADULT	\$300.00
239181	10/9/2018	9020577002	LANGUAGE LINE SERVICES	TELEPHONE INTERPRETER SERVICES FOR COURT SESSION	\$5.43
239167	10/9/2018	1095078011	MALVERN PANALYTICAL, INC.	FOLDED CAPILLARY ZETA CELLS	\$230.37
239194	10/9/2018	000062397	OCLC, INC	CATALOGING, ILL, FIRSTSEARCH/WORLDCAT DISCOVERY	\$358.15
239170	10/9/2018	001-415601	PISTON SERVICE OF ANACORTES	BATTERIES- #7902, #7903, #7904	\$566.21
239198	10/9/2018	2018-8753	PUBLIC SAFETY TESTING, INC	SKAGIT COUNTY FIRE BASED EMS TRANSITION PROJECT	\$125.00
239182	10/9/2018	3RD QTR 2018	SKAGIT COUNTY DISTRICT COURT	3RD QTR 2018 PROBATION MONITORING EXPENSES	\$9,700.00
239180	10/9/2018	19677	THE LANGUAGE EXCHANGE INC	INTERPRETER SERVICES FOR COURT	\$150.00
239172	10/9/2018	698856	USA BLUE BOOK	CHECK VALVE	\$107.36

Total					\$339,572.26
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City Council Contract Agenda Bill

Meeting Date: 10/15/2018 **Agenda Item:** 5c

Subject: Contract Award - 2018-2019 Storm Pond Maintenance #18-084-STM-001

Staff Contact: Fred Buckenmeyer

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

Action Type: Contract Award

Summary Statement: City staff seeks Council consent to issue a contract to Trinity Contractors, Inc in the amount not to exceed \$64,500 to perform the 2018-2019 Storm Pond Maintenance Project. This project provides for the maintenance and improvement of existing City owned storm ponds, including but not limited to clearing and grubbing, excavation, crushed rock and gravel, fence and gates, concrete placement, drainage structure cleaning, reseeding, erosion control and other work all in accordance with the Standard Specifications. Payment for the project will be by time and materials in accordance with the provisions contained in Section 1-09.6 Force Account in the Standard Specifications.

Background:

1. **History:** The 2018-2019 Storm Pond Maintenance Project is a project to improve and maintain City owned storm treatment and detention ponds. The Washington State Department of Ecology mandates inspection and maintenance of City owned storm facilities and a part of the City's Phase II NPDES Permit. Inspection and much of this maintenance is completed by City staff. During inspections staff has identified certain ponds that require significant maintenance that are suited to be performed by a contractor. The pond selected to be maintained first by this project is the drainage pond in the Plat of Pleasant View along 27th Place. The pond was conveyed to the City during the plat process in 2005. The pond requires removal of significant vegetative overgrowth and sediment. Additionally the wet pond volume needs to be enlarged as a result of upstream development. Additional ponds within the City will also be maintained as contract funding allows.
2. **Key Terms:**
 - The work under this Agreement shall be performed on a time and materials basis not-to-exceed \$64,500.00.
 - The Contractor shall complete the work by October 31, 2019.
3. **Competitive Bidding:** The estimated project cost is under the City's bid threshold for a multiple craft project. As such, the Project Manager researched available contractors and decided to select Trinity Contractors, Inc. for this project.

Previous Council/Committee Action: N/A

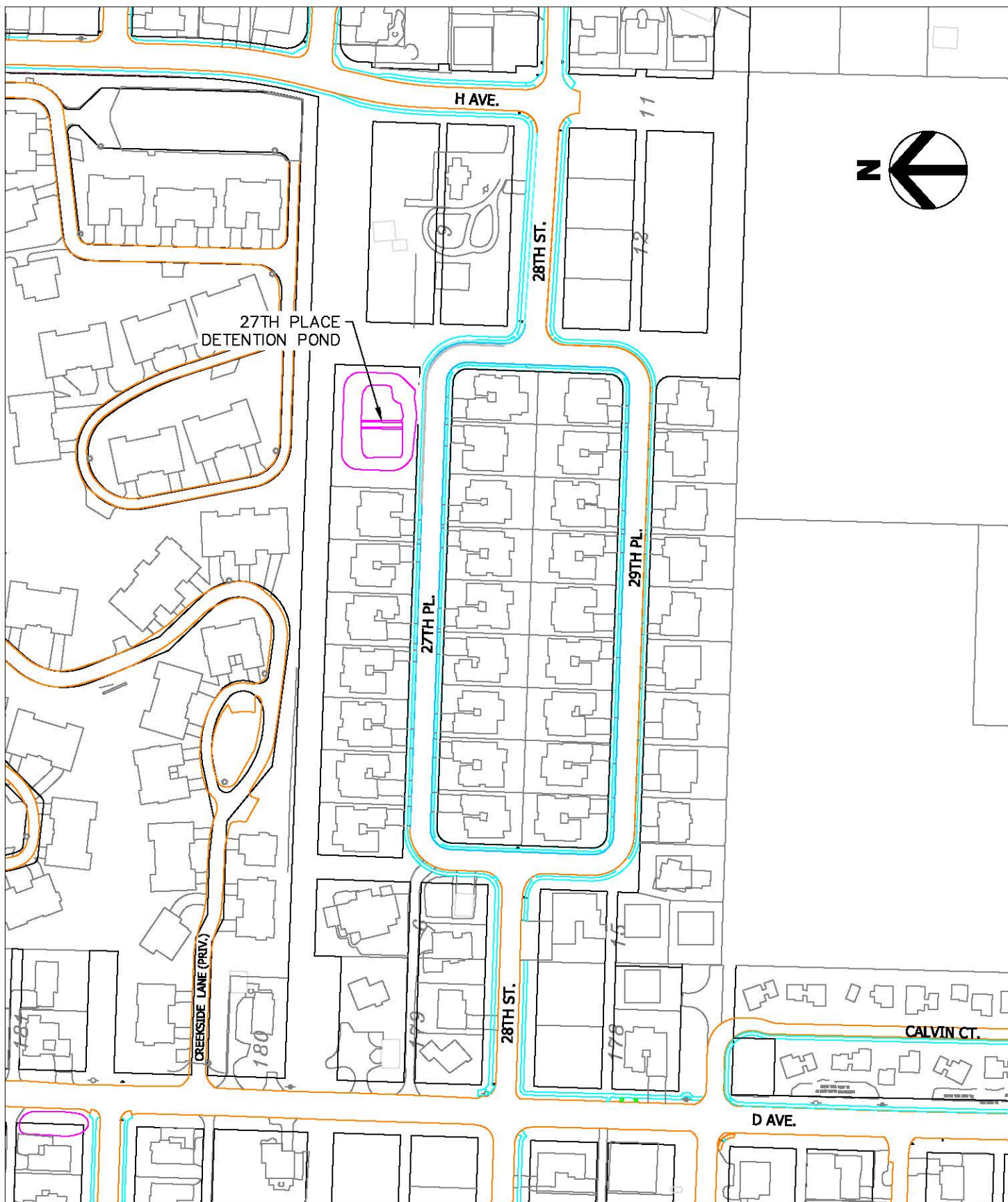
Competing Viewpoints Considered: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign a contract 18-084-STM-001 with Trinity Contractors, Inc. in the amount of \$64,500.00 to perform the 2018-2019 Storm Pond Maintenance project.

Alternative Actions: Not perform the storm pond maintenance which would put the City in violation of the NPDES permit.

Attachments: Contract 18-084-STM-001, map of 27th Place storm pond location

Contractor	Trinity Contractors, Inc.
Contract Amount	\$64,500.00
Earmarked Funds	none
BARS #	445.770.531.30.48
Budget Amendment Required?	Yes
Revenue Source?	Cash reserves
Start Date	Inception
End Date	10/31/19



SCALE: 1" = 200'

DRAWN BY: T.H.

FILE: 2018 STORM POND MAINT.DWG

DATE:

10-01-2018



27TH PLACE POND VICINITY MAP

SHEET: 1 OF 1



CONTRACT 18-084-STM-001
AGREEMENT WITH
Trinity Contractors, Inc.

This Contract is between the City of Anacortes, Washington, a Municipal Corporation (herein after referred to as "City") and Trinity Contractors, Inc. a private contractor at PO Box 1348, Marysville, WA 98270 (herein after referred to as "Contractor").

PROJECT
2018-2019 Storm Pond Maintenance

1. Scope of Work: Contractor shall furnish all materials, equipment and labor to perform Maintenance and improvement of existing City owned Storm Ponds, including but not limited to clearing and grubbing, excavation, crushed rock and gravel, quarry, spalls, fence and gates, concrete placement, drainage structure, cleaning, reseeding, erosion control and other work all in, accordance with the Standard Specifications and as directed by the Project Manager.

2. Contract Price: The work under this Agreement shall be performed on a time and materials basis not-to-exceed **Sixty-Four Thousand Five Hundred Dollars (\$64,500.00)**. This includes all labor, materials, and sales tax 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 each 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 October 31, 2019.

5. Job Safety: Contractor shall comply with all Labor and Industries and City of Anacortes safety standards.

6. Contract Requirements: Contractor must have a contractor license number, insurance, and City of Anacortes business license. **Prevailing Wage Law Applies.**

Forms Needed: 1) Proof of Insurance with Additional Insured Endorsement
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 Owner and Contractor each binds 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.

In Witness Whereof, all portions of the Contract Agreement have been signed or identified by the Owner and Contractor.

Owner:

City of Anacortes

Mayor

Date

Contractor:

Trinity Contractors, Inc.

Signature

Printed Name

Date

Contractor License #

1. Delivery. Advance coordination of the work shall be made with the Project Manager Tim Hohmann, 360-588-8068.

2. Subcontracts. The Contractor shall give notice reasonably in advance of placing any subcontract; preferably the Contractor shall identify subcontracts before subcontracted work begins. "Subcontract" means any contract entered into by a Sub-Contractor to furnish supplies or services for performance of the prime Contractor or a Sub-Contractor. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders. The following information shall be included (i) a description of the supplies or services to be subcontracted, (ii) identification of the type of subcontract to be used (iii) identification of the proposed Sub-Contractor, (iv) proposed subcontract price.

Unless consent or approval specifically provides otherwise, consent by the City shall not constitute a determination

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

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 Sub-Contractor 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.

3. 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.

4. Invoicing. All invoices shall include: Company Name, Invoice Date, Due Date (30 days), Invoice Number, Invoice Period, Project Title, Agreement Number and Price, or Amended Price. The Contractor must invoice **MONTHLY** for quantities delivered during the invoice period. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@cityofanacortes.org. 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.

5. 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 Public Works Director 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 Public Works Director 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.

6. 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.

7. 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 his or her 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 his/her obligations or responsibilities under the Contract.

8. 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. When corrections of defects are made, the Contractor shall then be responsible for correcting all defects in workmanship and materials in the corrected work for one year after acceptance of the corrections by City. 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 any other legal rights or remedies of the City.

9. Defense and Indemnity Agreement. The Contractor shall defend, indemnify and hold the City, its appointed and elective officers, officials, employees and volunteers harmless from any and all claims, injuries, including death at any time resulting there from, damages, losses or suits including attorney fees, to the extent caused by negligent acts, errors or omissions of the Contractor in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the 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 Clause shall survive the expiration or termination of this Agreement.

10. 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. 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.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

E. Public Entity Full Availability of Contractor Limits

If the Contractor maintains higher insurance limits than the minimums shown above, the Public Entity shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the 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 Public Entity 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 before commencement 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.

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.

11. 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 pre-printed on any purchase order, quote, invoice, or otherwise set forth on any release, acknowledgement, confirmation, requisition, work order, shipping instruction, specification and similar document or communication.

12. 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, the City will require persons doing business with the City to possess a business license.

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

14. 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 Sub-Contractors during the performance of this Agreement.

15. 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. An equitable adjustment in the Agreement price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Agreement by the City at any time during the term, whether for default or convenience, shall not constitute a breach of Agreement by the City.

16. 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 Scope of Services 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 Scope of Services unless or until a modification to this Agreement is approved in writing by both parties.

17. 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.

18. Covenant Against Contingent Fees. The Contractor warrants that he has 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 he has 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.

19. 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.

20. Force Majeure. Definition: Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement if and to the extent that such party's performance of this Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences. Notification: If either party is delayed by force majeure, said party shall provide written notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other party. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by Agreement modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Agreement. Rights Reserved: The City reserves the right to cancel the Agreement and/or purchase materials, equipment or services from the best available source during the time of force majeure, and Contractor shall have no recourse against the City.

21. 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.

22. 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.

23. 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.

24. 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; Defense & Indemnity Agreement; Disputes.

25. 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 six 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 Department of Revenue, Department of Employment Security and the 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.

26. 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:

- 1) All liens placed against the project have been released. For projects over \$35,000, releases from the Department of Labor and Industries, Department of Employment Security and the Department of Revenue will also be required.
- 2) Affidavits of Wages paid for the final correct contract amount are approved and on file for the Contractor and any subcontractors.
- 3) Worker's Compensation Premiums for the Contractor and any subcontractors are current.

27. 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. The applicable provisions are as follows:

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).

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. L&I provides the wage forms. Payment by the contractor or subcontractor of any fees are incidental to the project and all costs shall be included in other pay items of the project.

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 inquires 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://fortress.wa.gov/lni/wagelookup/prvwagelookup.aspx>. 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 Owner, located at 904 6th Street, Anacortes, WA. Upon request, the Owner will mail a hard copy of the applicable prevailing wages for this project.



City Council Contract Agenda Bill

Meeting Date: 10/15/2018 **Agenda Item:** 5d

Subject: Contract Award – Operations Facility Remodel – Drywall 16-085-IDS-009

Staff Contact: Fred Buckenmeyer

Approved for Submittal to Council by: Darcy Swetnam, City Attorney
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Action Type: Contract Award

Summary Statement: City staff seeks City Council consent to award a contract in the amount of \$30,128.98 to Valley Drywall, Inc. to perform the drywall portion of the Operations Facility Remodel. The project provides for the materials, equipment and labor to install gypsum wallboard at the Anacortes Operations Facility, 2201A 37th St, Anacortes, WA.

Background:

1. **History:** This Contract is for the installation and finishing of all drywall (9000sf) for Phase 2 of the Operations shop remodel. Phase 2 is the final phase of the Operations remodel.
2. **Key Terms:**
 - The contract price is not-to-exceed \$30,128.98.
 - The Contractor shall complete the work by November 30, 2018.
3. **Competitive Bidding:** In accordance with competitive bid requirements set forth under RCW 39.04.155 - Small Works Roster Contract Procedures, on October 1, 2018 an Invitation to Bid was sent to five contractors in the appropriate small works roster category. One bid was received by the deadline on 10/8/18 at 2:00pm, and Valley Drywall, Inc. was determined to be the lowest responsible bidder. The bid tabulation is attached.

Previous Council/Committee Action: City Council previously approved a contract on [3/26/18](#) to VECA Electric for the electrical portion of the shop remodel. A [presentation](#) on the Operations Facility Remodel was also given at the 3/26/18 meeting.

Competing Viewpoints Considered: N/A

Recommended Motion: I move that City Council authorize the Mayor to sign a contract 16-085-IDS-009 with Valley Drywall, Inc. in the amount of \$30,128.98 to perform the Operations Facility Remodel – Drywall project.

Alternative Actions: N/A

Attachments: Bid Results, Contract 16-085-IDS-009

Contractor	Valley Drywall, Inc.
Contract Amount	\$30,128.98
BARS #	001.713.594.53.62
Earmarked Funds	None
Budget Amendment Required?	No
Start Date	10/1/2018
End Date	8/31/2019

CITY OF ANACORTES TABULATION OF BIDS - Small Works Roster

Bid Item: Operations Facility Remodel – Drywall, #16-085-IDS-009

Department: Operations Shop

Date: 10/8/2018

Time: 2:00pm

DATE/TIME IN		COMPANY	BID AMOUNT
1.	10/2/18 6:27PM	Valley Drywall, Inc.	\$30,128.98
2.			

SCOPE OF WORK

All work to be performed between the hours of 7:00am and 4:30pm Monday-Friday, excluding any City observed holidays. Bidder is responsible for any and all permits that may be required.

Contractor shall furnish all materials, equipment and labor to install gypsum wallboard at the Anacortes Operations Facility, 2201A 37th St, Anacortes, WA.

Scope of work includes the following:

1. Furnish and install gypsum wallboard complete per building plans for Phase 2 of project 2015-01, approx. 3500sq ft. The building plans are available for viewing at the Operations Facility.
 - a. 5/8" type Fire X gypsum wallboard for all applicable interior ceilings.
 - b. ½" regular gypsum wallboard for all applicable interior walls & partitions.
2. Remove and clean up all wallboard related dust and debris.
3. Mask working space floors with construction paper.
4. Reinstall/rehang and add to if needed current heavy plastic curtain for phase 1-phase 2 separation to control dust into phase 1 work space.
5. Tape on square metal for all outside corners (no windows).
6. Tape on ULTRAFLEX structural corners for all inside offset angles.
7. Three-coat joint treatment on interior walls/ceiling as recommended by the wallboard manufacturer.
8. Hand skim all joints, angles, fasteners and corners.
9. Sand down all surfaces to a ready for paint finish- Level 4 Smooth finish.
10. No prime or texture.



Operations Facility Remodel – Drywall, #16-085-IDS-009

EXHIBIT A – Bid Proposal

Company Name: Valley Drywall, Inc.

Email: curtis.valleydrywall@gmail.com

Date: 10/02/2018

Address of Bidder: 9034 Collins Road / Sedro Woolley, WA 98284

Telephone No.: 360-708-3262

Labor and Industries Account No.: 574 595-01

Price shall be quoted as a time-and-materials (T&M) basis not-to-exceed amount. Price should include all materials, equipment and labor, permit fees, and sales tax.

Having carefully examined any and all drawings & specifications prepared by the City of Anacortes, as well as the premises and conditions affecting the work (if applicable), the Undersigned proposes to furnish all labor, equipment, and materials and perform all work, in accordance with the terms & conditions and prevailing wage requirements, which price is hereby designated as to the total proposal price for all necessary work.

Line	Qty	Description	Not-To-Exceed
1	1	Operations Facility Remodel – Drywall project as detailed in the Invitation to Bid 16-085-IDS-009	\$ 30,128.98

ADDENDA: Bidder acknowledges review of all Addenda through No. _____ (if applicable)

COMPLIANCE WITH SPECIFICATIONS

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

NON-COLLUSION DECLARATION

The undersigned, hereinafter called the bidder, declares that the only persons or parties interested in this proposal are those named herein; that this proposal is in all respects fair and without fraud; that it is made without collusion with any official of the City of Anacortes; and that the proposal is made without any connection or collusion with any person making another proposal of this contract. **Moreover, the Bidder declares by the signing of this Proposal that the following statement is true and correct:**

My firm, association, or corporation has not, either directly or indirectly, entered into any agreement, participated in any collusion, or otherwise taken any action in restraint of free competitive bidding in connection with the project for which this proposal is submitted.

AUTHORIZATION

I, Curtis Fenimore / Curtis Fenimore (sign and print name) authorize the above bid and I have the authority to enter into contracts on behalf of the business or other entity I represent.

1. Delivery. Advance coordination of the work shall be made with the Project Manager Wil Ludemann, 360-661-1067.

2. Subcontracts. The Contractor shall give notice reasonably in advance of placing any subcontract; preferably the Contractor shall identify subcontracts before subcontracted work begins. "Subcontract" means any contract entered into by a Sub-Contractor to furnish supplies or services for performance of the prime Contractor or a Sub-Contractor. It includes, but is not limited to, purchase orders, and changes and modifications to purchase orders. The following information shall be included (i) a description of the supplies or services to be subcontracted, (ii) identification of the type of subcontract to be used (iii) identification of the proposed Sub-Contractor, (iv) proposed subcontract price.

Unless consent or approval specifically provides otherwise, consent by the City shall not constitute a determination

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

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 Sub-Contractor 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.

3. 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.

4. Invoicing. All invoices shall include: Company Name, Invoice Date, Due Date (30 days), Invoice Number, Invoice Period, Project Title, Agreement Number and Price, or Amended Price. The Contractor must invoice at least **MONTHLY** for quantities delivered during the invoice period. Invoices may be sent by US mail to City of Anacortes, Accounts Payable, PO Box 547, Anacortes, WA 98221, or by email to accountspayable@cityofanacortes.org. 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.

5. 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 Public Works Director 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 Public Works Director 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.

6. 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.

7. 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 his or her 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 his/her obligations or responsibilities under the Contract.

8. 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. When corrections of defects are made, the Contractor shall then be responsible for correcting all defects in workmanship and materials in the corrected work for one year after acceptance of the corrections by City. 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 any other legal rights or remedies of the City.

9. Defense and Indemnity Agreement. The Contractor shall defend, indemnify and hold the City, its appointed and elective officers, officials, employees and volunteers harmless from any and all claims, injuries, including death at any time resulting there from, damages, losses or suits including attorney fees, to the extent caused by negligent acts, errors or omissions of the Contractor in performance of this Agreement, except for injuries and damages caused by the sole negligence of the City.

Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the 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 Clause shall survive the expiration or termination of this Agreement.

10. 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. 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.
2. Commercial General Liability insurance shall be written with limits no less than \$1,000,000 each occurrence, \$2,000,000 general aggregate and \$2,000,000 products-completed operations aggregate limit.

E. Public Entity Full Availability of Contractor Limits

If the Contractor maintains higher insurance limits than the minimums shown above, the Public Entity shall be insured for the full available limits of Commercial General and Excess or Umbrella liability maintained by the 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 Public Entity 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 before commencement 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.

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.

11. 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 pre-printed on any purchase order, quote, or otherwise set forth on any release, acknowledgement, confirmation, requisition, work order, shipping instruction, specification and similar document or communication.

12. 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, the City will require persons doing business with the City to possess a business license.

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

14. 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 Sub-Contractors during the performance of this Agreement.

15. 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. An equitable adjustment in the Agreement price for partially completed items of work will be made, but such adjustment shall not include provision for loss of anticipated profit on deleted or uncompleted work. Termination of this Agreement by the City at any time during the term, whether for default or convenience, shall not constitute a breach of Agreement by the City.

16. 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 Scope of Services 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 Scope of Services unless or until a modification to this Agreement is approved in writing by both parties.

17. 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.

18. Covenant Against Contingent Fees. The Contractor warrants that he has 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 he has 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.

19. 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.

20. Force Majeure. Definition: Except for payment of sums due, neither party shall be liable to the other or deemed in default under this Agreement if and to the extent that such party's performance of this Agreement is prevented by reason of force majeure. The term "force majeure" means an occurrence that is beyond the control of the party affected and could not have been avoided by exercising reasonable diligence. Force majeure shall include acts of God, war, riots, strikes, fire, floods, epidemics, or other similar occurrences. Notification: If either party is delayed by force majeure, said party shall provide written notification within forty-eight (48) hours. The notification shall provide evidence of the force majeure to the satisfaction of the other party. Such delay shall cease as soon as practicable and written notification of same shall be provided. The time of completion shall be extended by Agreement modification for a period of time equal to the time that the results or effects of such delay prevented the delayed party from performing in accordance with this Agreement. Rights Reserved: The City reserves the right to cancel the Agreement and/or purchase materials, equipment or services from the best available source during the time of force majeure, and Contractor shall have no recourse against the City.

21. 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.

22. 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.

23. 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.

24. 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; Governing Law; Defense & Indemnity Agreement; Disputes.

25. 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 six 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 Department of Revenue, Department of Employment Security and the 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.

26. 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:

- 1) All liens placed against the project have been released. For projects over \$35,000, releases from the Department of Labor and Industries, Department of Employment Security and the Department of Revenue will also be required.
- 2) Affidavits of Wages paid for the final correct contract amount are approved and on file for the Contractor and any subcontractors.
- 3) Worker's Compensation Premiums for the Contractor and any subcontractors are current.

27. 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. The applicable provisions are as follows:

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).

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. L&I provides the wage forms. Payment by the contractor or subcontractor of any fees are incidental to the project and all costs shall be included in other pay items of the project.

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 inquires 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://fortress.wa.gov/lni/wagelookup/prvwagelookup.aspx>. The prevailing wage schedule in effect for the work under the contract will be 10/8/2018. A copy of the applicable prevailing wage rates are also available for viewing at the office of the Owner, located at 904 6th Street, Anacortes, WA. Upon request, the Owner will mail a hard copy of the applicable prevailing wages for this project.



City Council Agenda Bill

Meeting Date: 10/15/2018

Agenda Item: 7a

Subject: Third Quarter Finance Update

Staff Contact: Steve Hoglund

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

Action Type	
	Ordinance No.
	Code Revision?
	Resolution No.
	Contract
	Public Hearing
x	Staff Report

Summary Statement: The attached Finance update contains data through September 30, 2018, or 75% of the year. Accordingly, where percentage of budgeted revenues or expenditures are shown, we would expect those metrics to be at or near 75%. The second half of the year property taxes have not been receipted, which is why the "All Funds" section revenues for fund 101, 102, and 103 are less than 75%, but are reasonable. Sales tax continues to be strong, at 20% higher than the same period 2017. Estimates eliminating the high school construction project puts the sales tax revenue stream about 9% over prior year. As at the same time last year, the marine trades, vehicle sales, construction, and hospitality continue to lead the sales tax generation. Lodging tax generated from hotel/motel stays continues to outpace all prior years, currently 6.8% over 2017. No operating funds, or revenue or expenditure streams, show any concerns at this time.

Background:

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

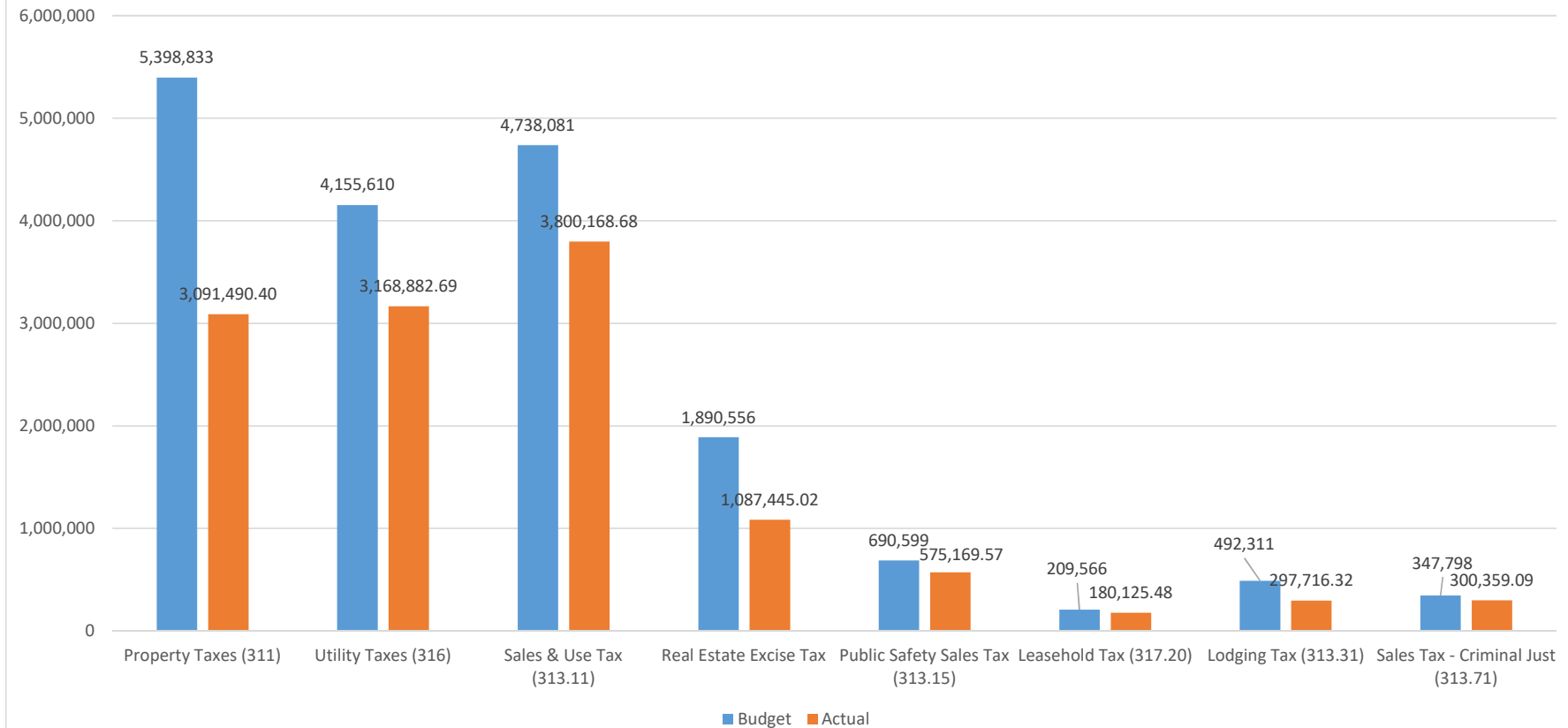
Proposed Contract	
Contractor	
Amount	
Start Date	
End Date	

Previous Council/Committee Action: N/A

Recommended Motion: N/A

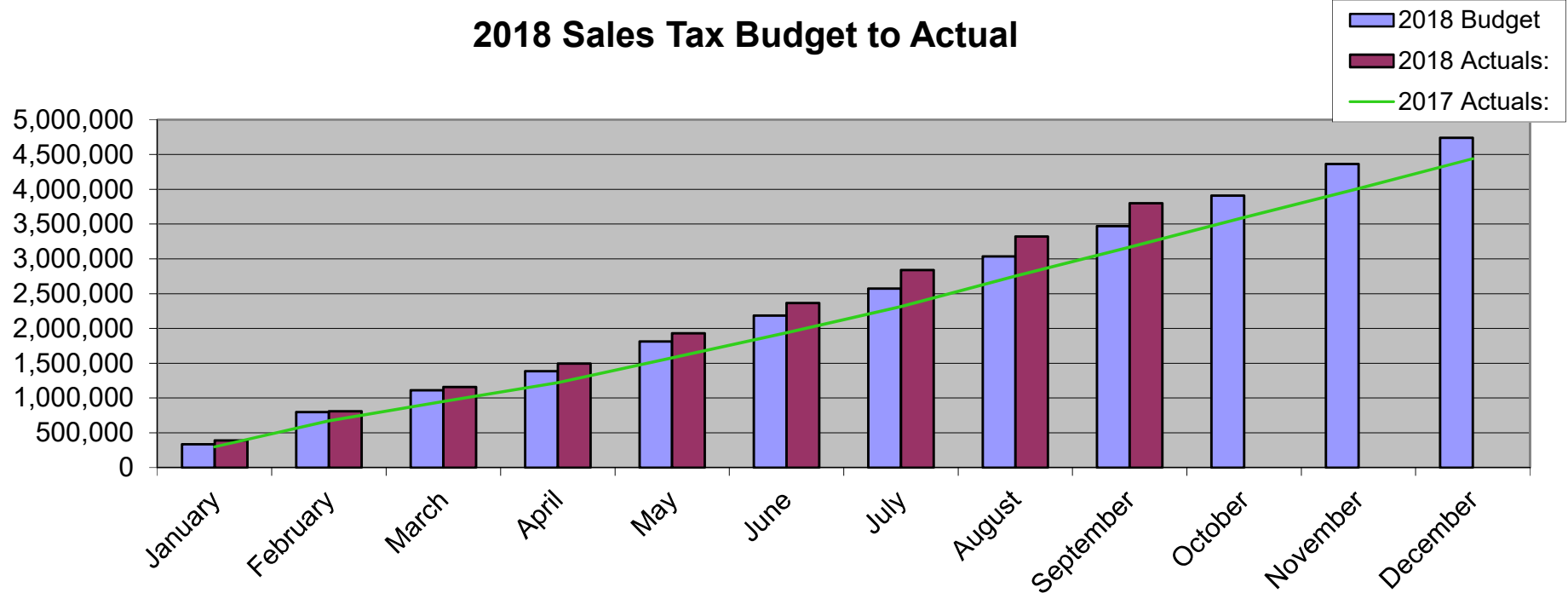
Attachments (listed in order presented): 2018 Tax Revenue Budget to Actual; 2018 Sales Tax Budget to Actual; Real Estate Excise Tax (REET); Impact Fees; Lodging Tax Receipts by Month; Revenues and Expenditures by Fund; Investment Diversification

2018 Tax Revenue Budget to Actual



Taxes	Budget	Actual	Jan - Sept 2018	0.75%
Property Taxes (311)	5,398,833	3,091,490.40	57%	
Utility Taxes (316)	4,155,610	3,168,882.69	76%	
Sales & Use Tax (313.11)	4,738,081	3,800,168.68	80%	
Real Estate Excise Tax	1,890,556	1,087,445.02	58%	
Public Safety Sales Tax (313.15)	690,599	575,169.57	83%	
Leasehold Tax (317.20)	209,566	180,125.48	86%	
Lodging Tax (313.31)	492,311	297,716.32	60%	
Sales Tax - Criminal Just (313.71)	347,798	300,359.09	86%	
Totals Taxes:	17,923,354	12,501,357	69.7%	
Total Governmental budget (2018):	27,844,518			
Taxes as a % of Gov Budget:	64%			

2018 Sales Tax Budget to Actual



	January	February	March	April	May	June	July	August	September	October	November	December
2018 Budget	337,070	799,706	1,109,653	1,384,576	1,811,051	2,184,353	2,573,053	3,034,076	3,471,350	3,909,016	4,364,706	4,738,081
2018 Actuals:	391,598	808,756	1,157,151	1,494,142	1,931,691	2,366,836	2,839,202	3,321,692	3,800,168			
2017 Actuals:	298,921	672,367	951,182	1,221,516	1,577,702	1,936,598	2,313,035	2,753,644	3,167,739	3,597,403	4,011,163	4,438,743
Year to prior year:	31.0%	20.3%	21.7%	22.3%	22.4%	22.2%	22.7%	20.6%	20.0%			
Year to budget:	16.2%	1.1%	4.3%	7.9%	6.7%	8.4%	10.3%	9.5%	9.5%			
Actual Receipts:												
2018 Total:	391,598	417,159	348,395	336,990	437,549	435,146	472,366	482,490	478,476			
Month % change:	31.0%	11.7%	25.0%	24.7%	22.8%	21.2%	25.5%	9.5%	15.5%	-100.0%	-100.0%	-100.0%
2017 Total:	298,921	373,446	278,816	270,333	356,187	358,896	376,437	440,609	414,095	429,664	413,760	427,580

Real Estate Excise Tax (REET)

	Total REET Revenues		
	2017	2018	% YTD Change
January	108,345	90,855	-16%
February	83,871	91,344	-5%
March	71,546	119,086	14%
April	113,091	122,262	12%
May	105,290	107,540	10%
June	124,195	153,339	13%
July	158,342	145,919	9%
August	119,278	121,977	8%
September	89,402	111,249	9%
October	107,915		
November	100,151		
December	80,913		
To date	1,262,338	1,063,571	
2017 Budget		1,134,666	
% Received		94%	

631,169.03

	Current	2018	Estimated
	Cash Balance	Budgeted Expense	Ending Cash
REET 1:	2,041,539	892,903	1,148,636
REET 2:	1,942,267	997,653	944,614

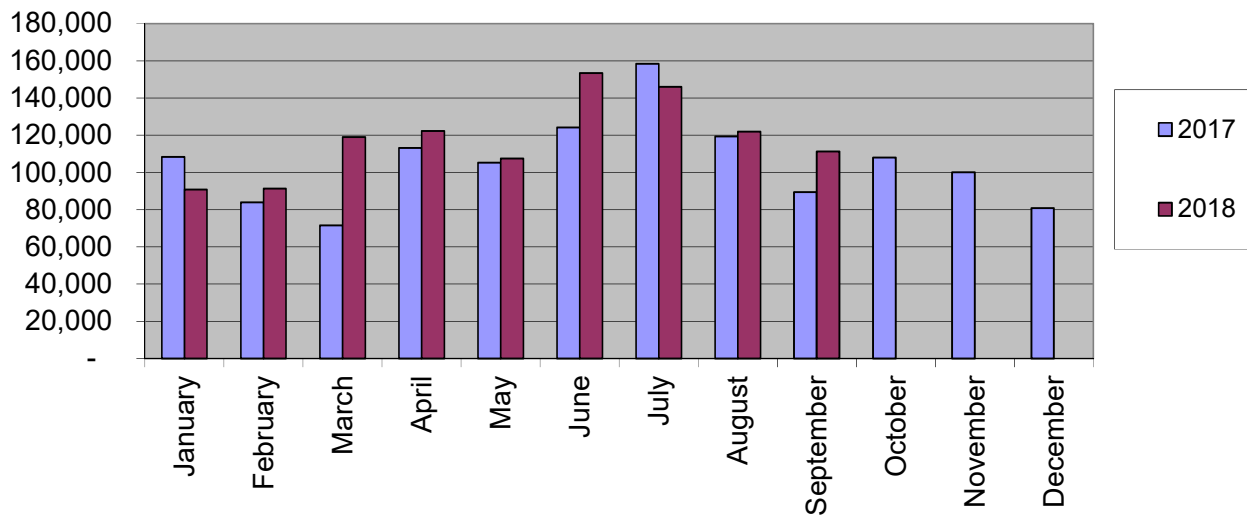
ALLOWABLE USE OF REET

REET 1: RCW 82.46.010: public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets; roads; highways; sidewalks; street and road lighting systems; traffic signals; bridges; domestic water systems; storm and sanitary sewer systems; parks; recreational facilities; law enforcement facilities; fire protection facilities; trails; libraries; administrative facilities; judicial facilities

REET 2: RCW 82.46.035: public works projects of a local government for planning, acquisition, construction, reconstruction, repair, replacement, rehabilitation, or improvement of streets, roads, highways, sidewalks, street and road lighting systems, traffic signals, bridges, domestic water systems, storm and sanitary sewer systems, and planning, construction, reconstruction, repair, rehabilitation, or improvement of parks

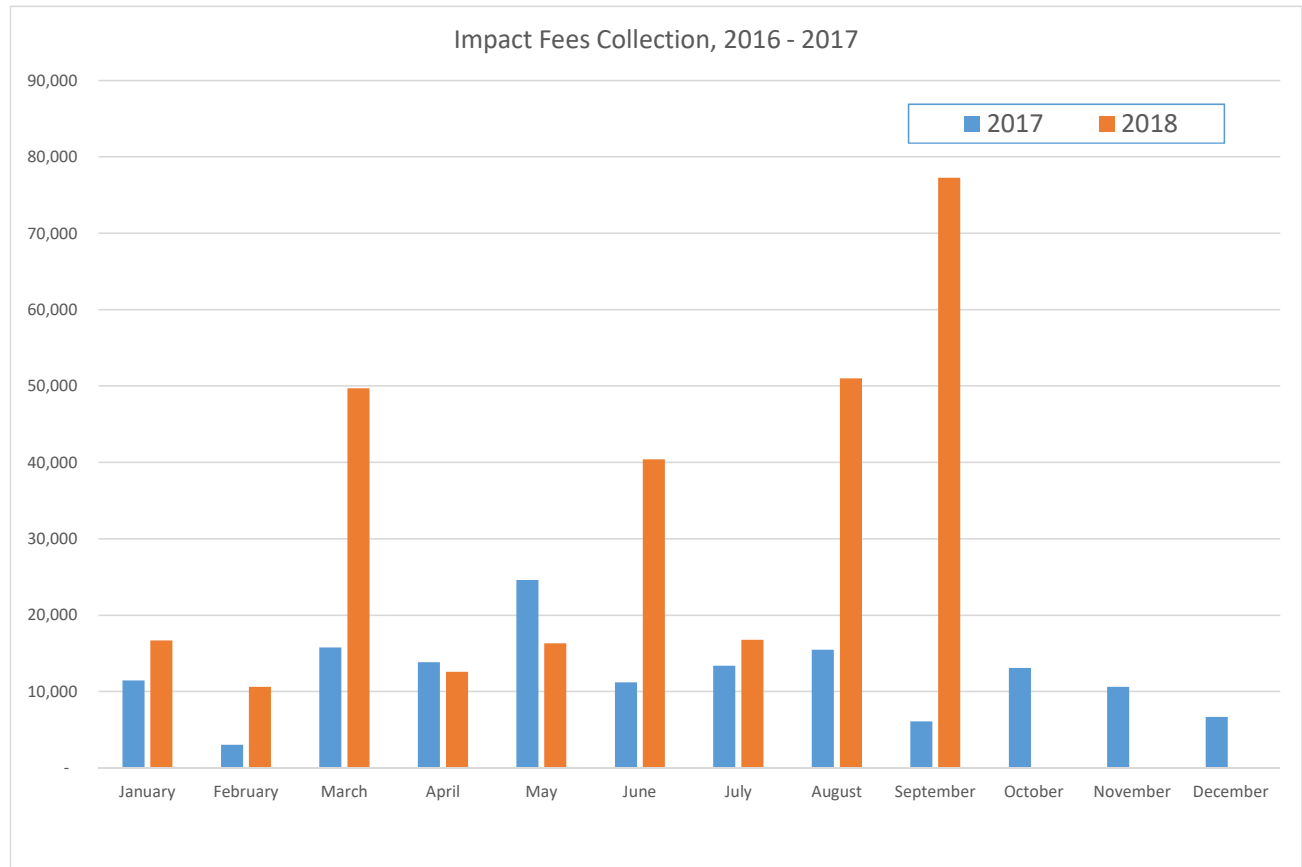
Primary difference: REET 2 is more restrictive, cannot be used for Parks Acquisition, Trails, Admin, or Public Safety.

Cumulative REET



IMPACT FEES

	Impact Fees		2018	2018 YTD	Change
	By month	2017 YTD			
January	11,430	11,430	16,665	16,665	45.8%
February	3,030	14,460	10,605	27,270	88.6%
March	15,735	30,195	49,682	76,952	154.8%
April	13,806	44,001	12,573	89,525	103.5%
May	24,568	68,569	16,282	105,807	54.3%
June	11,190	79,759	40,365	146,172	83.3%
July	13,350	93,109	16,745	162,917	75.0%
August	15,450	108,559	50,984	213,901	97.0%
September	6,060	114,619	77,236	291,136	154.0%
October	13,062	127,681			-100.0%
November	10,605	138,286			-100.0%
December	6,675	144,961			-100.0%



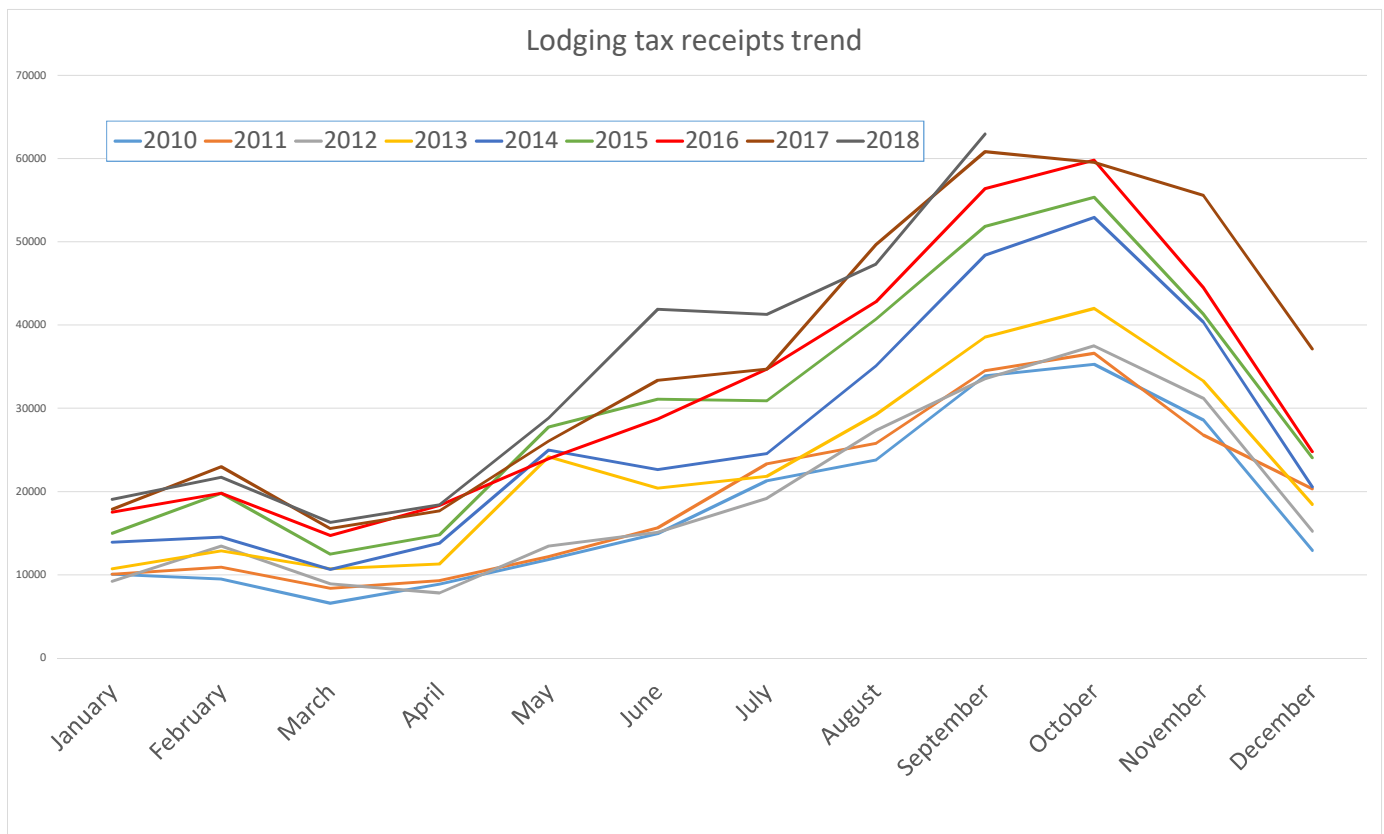
	Current Cash Balance	2018 Budgeted Expense	Estimated Ending Cash
Street	753,107	0	
Parks	342,300	0	

Lodging Tax Receipts by Month

	2012	2013	2014	2015	2016	2017	2018
January	9,212	10,730	13,922	14,995	17,536	17,886	19,061.86
February	13,467	12,891	14,518	19,790	19,794	23,002	21,713.24
March	8,906	10,721	10,652	12,480	14,723	15,558	16,304.42
April	7,827	11,287	13,814	14,789	18,327	17,694	18,402.16
May	13,447	24,170	24,978	27,734	23,959	26,059	28,812.03
June	15,115	20,429	22,646	31,090	28,702	33,354	41,908.57
July	19,185	21,847	24,560	30,894	34,718	34,696	41,262.06
August	27,335	29,252	35,074	40,691	42,774	49,671	47,303.54
September	33,542	38,564	48,375	51,865	56,371	60,826	62,948.44
October	37,498	41,990	52,933	55,347	59,795	59,541	
November	31,208	33,268	40,350	41,323	44,510	55,567	
December	15,223	18,431	20,553	24,079	24,792	37,117	
Total:	231,966	273,580	322,375	365,078	386,002	430,970	297,716
Year over Year change:	-0.8%	17.9%	17.8%	13.2%	5.7%	11.6%	
\$ thru September:	148,036	179,891	208,539	244,328	256,904	278,745	297,716
% change Jan-June:		21.5%	15.9%	17.2%	5.1%	8.5%	6.8%

Current Cash Balance: 876,237

NOTE: Lodging tax revenues are recieved 2 months after the room is paid for by the customer. E.g. the City will recieve tax revenues in August from a hotel room that was paid for in June.



CITY OF ANACORTES
ALL FUNDS
Revenues/Expenditures
January - September 2018

		2018 Adj Budget	Year to date Actuals	0.8%
001	GENERAL FUND			
	Revenue	14,792,554.62	11,076,998.41	74.9%
	Expenditure	14,648,787.23	10,965,226.10	74.9%
	Difference	143,767	111,772	
101	PARK & RECREATION			
	Revenue	1,679,514.53	988,520.64	59%
	Expenditure	1,713,631.79	1,324,238.82	77%
	Difference	-34,117	-335,718	
102	CEMETERY			
	Revenue	225,128.38	148,759.09	66%
	Expenditure	230,663.26	181,058.51	78%
	Difference	-5,535	-32,299	
103	LIBRARY			
	Revenue	1,453,173.61	800,066.74	55%
	Expenditure	1,487,866.21	1,041,336.12	70%
	Difference	-34,693	-241,269	
104	STREET MAINTENANCE			
	Revenue	2,229,823.18	804,687.77	36%
	Expenditure	2,244,668.50	2,068,293.41	92%
	Difference	-14,845	-1,263,606	
105	ARTERIAL STREET			
	Revenue	1,757,974.73	227,623.74	13%
	Expenditure	1,762,141.07	1,240,677.78	70%
	Difference	-4,166	-1,013,054	
106	Trans Bene Dist			
	Revenue	299,056.16	273,050.21	91%
	Expenditure	299,056.16	0	
	Difference	0	273,050	
107	WASHINGTON PARK			
	Revenue	255,918.30	276,948.92	108%
	Expenditure	260,650.34	256,439.41	98%
	Difference	-4,732	20,510	
108	PARKS CAPITAL			
	Revenue	225,000.00	30,102.13	13%
	Expenditure	225,000.00	105,655.44	
	Difference	0	-75,553	
110	AMBULANCE FUND			
	Revenue	3,368,319.05	2,568,049.50	76%
	Expenditure	3,413,262.21	2,557,659.33	75%
	Difference	-44,943	10,390	
112	DEVELOPMENT FEES			
	Revenue	325,000.00	306,725.96	
	Expenditure	325,000.00	0.00	
	Difference	0	306,726	
113	ACFL MANAGEMENT FUND			
	Revenue	188,212.56	39,018.73	21%
	Expenditure	188,948.92	159,965.33	85%
	Difference	-736	-120,947	
135	TOURISM			

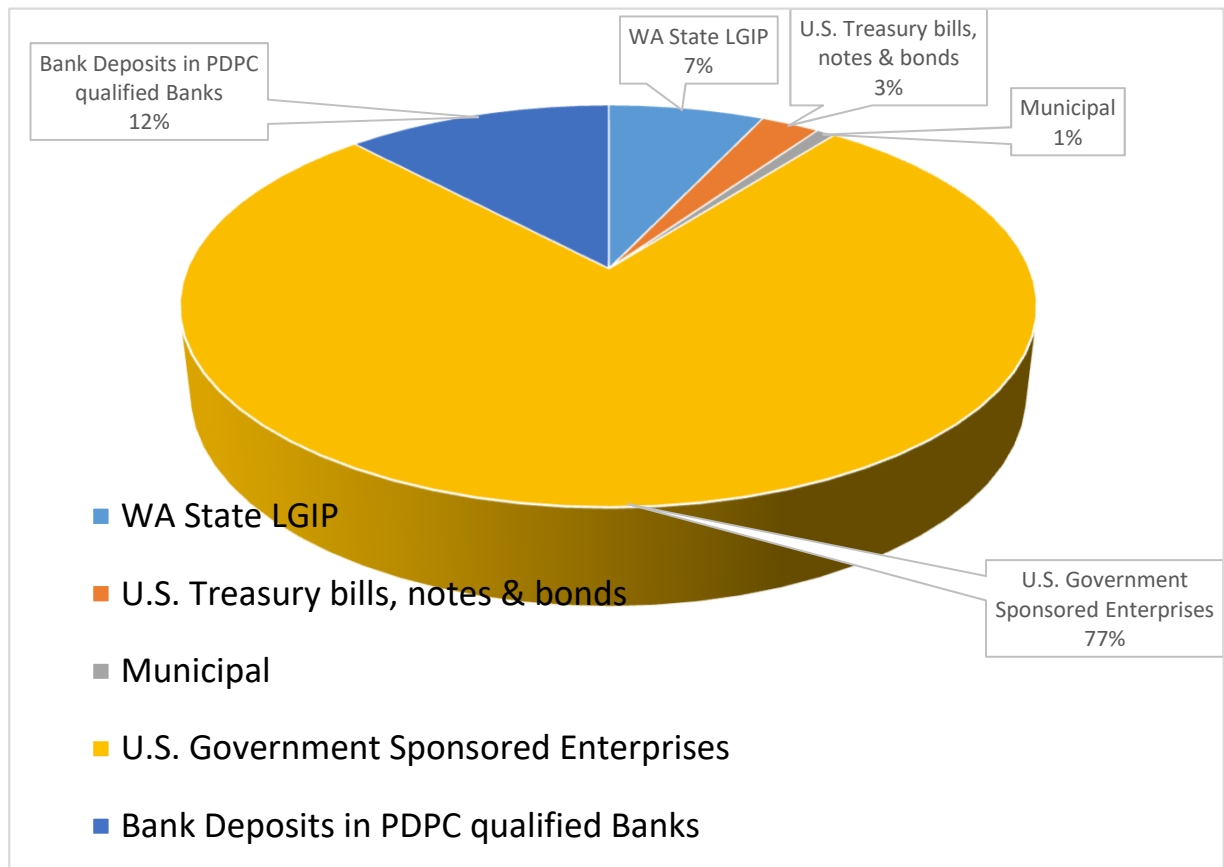
CITY OF ANACORTES
ALL FUNDS
Revenues/Expenditures
January - September 2018

		2018 Adj Budget	Year to date Actuals		
	Revenue	362,842.60	303,113.74	84%	
	Expenditure	362,842.60	219,002.80	60%	
	Difference	0	84,111		
200	2000 GO BOND DEBT SERVICE				
	Revenue	506,220.00	283,793.71	56%	
	Expenditure	506,220.00	18,157.50	4%	
	Difference	0	265,636		
209	2009 PUBLIC SAFETY REFUNDING				
	Revenue	265,200.00	151,960.83	57%	
	Expenditure	265,200.00	5,100.00	2%	
	Difference	0	146,861		
335	GROWTH MANAGEMENT CAPITAL IMPROVEMENT				
	Revenue	1,966,556.16	1,087,445.02	55%	
	Expenditure	1,966,556.14	0.00	0%	
	Difference	0	1,087,445		
401	WATER				
	Revenue	21,460,488.17	15,352,104.11	72%	Chgs budg 9,451,086.74
	Expenditure	19,007,995.34	9,494,225.38	50%	Actuals: 7,792,305.28
	Difference	2,452,492.83	5,857,879		% collected: 82%
					Cap Budg: 9,145,766.37
					Actuals: 6,693,060.53
					% collected: 73%
440	SEWER				
	Revenue	5,543,091.46	4,662,289.55	84%	Chgs budg 5,272,083.26
	Expenditure	5,543,091.46	4,223,136.80	76%	Actuals: 3,706,124.70
	Difference	0	439,153		% collected: 70%
445	STORM DRAIN				
	Revenue	1,128,490.53	958,223.17	85%	Chgs budg 914,698.00
	Expenditure	1,128,490.33	830,927.95	74%	Actuals: 805,670.43
	Difference	0	127,295		% collected: 88%
450	SANITATION				
	Revenue	3,391,154.64	2,857,122.73	84%	
	Expenditure	3,391,154.64	2,757,437.79	81%	
	Difference	0	99,685		
501	EQUIPMENT RENTAL FUND				
	Revenue	1,927,966.46	2,051,852.88	106%	
	Expenditure	1,927,966.46	1,758,364.92	91%	
	Difference	0	293,488		
611	FIREMEN'S PENSION FUND				
	Revenue	34,000.00	29,180.02	86%	
	Expenditure	34,000.00	34,097.55	100%	
	Difference	0	-4,918		

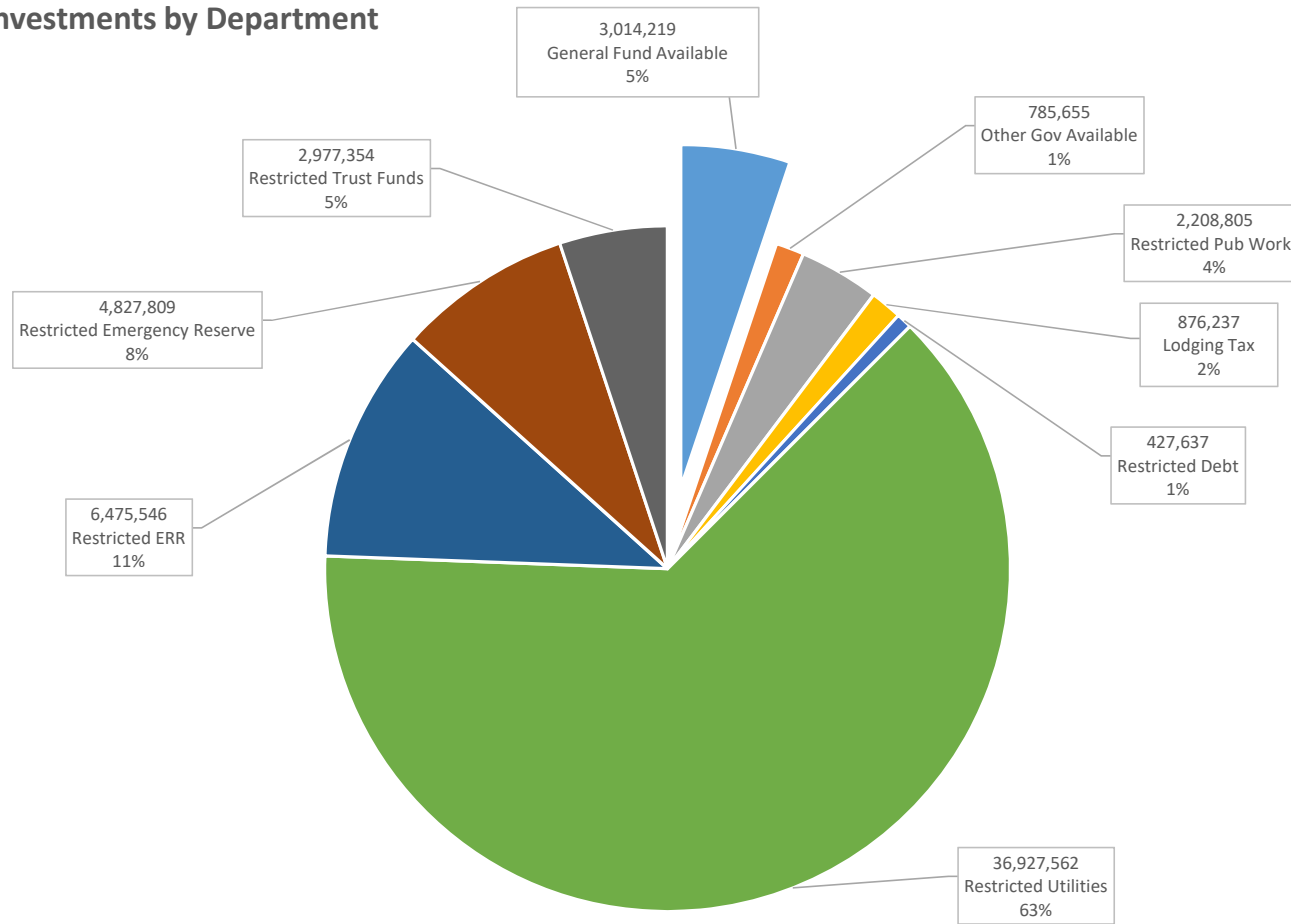
City of Anacortes
Investment Diversification
9/30/2018

		Percentage	Maximum	Test
WA State LGIP	\$ 4,106,563	7%	100%	OK
U.S. Treasury bills, notes & bonds	\$ 1,552,345	3%	100%	OK
Municipal Securities	\$ 495,155	1%	30%	OK
U.S. Government Sponsored Enterprises				
FFCB	\$ 1,991,964	3%	50%	OK
FHLB	\$ 14,752,550	25%	50%	OK
FHLMC	\$ -	0%	50%	OK
FNMA	\$ 18,273,862	31%	50%	OK
Other GSE's	\$ 10,318,896	18%	20%	OK
Total U.S. Government Sponsored Enterprises	\$ 45,337,272	77%	90%	OK
Bank Deposits in PDPC qualified Banks				
Skagit State Bank	\$ 7,022,021			
Washington Federal	\$ 7,468			
Total Bank Deposits in PDPC qualified Banks	\$ 7,029,489	12%	20%	OK
Total Portfolio	\$ 58,520,824			

Portfolio Diversification



Cash and Investments by Department



City of Anacortes' Municipal Fiber Network: Business Plan Study Session



Fred Buckenmeyer, Laurie Gere, Matt Miller,
Bruce McDougall, Emily Schuh, Ryan Walters

October, 2018



Agenda

- Introduction – Why Fiber?
- Network Architecture
- Business Plan Goals and Variables
- Services and Revenue
- Network Trial – neighborhoods, construction costs, operational model
- Service throughout the city – construction costs
- Conclusion

Why Fiber? Future Proof the City of Anacortes

World Class Technology Infrastructure for a World Class City

- High Bandwidth
- Economic Development
- Keeps Money in the Community
- 5G ready
- Smart Cities Initiatives
- IOT – Internet of Things
- Autonomous Vehicles



Why a Community Owned Network?

We get to control:

1. Our Net Neutrality
2. Our network privacy
3. Speed and Price
4. Our ability to participate in the digital economy



SWOT Analysis- Investing in Fiber

Strengths

- Offer very high speed service at affordable prices
- City has experience managing complex utilities
- City has experience running IT & billing services
- City has existing relationship with all potential subscribers
- Stability of municipal government
- City ability to make longer term investment
- City can achieve Net Neutrality

Weaknesses

- City doesn't have experience running an ISP
- Some of the strongest interest is in some of the most expensive-to-build areas
- General revenue needed for start-up costs

Opportunities

- Stable revenue during economic downturns
- Wholesale dark fiber to other public & private entities including 5G providers
- Participate in Smart Cities initiatives
- Attract business investment
- Improve healthcare, education, and first responder capabilities
- Use revenue surplus to fund other needs (see CFP)

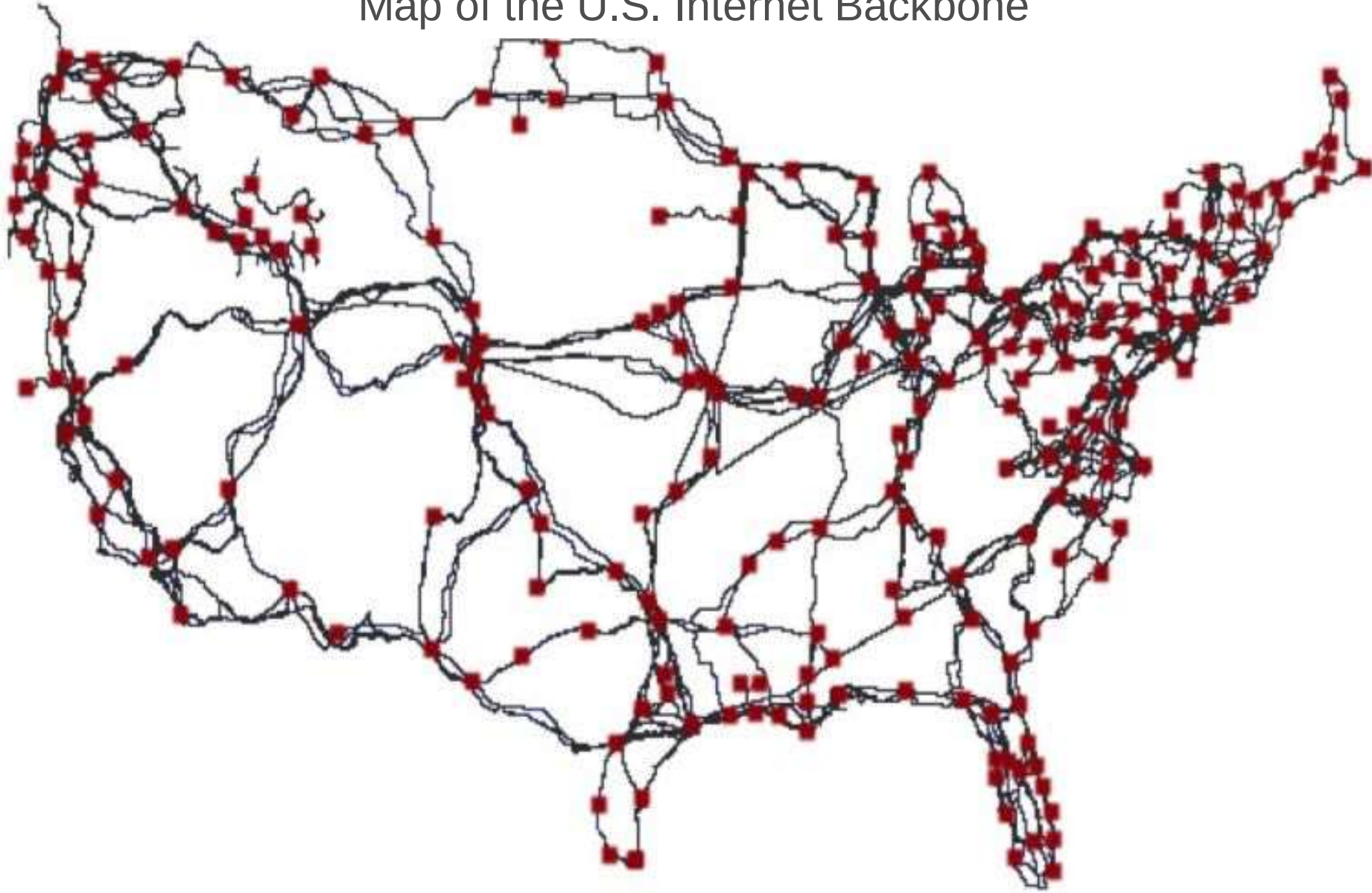
Threats

- Failure to reach target market share would make it difficult to achieve construction ROI
- Inability to payback loans
- Competitors may lower prices
- Future competition from 5G wireless

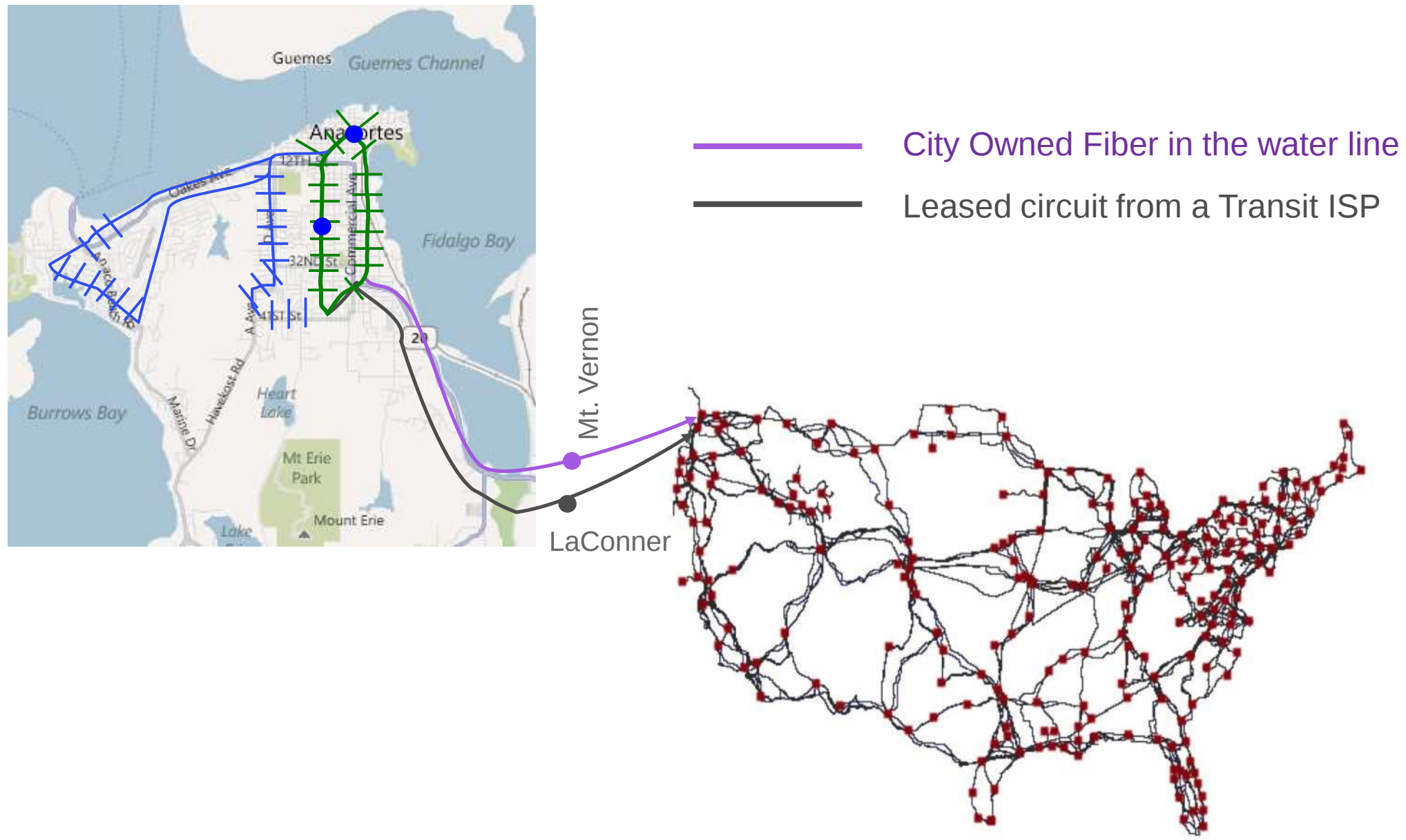
Agenda

- Introduction – Why Fiber?
- GPON Network Architecture
- Business Plan Goals and Variables
- Services and Revenue
- Network Trial – neighborhoods, construction costs, operational model
- Service throughout the city – construction costs
- Conclusion

Map of the U.S. Internet Backbone

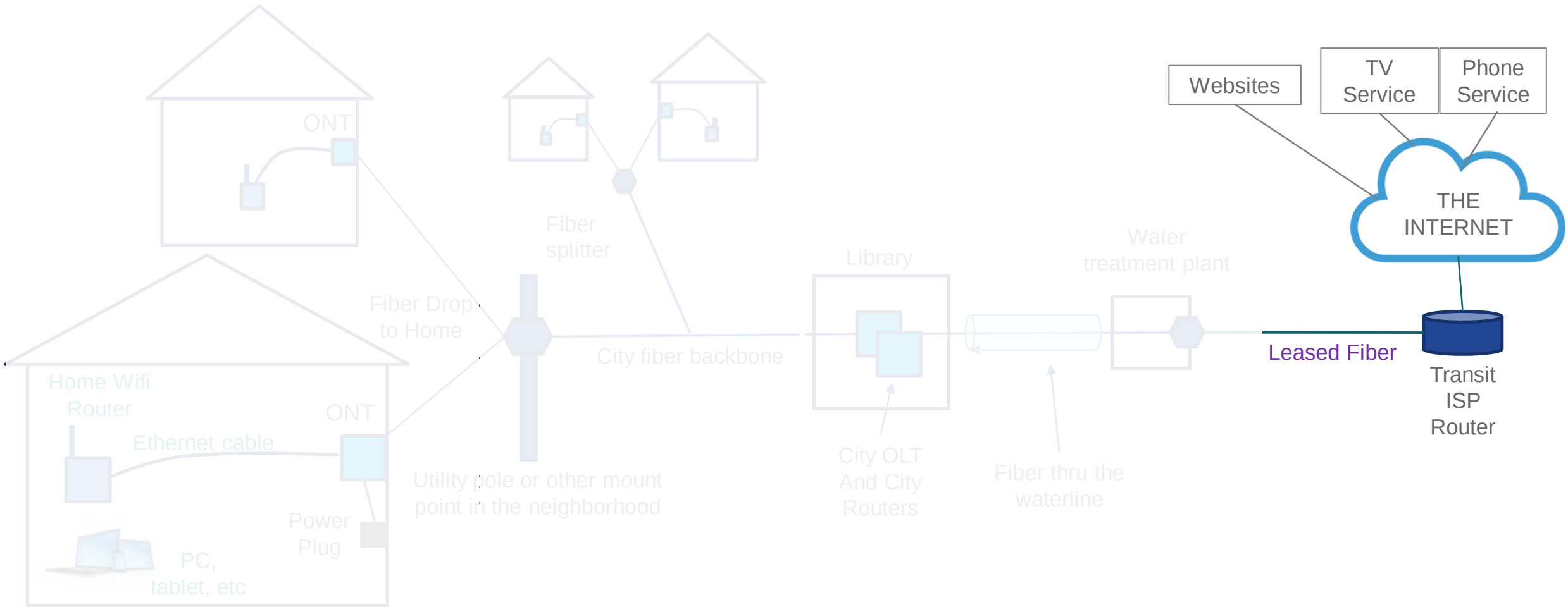


How Anacortes Will Connect to the Internet Backbone



Anatomy of Anacortes' Fiber (GPON) Network

How your home will connect to the City's network, and how the City's network connects to the outside world



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City Council Resolution 2013

Anacortes City Council passed Resolution 2013 in May 2018. The resolution:

- Details community support for a Municipal Fiber Optic effort
- Articulates the criticality of technology infrastructure to current and future economic development
- Kicked off development of a Business Plan in support of our Municipal Fiber Network.

In Resolution 2013, the following directives inform Business Plan development:

2. Build a fiber-optic-based network throughout the city capable of delivering symmetrical internet and other network services.
3. Track revenues and expenses for the fiber optic system on its own balance sheet
5. Operate the fiber optic system in a self-sustaining way without unreimbursed subsidy from general fund revenues.

Business Plan Goals

1. Deliver High Speed Residential and Business Internet Service at Competitive Prices Throughout the Community
2. Provide Excellent Customer Service
3. Achieve a Market Share of 35% or More
4. Pay for any Construction Liabilities (loans) with Subscriber Revenue
5. Achieve Payback On Construction Investment in 15-20 years
6. Become Cash Flow Positive in 2-3 years
7. Spur Local Business Development and Economic Growth

Business Plan Variables



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- Introduction – Why Fiber?
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Residential Services: Market Comparisons

City/Population	Monthly 100Mb Price	Monthly 1Gb Price	Install fee	Phone or TV Option	Market share
Fort Collins, CO 164,200	\$50 for 50 Mb	\$70		Likely some option will be made available	
Chattanooga, TN 177,600	\$58	\$70	No	Yes, via partner services	55%
Sandy, OR 11,000	\$40 for 300Mb	\$60	\$100	Phone via partner, TV via OTT (hulu, etc.)	Above 60%
Cedar Falls, IA 41,400	\$58	\$117	Yes; varies	Phone (as a landline service) & TV	85%
Wilson, NC 49,600	\$80	\$100	?	Phone & TV	40%
Longmont, CO 92,900	\$40 for 25Mb	\$70; \$60 after 12 mos	\$50	Phone	54%
Conclusions	\$40-\$50 per month	\$70-\$80 per month	Max \$100	Up for discussion	35% goal seems attainable

Business Services: Market Comparisons

City	Monthly Low Mb Price	Monthly Mid Mb Price	Monthly High Mb Price	Notes
Chattanooga, TN	\$60 fir 100Mb	\$211 for 400Mb	\$500 for 1Gb	
Fort Collins, CO	\$69 for 50Mb	\$89 for 100Mb	\$599 for 1Gb	
Sandy, OR	\$40 for 300Mb		\$60 for 1Gb dynamic IP; also enterprise static IP option	
Cedar Falls, IA	\$65 for 100Mb	\$250 for \$93	\$440 for 1Gb	Plus \$10/mo for static IP
Wilson, NC	\$35 for 100Mb dynamic IP; \$110 for 100Mb static IP		\$100 for 1Gb for dynamic IP; \$250 for 1Gb static IP	All wiring and IT work done by outside business; Routers not supplied. No installation fee.
Longmont, CO	\$60 for 25Mb	\$230 for100Mb	\$449 for 250Mb	Varies

Revenue from Wholesale Dark Fiber

- Custom Rates
- Generally \$100 - \$250:
 - Per fiber
 - Per mile
 - Per month
- Example:
- $\$120 * 8 \text{ fibers} * 4 \text{ miles} =$
 $\$3,840/\text{month}$

Target Market

- Wireless companies (5G)
- 3rd Party ISPs
- Partner Public entities (Port, County, Hospital, etc.)
- Research Institutions



Revenue Key Business Metrics

- **Cash flow positive** – annual net revenues exceed annual costs. We expect to be cash flow positive in 2-3 years
- **Construction Payback** – when cumulative net revenues exceed total cost of construction
 - Example:
 - Average \$800k annual net revenue
 - \$12M construction cost
 - ROI = 15 years

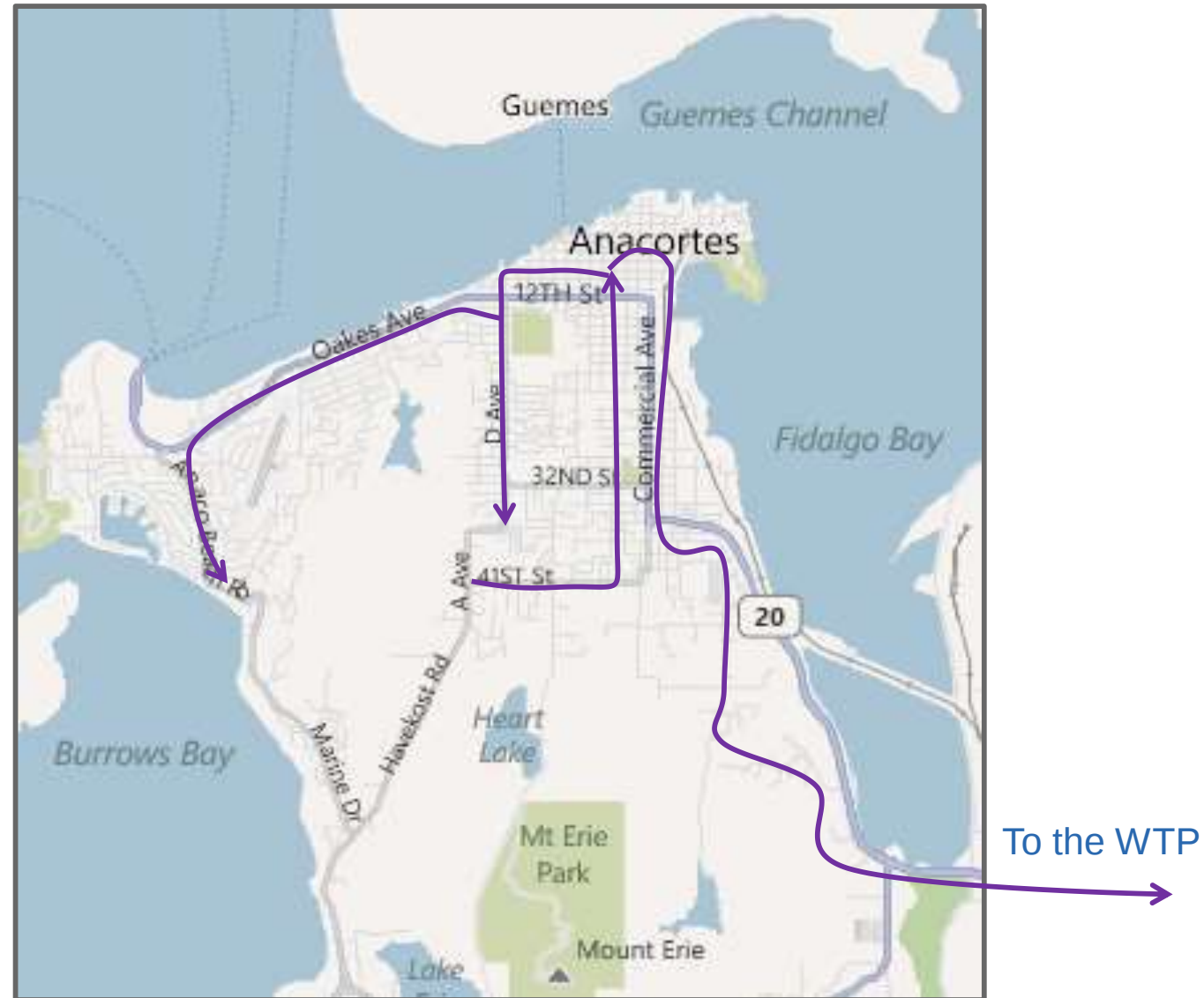


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Network Backbone

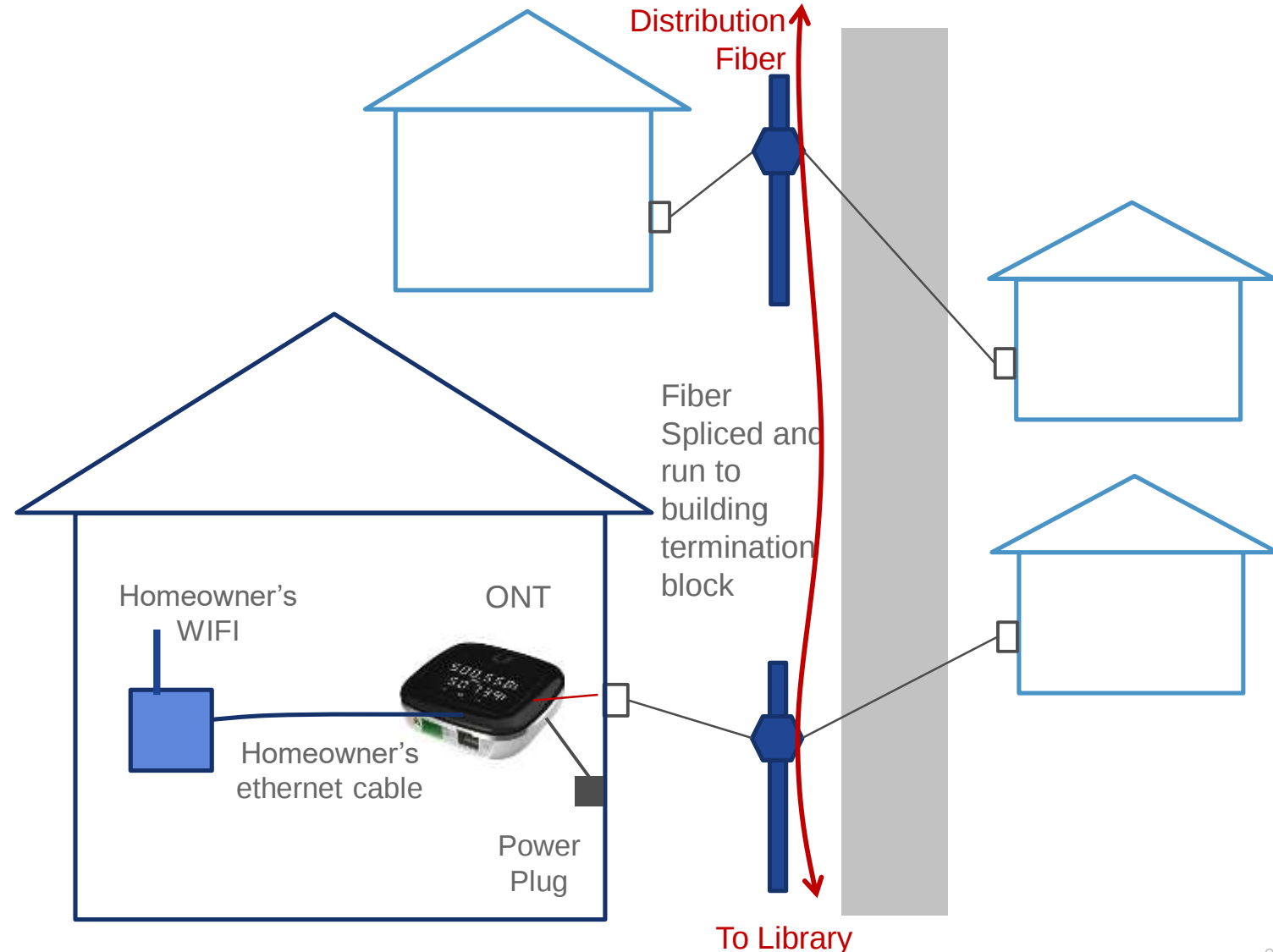
1. Water Utility Network Backbone
2. Already Funded
3. Phase 3 (West Side) construction begins soon



Building the FTTB Network

Construction and customer activation process

1. Construct Fiber Distribution Network
2. Receive new customer order, advise customer on options and scheduling
3. Connect subscriber home or business (outside work)
4. Setup billing and customer profile in routers/OLT
5. Install ONT and test customer connection (inside work)



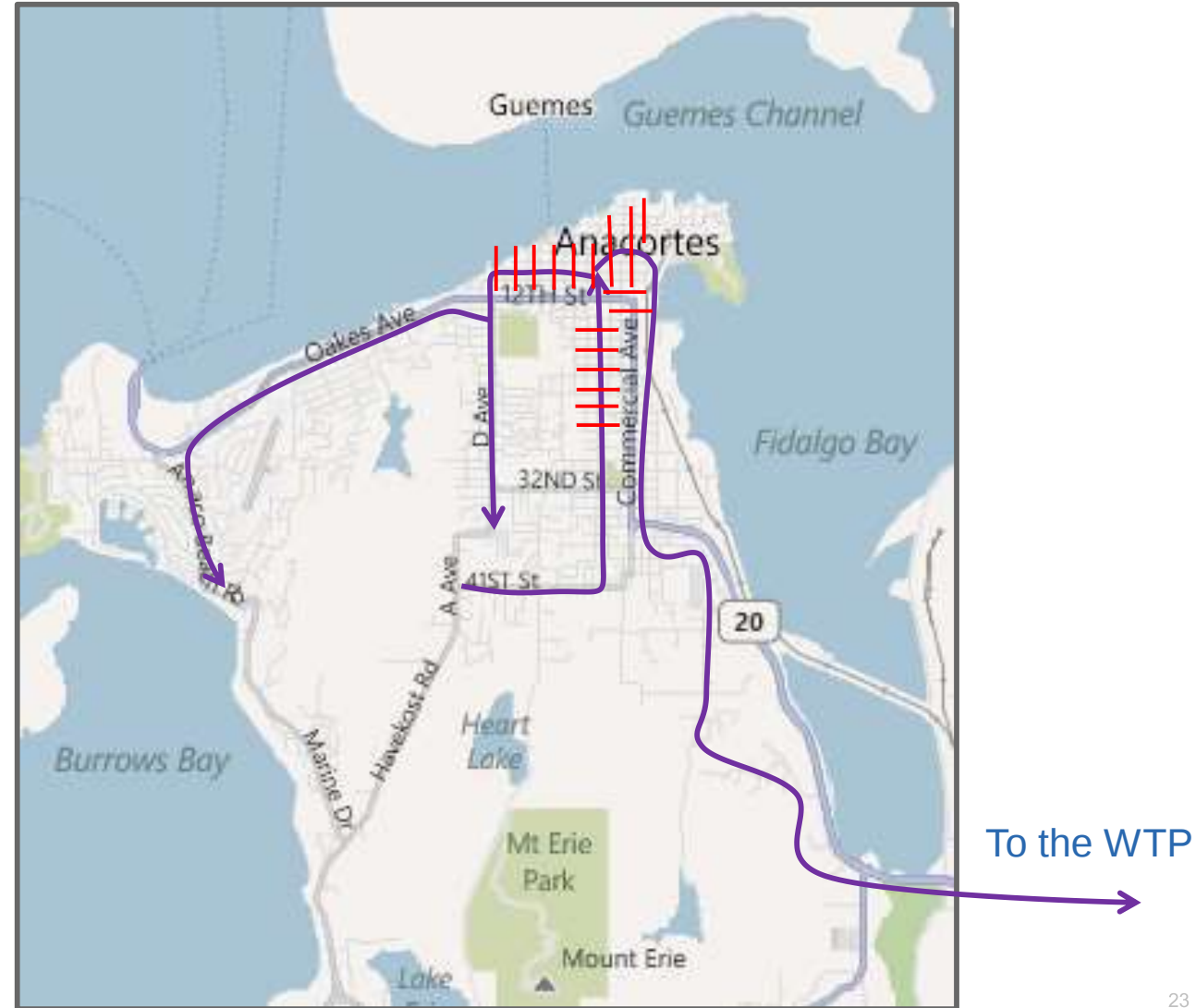
Proposed Network Trial – Year 1

Build to approximately 1000 buildings: CBD, Old Town, and M Ave Test Zone

1. Construction and capital equipment estimate: \$1.2M

Per existing NoaNet price estimates

2. Operational cost including 4 new employees and outsourcing of after-hours calls: \$500k
3. Total investment: \$1.7M
4. Subtract \$300k for County Grant
5. **Funds necessary \$1.4M**



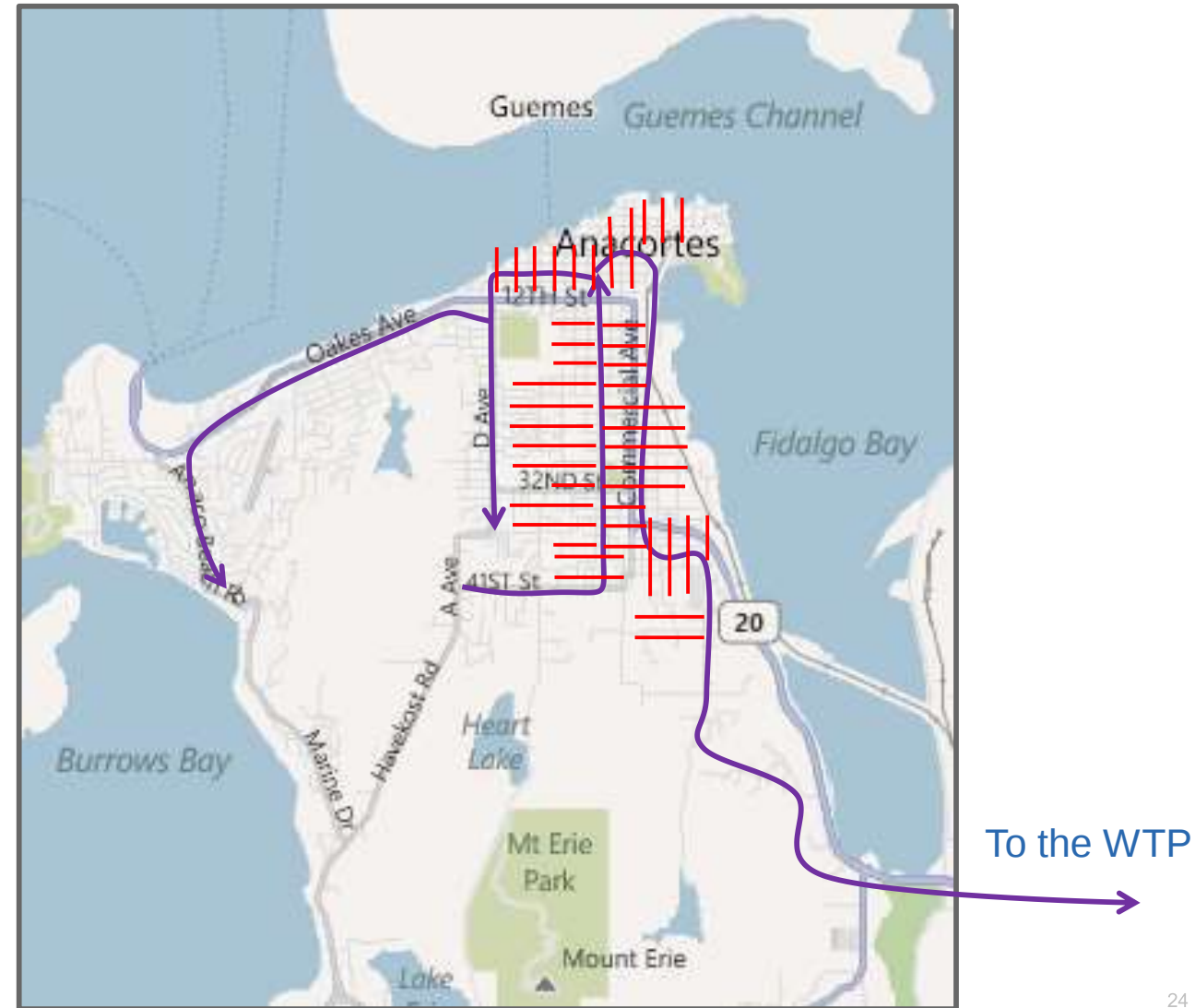
Aerial Neighborhoods – Year 2

Construction costs to build past the next 2000 buildings served by aerial utilities

1. Estimate \$675 per building passed and \$750 per customer connection

Reference: NoaNet pricing for old-town, etc.
avg \$500/building, \$750/customer drop

2. **Estimate \$1.8M**



Construction – Who Does the Work?

Work Item	In-House, Partner-ISP, or Contractor?
Build the Utility Backbone Network	Construction Contractor
Build the FTTB Distribution Network	Construction Contractor
Build Customer “Service Drops” (outside-the-house)	Construction Contractor
Customer Pre-Install Visit (Optional)	Contractor, or In-House
Customer Activation – Visit for Installation and Service Test (Inside-the-house)	Contractor, or In-House
Customer Activation – install new in-home cabling, etc.	Contractor – billable to customer

Operations – Who Does the Work?

Work Item	In-House Headcount
Manage the Business	One
Maintain and Monitor Routers and GPON Electronics	One
Sign up Customers, Billing, etc.	One during trial, expand to two for full city operation
Customer Support (business hours)	
Customer Support (after hours)	Outsourced call-center or partnership with ISP such as Rock Island
Customer Support – dispatch to home/business	Contractor - billable
Maintain the Physical Fiber Network	One during trial, expand to two for full city operation
Total In-House Employees	4 during trial, expanding to 6 for full city operation

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Underground Construction – Year 3-4

Construction costs to build past all buildings served by underground utilities (approx. 4000)

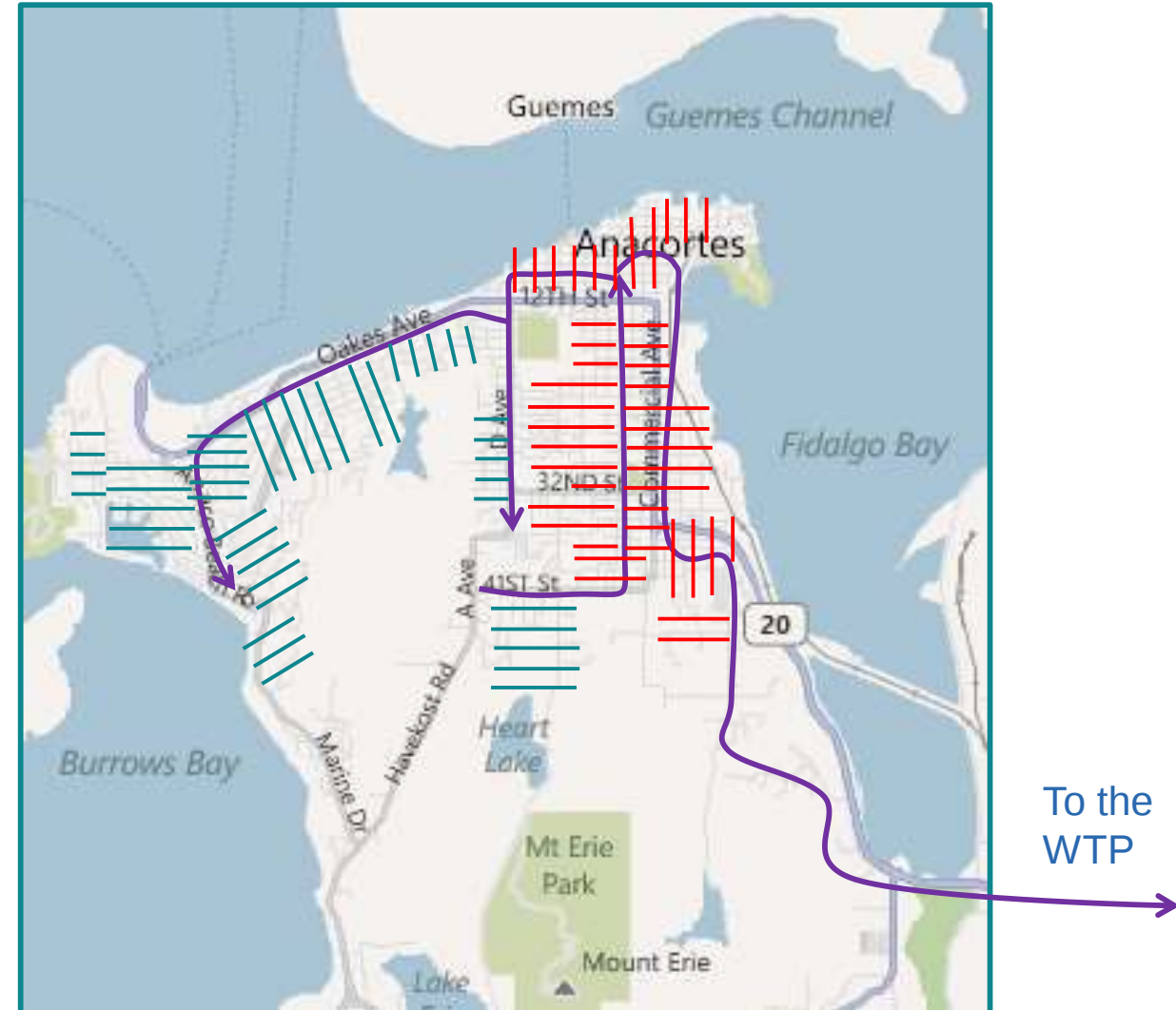
1. Estimate \$2000 per building passed
2. Service drop estimate increased to \$1200 per customer

Reference:

Sandy, OR \$1700/building, \$1100/customer drop

Ft. Collins' most expensive neighborhood
\$1400/building, \$600/customer drop

3. **Estimate \$9.8M for remaining 4000 buildings**
4. **Estimated total construction and capital equipment cost for complete city coverage: \$12.5M**



Agenda

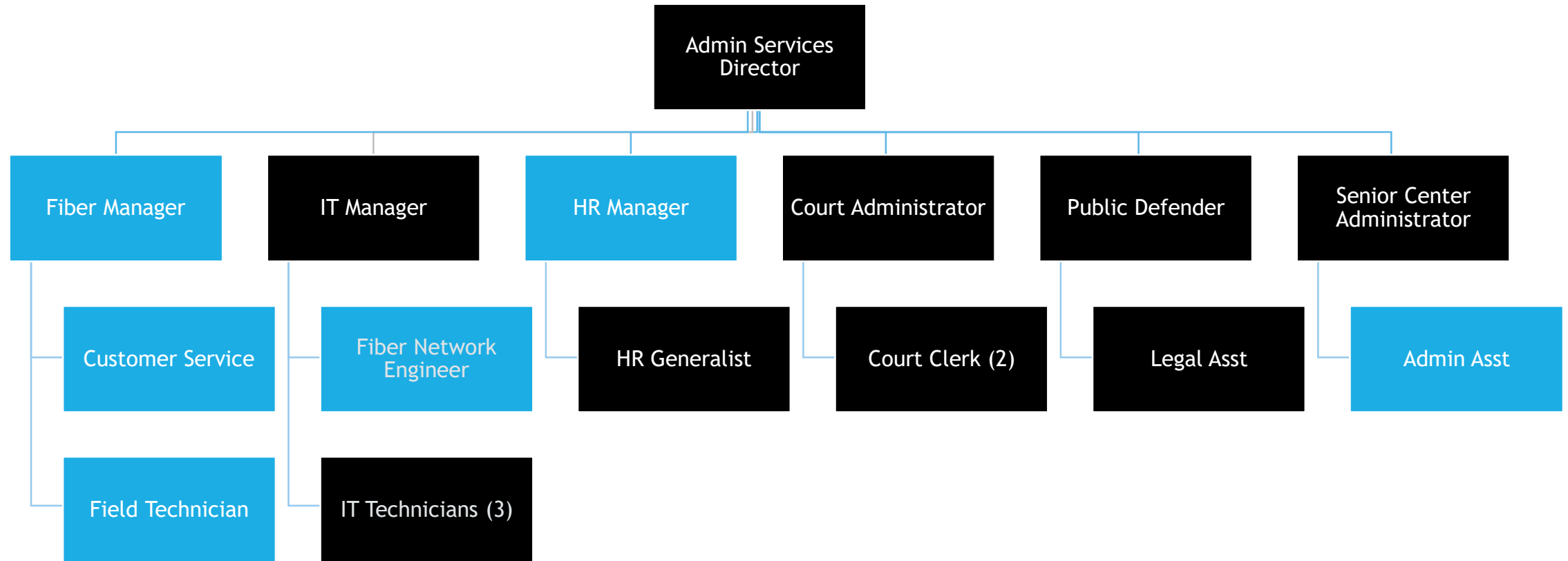
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Business Plan Summary



1. Build an in-house ISP
2. Outsource or partner for work that we can't do in-house
3. Focus on high-speed Internet service offering; investigate phone and TV partnerships
4. Dark Fiber leases for additional revenue
5. 1-year trial: 1000 buildings in low cost-to-construct neighborhoods
6. If successful, expand throughout the City (aim for 3 year construction schedule)
7. Staffing: 4 employees during trial, possibly expand to 6 or 7 after trial
8. Business Goals: cash flow positive in year 1 or 2, construction ROI in 15 years
9. 35% market share is key

Organizational Structure



Biennium Budget

TITLE	BARS	Account	2019 Budget Request	Description	2020 Budget Request	Description
GENERAL FUND						
FIBER ADMINISTRATION						
	001.230.532.10.10	Salaries & Wages	354,772	4 staff members, Fiber Mgr Fiber Network Engineer Field Technician Customer Service Rep.	391,802	
	001.230.532.10.20	Personnel Benefits	164,315		176,296	
	001.230.532.10.31	Office & Operating Supplies	50,000	Rent & Setting up an office setting	50,000	Rent & Setting up an office setting
	001.230.532.10.40	Interfund Services	-		-	
	001.230.532.10.41	Professional Services	1,050,000	Materials purchases; Equipment Purchases; Vehicles (purchase or lease); Legal review; Consultants	1,050,000	Materials purchases; Equipment Purchases; Vehicles (purchase or lease); Legal review; Consultants
			1,619,087		1,668,099	

Thank You
Are there any questions?

Brief Glossary

- **FTTB** – Fiber To The Building. The goal is to bring fiber to every building in town.
- **GPON** – Gigabit Passive Optical Network (industry standard technology for operating FTTB networks)
- **OLT** – Optical Line Termination. The central control point of a GPON network
- **ONT** – Optical Network Terminal. The fiber termination box that goes in your home/business. Your Wifi Router plugs into the ONT

I'm here to advocate for the City of Anacortes to proceed as quickly as possible in the establishment of a city-wide fiberoptic infrastructure. One that gives all businesses and residential users economical access to fast, dependable, secure internet service. I would like to see this service developed as a new utility with the City financing immediate construction and establishing fees for service to homes & businesses and to commercial resellers to cover the debt service.

I have three reasons to support a city-wide fiberoptic system:

- (1) Access to a high-speed internet connection has become an essential utility for both business and residential users. All indications point to accelerating demand for stable, fast and dependable data streaming. The benefits and opportunities are only beginning to be known. Think about students and workers, even patients requiring constant or frequent monitoring of health conditions. Anyone without access to what should be a public utility who can't afford a private work-around, already finds themselves at a disadvantage. Exponential advances in fields such as medicine and education will exacerbate this 'digital divide' in less time than most of us can even imagine.
- (2) With the current lack of competition, internet providers can offer less than optimum levels of data transfer at high cost to customers. Without greater population density and more competition, they have little incentive to invest in a city-wide network. Given the economics, we cannot depend on the private sector to invest in this technology in a way that provides for the greater good. This suggests that the current system constitutes a market failure, which I believe is a reasonable justification for government intervention.
- (3) A fiberoptic network across the city would be an investment in the future. Even if it does not pencil out now, the benefits and opportunities created far outweigh the current costs. I also believe that failing to proceed—and quickly—will handicap our city and be a whole lot costlier in many ways.

I have a couple of major concerns with earlier discussions:

- (1) It seems wasteful for the city to be in the business of providing additional services or content delivery like e-mail inboxes and video streaming. Essential connections and vast content are already easily available for free to anyone with an internet connection. By choosing not to compete in this arena, we can focus on simply ensuring we have a fast, dependable and secure internet connection as a public utility available to all households, letting each decide what, if anything, they want to do with it.
- (2) I wonder whether the city should be involved in the "last 100 meters" any more than, say natural gas providers are? The fiber runs down the public right-of-way and basic connections could be offered by the city utility at varying costs depending on connection challenges, always at the best rates possible with payment plans available. Competing providers will always offer the premium services with the opportunity to "pay to play", often with attractive incentives to connect, without City expense of choosing and providing solutions.

Offering fiber-optic service as a city-owned utility offers many benefits to subscribers. Among them, the City of Anacortes can regulate content-provider access to ensure price competition and we would have the freedom and flexibility to provide open access to users and to selectively offer low income customers and others connections and reduced rates to meet our own goals.

Questions?

Chris Mackenzie

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206-295-7336



Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning October 22, 2018

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

October 22, 2018

- Contract Award: Operations Facility HVAC System Install 18-134-FAC-001
- Review of 2019/2020 Biennial Budget - Non-Public Works Departments (Discussion)

November 5, 2018

- Latecomer Agreement: Rock Ridge 4 and 5
- Continued Public Hearing: Budgeted Revenue Sources, including 1% Property Tax Increase (Discussion)
- Public Hearing: 2019/2020 Biennial Budget (Discussion)
- Public Hearing: 2019-2024 Capital Facilities Plan (Discussion)
- Sewer Rate Discussion - FCS Group (Discussion)

November 13, 2018

**** There will be no regular City Council meeting this night; Mayor and Council will be engaged in an AWC event in the Council Chambers. ****

November 19, 2018

- Resolution ____: Authorizing a 1% Property Tax Increase (Discussion/Possible Action)
- Ordinance ____: Adopting the 2019-2024 Capital Facilities Plan (Discussion/Possible Action)
- Ordinance ____: Adopting the 2019/2020 Biennial Budget (Discussion/Possible Action)

November 26, 2018

December 3, 2018

- Ordinance ____: Adopting the 2019-2024 Capital Facilities Plan (Action)
- Ordinance ____: Adopting the 2019/2020 Biennial Budget (Action)

December 10, 2018

December 17, 2018

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Public Works, Monday, Oct 15, 2018, 5:00 PM, Main Conference Room, City Hall
- Planning, Monday, Oct 22, 2018, 5:00 PM, Main Conference Room, City Hall
- Public Safety Committee, Tuesday, Oct 23, 2018, 10:00 AM, Mayor's Office, City Hall
- Finance, Wednesday, Oct 24, 2018, 5:00 PM, Main Conference Room, City Hall
- Housing Affordability & Community Services, Thursday, Nov 1, 2018, 1:30 PM, City Hall
- Public Works, Monday, Nov 5, 2018, 5:00 PM, Main Conference Room, City Hall
