



Anacortes City Council
Municipal Building Council Chambers
904 Sixth Street

November 27, 2017
6:00 p.m.

PRELIMINARY AGENDA

1. **Call to Order**
2. **Pledge of Allegiance**
3. **Announcements and Committee Reports**
 - a. Museum Director Appointment (Discussion/Possible Action)
 - b. Library Comic Night Report
 - c. Parks & Recreation Committee
 - d. Personnel Committee
4. **Public Comment**
5. **Consent Agenda (Action)**
 - a. Minutes of November 16, 2017 and November 20, 2017
 - b. Approval of Claims in the amount of: \$277,651.17
6. **Public Hearings**
7. **Other Business**
 - a. Fiber Optic Project Update (Discussion)
 - b. Municipal Fiber Broadband Survey Analysis Presentation (Discussion)
 - c. Resolution 2003: Collective Bargaining Agreement by and between City of Anacortes and IAFF 1537 for 2018, 2019 and 2020 (Discussion/Possible Action)
 - d. Resolution 2001: Adoption of 2017 Affordable Housing Strategic Plan - City of Anacortes (Discussion/Possible Action)
 - e. * Ordinance 3011: 2018 Update to Transportation Impact Fee (Action)
 - f. * Ordinance 3015: Authorizing the Refunding of the 2007 Utility System Revenue Bond (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 Cherri Kahns at 360-299-1950 at least 48 hours prior to this meeting.



Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning December 4, 2017

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, vouchers and consent agenda items is 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.

December 4, 2017

- Ordinance 3015: Authorizing the Refunding of the 2007 Utility System Revenue Bond (Action)
- Blue Heron Circle Reservoirs Project Funding (Discussion)

December 11, 2017

- Board and Commission Appointments and Reappointments

December 18, 2017

- 4th Quarter Finance Update (Discussion)
- Ordinance 3016: Amending the 2017/2018 Budget (Action)

December 26, 2017

January 2, 2018

January 22, 2018

February 5, 2018

February 12, 2018

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Planning, Monday, Nov 27, 2017, 5:00 PM, Main Conference Room, City Hall
- Personnel, Monday, Nov 27, 2017, 5:00 PM, Council Chambers Subcommittee Rm.
- Public Works, Monday, Dec 4, 2017, 5:00 PM, Public Works Director's Office, City Hall
- Planning, Monday, Dec 11, 2017, 5:00 PM, Main Conference Room, City Hall
- Public Safety , Tuesday, Dec 12, 2017, 4:30 PM, Mayor's Office, City Hall
- Finance, Wednesday, Dec 13, 2017, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Dec 18, 2017, 5:00 PM, Public Works Director's Office, City Hall

Memo

To: City Council Members
From: Laurie M. Gere, Mayor
CC: Personnel File
Date: November 20, 2017
Re: Museum Director Appointment



On November 27, 2017 I will ask City Council to confirm my appointment of Bret Lunsford as Museum Director. Bret Lunsford has accepted my promotional offer of employment following an interview with me in addition to a museum stakeholder interview panel that included museum staff, Museum Advisory board members, Councilmember Pickett, and Emily Schuh.

I have attached a copy of Mr. Lunsford's cover letter and resume for your review.

If you have any questions, please do not hesitate to contact me.

Bret Lunsford

[REDACTED]
Anacortes, WA 98221
[REDACTED]



October 24, 2017

Emily Schuh
Director, Administrative Services
City of Anacortes
904 Sixth Street
Anacortes, WA 98221

Dear Ms. Schuh:

I am writing to express my interest in the Anacortes Museum Director position. As you know, I am currently employed at the museum, working full time as the Education and Maritime Curator.

I believe that I am uniquely qualified for the director position. In my nearly six years on the job at the Anacortes Museum, I have learned about every aspect of museum operations, facilities and programs. I have also pursued museum studies at the University of Washington, earning certification in 2016. My work in community history demonstrates reliable administrative practices, a passion for the mission, and a vision for planning the future of a meaningful and interactive Anacortes Museum. My love of Anacortes history began early, and my participation in the Anacortes Museum includes terms on both the Anacortes Museum Advisory Board and the Anacortes Museum Foundation Board. I have chosen Anacortes as a subject for four book projects, two of which I authored prior to my employment at the museum. These book projects exemplify my commitments to historical stewardship and community engagement. My business experience taught me the interrelationship between customer service, employee morale and sustainability, and the management and communication skills to succeed.

I look forward to the opportunity to discuss my vision, plans and qualifications for the position of Anacortes Museum Director.

Sincerely,

A handwritten signature in blue ink, appearing to read "Bret Lunsford", written over a horizontal line.

Bret Lunsford

Bret Lunsford
[REDACTED]
Anacortes, WA 98221
[REDACTED]
[REDACTED]

WORK HISTORY

City of Anacortes – Curator, Museum Education & Maritime Center, 2011 to 2017

- Coordinated museum's mission, policies and facilities with director, staff and boards, collaboration on public and inter-departmental research and project partnerships.
- Increased community engagement with website management, book and brochure publication, exhibit design, promotion, visitation enhancement initiatives, presentations and history education.
- Facilitated grants for improvements and new exhibits at the Maritime Heritage Center funded through the foundation's lodging tax grant, which led to an increase in revenue and visitation at the W.T. Preston. Other grants fulfilled include Havekost interpretive signs, waterfront interpretive signs, museum brochure production and distribution.

Skagit County – Director, Skagit County Fair, 2010

- Served as Fair Director utilizing 30 years of experience staging music, art, cultural events and multi-venue festivals; organizing volunteers, performers and technicians.

Commercial Property Owner/Manager, 1997 to 2017

- Facilities Management – Oversight responsibilities for legal, insurance, maintenance, and tenant negotiations, applying experience at other private and non-profit facilities.

Publisher/Author, *Images of Anacortes*, 2006 – 2009; *Croatian Fishing Families*, 2011

- Envisioned, researched, wrote, edited and published respected local history books.
- Marketing: Organized print, web and direct mail campaigns; also coordinated manufacturing, promotion, publicity and sales for book and music products.
- Communications: Press, radio and television event promotion. Designed and managed interactive websites.

Production Editor, *Lance Burdon, A Photographic Journey*, 2014; *Pictures of the Past*, 2015

- Expanded the Anacortes Museum Foundation's book publication efforts through the Nancy Werner Mathews endowment, which funded the printing of the *Pictures of the Past* by Wallie Funk, for which I served as project manager.

Owner/Manager, The Business, multi-faceted retail store in Anacortes, 1988 – 2005

- Managed for over 15 years – and worked to own – business with a staff of 6 to 8 employees and annual budget of over \$250,000.
- Experience with scheduling, training, directing personnel, volunteer coordination and collaborating with co-workers in office and event settings.

- Transferable skills from business applied to management of W.T. Preston and Maritime Heritage Center facilities, operations and staff; assessment and collaborative implementation of planning and policy improvements.

EDUCATION

Museum Studies Certificate, University of Washington, 2016

B.A., The Evergreen State College, 1988 – History, Writing and Public Administration emphasis

ASSOCIATIONS

Anacortes Senior College – History Presenter, 2009 – 2017

American Croatian Club of Anacortes – Board Member, 2002 – 2017

Anacortes Chamber of Commerce – Board Member, 2010 & 2011

Anacortes Futures Project – Steering Committee Community Representative, 2010 & 2011

Coordinator, Past-President & Founder, What the Heck Fest, 2003 – 2011

Youth Coaching, Parks & Recreation volunteer and school basketball coach, 1995 – 2009

President, Anacortes Museum Foundation, 2006 – 2007

City Council Minutes – November 16, 2017

Special Meeting

Between 6:00 and 8:00 p.m. Mayor Laurie Gere and City Councilmembers Ryan Walters, Erica Pickett, and Bruce McDougall attended a development regulations and design standards open house sponsored by the City of Anacortes Department of Community and Economic Development in the City Council Chambers. Councilmembers, staff and members of the public conversed in a drop-in open house format and viewed a presentation by Bob Bengford of Makers.

No testimony was received and no action was taken. At shortly after 8:00 p.m. the special meeting adjourned.

City Council Minutes – November 20, 2017

Mayor Laurie Gere called to order the regular Anacortes City Council meeting of November 20, 2017 at 6:00 p.m. Councilmembers Eric Johnson, Ryan Walters, Erica Pickett, Brad Adams, Liz Lovelett, Bruce McDougall and Matt Miller were present. The assembly joined in the Pledge of Allegiance.

Announcements and Committee Reports

Mayor Gere invited the public to participate in the Green Club Turkey Trot at Washington Park Loop on Thursday, November 23, 2017 at 9:00 a.m. to raise money for the Anacortes High School Green Club.

Public Works Committee: Mr. Walters reported that the regularly scheduled committee meeting earlier in the evening had been cancelled.

Mr. Miller reminded the public that the alternative solid waste collection schedule for the Thanksgiving holiday was posted on the City website.

Arts Commission Studio Tour Report: Lisa Rhoades, Arts Commission member, reported that the second annual 98221 Artist's Studio Tour was a great success and doubled in size over the previous year with over forty diverse artists in over thirty locations. Ms. Rhoades described the expanded publicity efforts for the event, the participation of Samish Indian Nation artists in 2017, and plans for further enhancements in 2018. She thanked the event sponsors and the City of Anacortes for their support.

Public Comment

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

Consent Agenda

Mr. Johnson removed items 5b, Approval of Claims in the amount of: \$530,138.09, and 5c, Resolution 2000: Authorizing the Write-Off of Miscellaneous Billing Balances Deemed Uncollectible, from the Consent Agenda. Mr. Adams moved, seconded by Ms. Pickett, to approve the following Consent Agenda items. The motion carried unanimously by voice vote.

- a. Minutes of November 13, 2017
- d. Interlocal Agreement 258: Use of Whatcom County Plantation Rifle Range 2018

The following vouchers/checks were approved for payment:
EFT numbers: 87121 through 87160, total \$172,588.44
Check numbers: 87161 through 87200, total \$81,827.50
Wire transfer numbers: 223282 through 224419, total \$5,683.18

- b. Approval of Claims in the amount of: \$530,138.09

Mr. Johnson noted the large number of invoices in recent weeks related to the \$35K budget item for the Operations Shop remodel and restroom expansion but said he could not recall a contract having come to Council for approval. He advised that Finance Director Steve Hoglund had confirmed that much of the work was being performed by Operations Division staff at considerable cost savings.

- c. Resolution 2000: Authorizing the Write-Off of Miscellaneous Billing Balances Deemed Uncollectible

Mr. Johnson asked about the fees charged by the city's collection agency. Mr. Hoglund explained that the collection agency adds its fee to the debt amount and that fee is paid by the debtor. Mr. Johnson asked

what rate of return the city receives on accounts sent to collections. Mr. Hoglund said the rate was not high.

Mr. Johnson moved, seconded by Ms. Lovelett, to approve Consent Agenda items 5b and 5c. The motion carried unanimously by voice vote.

OTHER BUSINESS

Ordinance 3014: 2017/2018 Budget Mid-biennial Review and Modification

Resolution 1999: Setting the City's Year 2018 Property Tax Regular Levy Increase

Finance Director Steve Hoglund recalled that at its November 13, 2017 regular meeting Council conducted a public hearing on the mid-biennial budget review and modification and subsequently expressed satisfaction with the ordinance and the resolution as drafted so those were now being presented to Council for action. Mr. Adams pointed out that a 1% property tax increase adds only pennies to each household's tax bill but brings in nearly \$50K for city operations. Mr. Johnson noted that the 1% increase doesn't even keep up with inflation.

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

Ms. Pickett moved, seconded by Mr. Johnson, to adopt Ordinance 3014 authorizing the mid-biennial modification to the 2017/2018 Biennial Budget and Resolution 1999 authorizing a 1% property tax increase for 2018. Vote: Ayes – Walters, Pickett, Adams, Lovelett, McDougall, Miller and Johnson. Motion carried.

Resolution 1998: Authorizing Execution of 2018 Tourism Promotion Fund Contracts by and between the City of Anacortes and Recipient Agencies based on Lodging Tax Advisory Committee Funding Recommendations

Planning Director Don Measamer reported that 24 projects had applied for 2018 Lodging Tax funding and that after three meetings to consider applications, the Lodging Tax Advisory Committee recommended that 21 of those be awarded funds totaling \$305,600. He added that the LTAC also recommended awarding \$40,167 for two capital projects. Mr. Measamer presented Resolution 1998 listing the awards per the LTAC recommendations. He recommended Council approval. Mr. Adams confirmed with Mr. Measamer that the recommended award total would still reserve 25% of anticipated lodging tax revenue as outlined in the Tourism Promotion Strategic Plan. Mr. Measamer responded to councilmember questions about specific funding requests and funding recommendations. Mr. Miller said the recommendations reflect LTAC's assessment of the importance of gateway signs and said the east end sign may warrant additional funding in the future.

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

Mr. Johnson moved, seconded by Mr. Adams, to approve Resolution 1998 authorizing execution of the Tourism Promotion Fund contracts by and between the City of Anacortes and recipient agencies. Vote: Ayes – Pickett, Adams, Lovelett, McDougall, Miller, Johnson and Walters. Motion carried.

Public Meeting: Ordinance 3013 and Resolution 1996: Establishing a Unified Fee Schedule for Utility Fees and Charges

Mr. Hoglund presented the cost of service water rate revision discussed at multiple recent meetings and endorsed by Council at its November 6, 2017 regular meeting. He advised that the terminology had been standardized and the definitions relocated in the Anacortes Municipal Code as requested by Council on

November 6. Mr. Hoglund recommended adopting Ordinance 3013 and Resolution 1996 to put the multifamily water rates into effect for 2018. Councilmembers acknowledged that the unified fee schedule adopted by Resolution 1996 for 2018 included CPI increases but did not address previously proposed restructuring of the agriculture irrigation water rate. Several councilmembers urged adjusting that rate sooner rather than later; Mr. Walters noted the need for defining agriculture irrigation.

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

Dan O'Donnell, 328 North 3rd Street, La Conner, asked that page 2 of Attachment A to Resolution 1996, Water Agriculture Irrigation section for 2018, be changed as follows:

**Agriculture rate will be ~~not~~ applied to the contractual wholesale rate*

Mr. O'Donnell said that the 2017 wholesale water contract [with La Conner] would need to be changed as well because that agreement was silent about agricultural irrigation. Mr. O'Donnell reminded that he had provided a draft amendment to Council at the November 6, 2017 City Council meeting.

No one else wished to address the Council on this agenda item.

Mr. Johnson moved, seconded by Mr. Miller, to adopt Ordinance 3013 and Resolution 1996 as presented. Vote: Ayes – Adams, Lovelett, McDougall, Miller, Johnson, Walters and Pickett. Motion carried.

Contract Award: March Point Road Shoulder Widening 15-006-TRN-002

Mr. Hoglund requested City Council consent to award a contract to Granite Construction Company in the amount of \$205,373.00 to construct the March Point Road Shoulder Widening Project. Mr. Hoglund traced the history of the project, referring to the agenda bill in the Council packet, and responded to councilmember questions about the timing of and grant funding for the project.

Mr. Adams moved, seconded by Mr. McDougall, to consent to enter a contract with Granite Construction Company in the amount of \$205,373.00 to construct the March Point Road Shoulder Widening Project. Vote: Ayes – Lovelett, McDougall, Miller, Johnson, Pickett and Adams. Nays – Walters. Motion carried.

There being no further business, at approximately 6:47 p.m. the Anacortes City Council meeting of November 20, 2017 was adjourned.

The following claims against the City of Anacortes have been preaudited and certified by the Clerk-Treasurer as ready for City Council approval at the November 27, 2017 City Council meeting:

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

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224775	7/1/2017	00274-ANDERSON	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$58.50
224776	7/1/2017	00362-BAKER	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$52.00
224777	7/1/2017	00341-BROWN	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224779	7/1/2017	00294-CAYWOOD	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$32.50
224781	7/1/2017	00380-DAVIS	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$78.00
224782	7/1/2017	00316-DICK	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$13.00
224783	7/1/2017	00365-FAKKEMA	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224784	7/1/2017	00379-GOMEZ	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$58.50
224785	7/1/2017	00261-HILES	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$39.00
224786	7/1/2017	00376-NELSON	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$32.50
224787	7/1/2017	00351-RUCKER	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$26.00
224788	7/1/2017	00320-SOUCIE	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$45.50
224789	7/1/2017	00344-TAYLOR	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$52.00
224692	7/25/2017	4709436	02841	U S BANK	AGENT SVC FEES ANALTGOREF09 7/1/17-6/30/18	\$300.00
224694	7/25/2017	4709437	02841	U S BANK	AGENT FEES ANAUTGOREF05 07/01/17-06/30/18	\$300.00
224696	7/25/2017	4709438	02841	U S BANK	AGENT SERVICE FEES ANAUTIBAB10 7/1/17-6/30/18	\$300.00
224697	7/25/2017	4709439	02841	U S BANK	AGENT SERVICE FEES ANAUTIREV12 7/1/17-6/30/18	\$300.00
224698	7/25/2017	4709440	02841	U S BANK	AGENT SERVICE FEES ANAUTISREF07 7/1/17-6/30/18	\$300.00
224791	8/1/2017	00319-TRIBBLE	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$45.50
224792	8/1/2017	00344-TAYLOR	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$26.00
224795	8/1/2017	00351-RUCKER	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$13.00
224796	8/1/2017	00376-NELSON	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$117.00
224797	8/1/2017	00379-GOMEZ	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224798	8/1/2017	00365-FAKKEMA	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$71.50
224799	8/1/2017	00380-DAVIS	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$58.50
224595	8/21/2017	IN1156233	07823	MUNICIPAL EMERGENCY SERVICES	ADAPTERS	\$62.51
224800	9/1/2017	00320-SOUCIE	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224801	9/1/2017	00261-HILES	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$45.50
224802	9/1/2017	00379-GOMEZ	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$39.00

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224804	9/1/2017	00365-FAKKEMA	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224805	9/1/2017	00293-FICHENLAUB	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$104.00
224806	9/1/2017	00316-DICK	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$169.00
224807	9/1/2017	00380-DAVIS	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$19.50
224808	9/1/2017	00274-ANDERSON	09580	CAMPBELL LAW FIRM	PUB DEF CONFLICT	\$71.50
224320	9/11/2017	CGH-INV-170233	10544	CRALEY GROUP LIMITED	PURCHASE OF MICRO-DUCT SYSTEM - 4TH STAGE	\$29,509.01
224323	9/11/2017	CGH-INV-170234	10544	CRALEY GROUP LIMITED	SHIPPING & CUSTOMS CHARGES FOR MICRO-DUCT SYSTEM	\$10,544.03
224594	9/20/2017	17298963	03116	W S DARLEY & CO	ADAPTER	\$19.48
224758	9/25/2017	553505	01765	MISTER T'S AWARDS &	PLAQUE FOR GUEMES FERRY	\$53.11
224454	9/29/2017	1184938	02681	SURETY PEST CONTROL	WASHINGTON PARK PEST CONTROL	\$44.49
224597	9/29/2017	1575	08956	WASHINGTON STATE FIRE FIGHTERS	DEPT. PORTION FOR BYER, WALLACE SUMMER	\$147.50
224462	10/4/2017	10421	00094	ALPINE FIRE & SAFETY	HALON FIRE EXT FOR CITY HALL	\$244.13
224756	10/6/2017	1413001	09237	WASHINGTON TRACTOR, INC	WATER PUMP FOR WILDLAND	\$471.92
224485	10/11/2017	1990389822	06718	ARAMARK	MAT SERVICE STA 3: 10/11	\$21.70
224614	10/11/2017	875775-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-902/WWTP	\$730.21
224617	10/11/2017	875776-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-903/WWTP	\$730.21
224619	10/11/2017	875777-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-904/WW L/S #16	\$773.61
224620	10/11/2017	875778-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-905/WW L/S #18	\$1,055.71
224625	10/11/2017	875787-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-9174/WW L/S #20	\$773.61
224627	10/11/2017	875789-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-919/WW L/S #21	\$730.21
224630	10/11/2017	875791-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-923/WW L/S #17	\$694.40
224632	10/11/2017	875794-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 6-953/ROCK RIDGE	\$1,549.10
224633	10/11/2017	875795-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 6-938/3MG RESERVOIR	\$1,336.72
224635	10/11/2017	875796-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-921/WW L/S #12	\$730.21
224637	10/11/2017	875798-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 2-909/FIRE STATION #1	\$773.61
224638	10/11/2017	875800-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-918/WW L/S #4	\$730.21

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224640	10/11/2017	875807-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 6-952/CASTILLEJA BLUFF	\$943.95
224644	10/11/2017	875810-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 6-913/THE POINTE	\$773.61
224486	10/12/2017	1990391909	06718	ARAMARK	STA 2 MAT SERVICE: 10/12	\$21.70
224487	10/12/2017	11990391910	06718	ARAMARK	STA 1 MAT SERVICE: 10/12	\$21.70
224464	10/12/2017	83153	00369	BLYTHE PLUMBING & HEATING INC	WTR HEATING REPAIRS	\$975.73
224466	10/12/2017	83061	00369	BLYTHE PLUMBING & HEATING INC	WTTR PLANT TOILET REPAIR	\$265.98
224467	10/12/2017	81919	00369	BLYTHE PLUMBING & HEATING INC	WTP ROOFTOP UNIT REPAIR	\$382.46
224613	10/12/2017	875792-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 9-902A/OPERATIONS	\$773.61
224615	10/12/2017	875773-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 1-903/POLICE DEPT	\$1,055.71
224616	10/12/2017	875774-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 6-935/2205 37TH ST	\$943.95
224621	10/12/2017	875779-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-912/WWTP	\$2,875.25
224622	10/12/2017	875781-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-913/WW L/S #15	\$1,185.30
224623	10/12/2017	875782-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-914/WW L/S #14	\$1,055.71
224624	10/12/2017	875784-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-915/SKYLINE CABANA	\$1,698.03
224628	10/12/2017	875790-00	06706	PACIFIC POWER GROUP, LLC	ANNUAL GENERATOR SET INSPECTION & PM 2017: 7-920/WW L/S #5	\$773.61
224541	10/16/2017	102	07072	ADVANTAGE WINDOW COVERINGS	REPLACEMENT BLINDS FOR LIBRARY MEETING ROOM	\$1,108.87
224472	10/17/2017	219858	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$50.22
224460	10/18/2017	743867	00306	BAYSHORE OFFICE PRODUCTS INC	DRY ERASE FILM	\$262.27
224463	10/18/2017	768161	05284	GUARDIAN SECURITY SYSTEMS INC	AES RADIO REPAIR AT LIBRARY	\$415.01
224468	10/18/2017	2342	04817	NW CLEANERS	JANITORIAL SERVICES CITY HALL AND SENIOR CENTER	\$227.85
224470	10/19/2017	220311	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$443.79
224469	10/19/2017	80510	10421	VECA ELECTRIC COMPANY, INC	INSTALL OUTLETS FOR SENIOR CENTER	\$803.20
224760	10/23/2017	ReimbPearce	07817	PEARCE, ERIC	REIMBURSE ERIC PEARCE FOR CDL PHYSICAL	\$166.95
224450	10/24/2017	12577	07568	THE PLUMBING GUYS, INC	WATER HEATER REPAIR @ CITY HALL	\$107.42
224459	10/26/2017	745029	00306	BAYSHORE OFFICE PRODUCTS INC	ITEM FOR USE @ FIDALGO CENTER	\$73.06
224418	10/27/2017	N02807	00763	DEPARTMENT OF HEALTH	ROCK RIDGE PUMP STATION	\$1,984.00

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224405	10/27/2017	114-5966758	04834	UNITED SITE SERVICES, INC	OCTOBER PORTABLE TOILET SERVICE & RENTAL- OPS	\$1,348.03
224422	10/30/2017	53122	00620	COMMERCIAL FIRE PROTECTION INC	REMOVE SPRINKLER HEAD	\$280.60
224453	10/30/2017	1190748	02681	SURETY PEST CONTROL	PEST MAINTENANCE	\$44.49
224476	10/31/2017	218630	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$368.90
224477	10/31/2017	220815	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$171.43
224478	10/31/2017	220439	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$2,209.19
224449	10/31/2017	AFD 17	01364	ISLAND HOSPITAL	OCTOBER AMBULANCE SUPPLIES, O2	\$3,211.54
224461	11/1/2017	745740	00306	BAYSHORE OFFICE PRODUCTS INC	SIT STSND CHAIRMAT	\$279.92
224491	11/1/2017	905	10520	MIN-NS	NOVEMBER SUBSCRIPTION	\$130.20
224549	11/1/2017	1388561-0043-8	02997	WASTE MANAGEMENT	OCTOBER 2017 CONTRACTED SERVICES	\$100,756.50
224714	11/2/2017	18002463	02930	WASHINGTON STATE PATROL	BACKGROUND CHECKS	\$24.00
224817	11/3/2017	746054	00306	BAYSHORE OFFICE PRODUCTS INC	OFFICE SUPPLIES - PLANNING	\$22.81
224492	11/3/2017	82677804	09185	BOUND TREE MEDICAL, LLC	PHARMACEUTICALS	\$155.24
224543	11/3/2017	167870	10388	CIVICPLUS, INC.	WEBSITE TRAINING 1/1/17-12/31/17	\$3,493.70
224598	11/3/2017	191176	00950	FIDALGO COFFEE ROASTERS	BREAKROOM SUPPLIES	\$186.00
224618	11/4/2017	000099E018447	02817	UNITED PARCEL SERVICE	AFD - SHIPMENT CHARGES	\$14.53
224596	11/6/2017	IN1175288	07823	MUNICIPAL EMERGENCY SERVICES	ROPE RESCUE EQUIPMENT	\$730.76
224553	11/6/2017	1172065	02450	SIGNATURE FORMS, INC	FINAL NOTICE SHEETS - UB	\$542.19
224479	11/7/2017	10707441	01165	HACH COMPANY	FLO TOTE 3 SENSOR AND FLOW CONTROLLER	\$1,793.94
224481	11/7/2017	10707450	01165	HACH COMPANY	DESICCANT ASSEMBLY AND FLO TOTE CABLE	\$1,739.77
224818	11/7/2017	554011	01765	MISTER T'S AWARDS &	PRIDE IN SERVICE AWARDS	\$1,844.33
224602	11/7/2017	0122782-IN	02202	PUMPTECH, INC	LABOR/SERVICE TO ADJUST FLOAT	\$341.78
224488	11/8/2017	1990431637	06718	ARAMARK	STA 3 MAT SERVICE:11/8	\$21.70
224402	11/8/2017	001-77784	00697	CUMMINS, INC.	TRANSFER SWITCH	\$12,251.30
224661	11/8/2017	116638	01022	FRONTIER FORD	REMANUFACTURED TRANSMISSION FOR #156	\$3,203.56
224480	11/8/2017	10709238	01165	HACH COMPANY	FLOW CONTROLLER	\$4,231.50
224659	11/8/2017	001-386032	02109	PISTON SERVICE OF ANACORTES	AIR FILTERS, OIL FILTERS, SPARK PLUGS	\$550.36
224489	11/9/2017	1990433750	06718	ARAMARK	STA 2 MAT SERVICE: 11/9	\$21.70
224490	11/9/2017	1990433751	06718	ARAMARK	STA 1 MAT SERVICE: 11/9	\$21.70
224473	11/9/2017	221724	10626	BAY CITY SUPPLY	FACILITY SUPPLIES	\$477.42
224606	11/9/2017	10711745	01165	HACH COMPANY	FLUORIDE REAGENT	\$178.87
224457	11/9/2017	1196768	02681	SURETY PEST CONTROL	PEST CONTROL FOR UPPER AND LOWER WA PARK RESTROOMS	\$124.78
224458	11/9/2017	1193520	02681	SURETY PEST CONTROL	CITY HALL PEST CONTROL	\$43.40
224759	11/10/2017	T313249	10379	AMB TOOLS & EQUIPMENT	LOW OIL TEMP, NOZZLE TEMP TRUCK	\$490.37

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224699	11/10/2017	273	00156	ANACORTES PRINTING	OVERTIME/ LEAVE SLIPS	\$217.00
224590	11/10/2017	BBB013345-BT06	02178	PROSTOCK ATHLETIC SUPPLY, INC	YOUTH BASKETBALL SUPPLIES	\$184.94
224542	11/12/2017	929203/1	00021	ACE HARDWARE	COMET/DISINFECTANT	\$15.59
224651	11/12/2017	E17078P	10359	ELEMENTAL AIR, LLC	WWTP MERCURY SCRUBBER SERVICES - 1ST VISIT	\$10,714.38
224548	11/12/2017	3395	07737	STEVENS ELECTRIC INC	BREAKER REPAIR - CARNEGIE	\$159.25
224545	11/13/2017	929312/1	00021	ACE HARDWARE	BATTERIES FOR TOWEL DISPENSERS	\$13.65
224610	11/13/2017	11132017	07805	HOGLUND, STEVEN	APPLIANCE REBATE FOR NEW WASHING MACHINE	\$50.00
224362	11/13/2017	CS3639009-17	10817	LINKEDIN	LYNDA LIBRARY SERVICE 12/1/17-11/30/2018	\$4,394.25
224650	11/13/2017	1633-12	06080	MAKERS ARCHITECTURE	ZONING, DEV & DESIGN STDS: OCT 2017	\$12,985.21
224719	11/13/2017	300000305007	02192	PUGET SOUND ENERGY	ELECTRICITY FOR METERS, VAULTS & STREET LIGHTS	\$385.63
224768	11/13/2017	300000290019	02192	PUGET SOUND ENERGY	ALL STATIONS: 10/4 - 11/6	\$814.19
224493	11/14/2017	2614975	09961	CARDINAL HEALTH 110, INC.	PHARMACEUTICALS	\$92.86
224483	11/14/2017	978 800 0000 1	00494	CASCADE NATURAL GAS CORP.	STA 3: 10/13 - 11/13	\$51.95
224716	11/14/2017	AR85042	09741	ELECTRONIC BUSINESS MACHINES	OPERATIONS COPIES: 08/14 - 11/13/2017	\$144.33
224608	11/14/2017	00716870	01196	HARRINGTON INDUSTRIAL	NIPPLE/VALVE/ELBOW/ADAPTOR	\$491.38
224815	11/14/2017	980357239001	01962	OFFICE DEPOT, INC.	OFFICE SUPPLIES - FIRE	\$119.34
224592	11/14/2017	RE 41 JA2711 L149	02941	WASHINGTON STATE DEPARTMENT	17TH & Q SIGNAL MAINTENANCE OCT 2017	\$152.73
224761	11/14/2017	F1800057	02930	WASHINGTON STATE PATROL	FIRE OFFICER 1 CLASS: LAMP, BYER	\$790.00
224687	11/15/2017	747509	00306	BAYSHORE OFFICE PRODUCTS INC	OFFICE SUPPLIES - FIBER OPTICS	\$37.76
224474	11/15/2017	Reimb.Bridges	10820	BRIDGES, CALVIN	LIBRARY REFUND REQUEST	\$100.00
224475	11/15/2017	S3598680.001	03896	BUILDERS' HARDWARE & SUPPLY	DOOR HANDLES FOR OPS	\$439.43
224537	11/15/2017	0111617	00955	FIDALGO CLEANING	CLEANING & SUPPLIES	\$700.00
224551	11/15/2017	ForestEdu2017	01021	FRIENDS OF THE FOREST	FOREST EDUCATION AND OUTREACH SERVICES	\$6,000.00
224755	11/15/2017	17169	09617	FRONTLINE CLEANING SERVICES	LIBRARY - CUSTODIAL SERVICE NOV	\$1,280.04
224657	11/15/2017	001-386641	02109	PISTON SERVICE OF ANACORTES	OIL FILTERS TO STOCK SHOP	\$10.71
224495	11/15/2017	I-15601	08758	SIGNS BY TOMORROW	DEPOT RESTROOM SIGN	\$35.89
224772	11/15/2017	AFD FM Q3 17	02505	SKAGIT- 911	SPILLMAN FEES Q3 2017	\$2,869.19
224707	11/15/2017	1080547	02519	SKAGIT PUBLISHING LLC	PUBLISH AA-1692227 AA-1694721	\$276.08
224494	11/15/2017	17-79	02768	TOWNZEN & ASSOCIATES	IFC CLASS - 2015 UPGRADE, WORKBOOKS,	\$4,664.66
224607	11/15/2017	3310376587	08646	UNIFIRST CORPORATION	WTP WEEKLY LAUNDRY SERVICE	\$59.07
224653	11/15/2017	1435779	09237	WASHINGTON TRACTOR, INC	MOTOR KIT FOR #851	\$354.59
224654	11/15/2017	1435810	09237	WASHINGTON TRACTOR, INC	PTO SHAFT, CLAMP YOKE FOR #422	\$234.79
224701	11/16/2017	11152017	00180	ANACORTES TOWING LLC	TOWING; APD CASE 17-A08967	\$162.75
224702	11/16/2017	5122013	00180	ANACORTES TOWING LLC	TOWING; APD CASE 17-A08875	\$162.75

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224589	11/16/2017	199044236	06718	ARAMARK	OPS & PARKS LAUNDRY SVC FOR	\$67.38
224703	11/16/2017	1990444228	06718	ARAMARK	APD NYLON MATS CLEANED	\$16.28
224539	11/16/2017	747511	00306	BAYSHORE OFFICE PRODUCTS INC	OFFICE SUPPLIES- OPS	\$203.94
224554	11/16/2017	747653	00306	BAYSHORE OFFICE PRODUCTS INC	LIQUID GLUE/POCKET FOLDERS	\$9.77
224547	11/16/2017	11/16/2017	00955	FIDALGO CLEANING	CLEANING - CARNEGIE 11/2 & 11/16	\$100.00
224546	11/16/2017	191562	00950	FIDALGO COFFEE ROASTERS	OPS- BREAKROOM SUPPLIES	\$186.00
224771	11/16/2017	18115	01542	LANGUAGE EXCHANGE INC, THE	INTERPRETER SERVICES FOR COURT	\$150.00
224813	11/16/2017	981149935001	01962	OFFICE DEPOT, INC.	OFICE SUPPLIES - SHEET PROTECTORS/WHITE	\$22.01
224655	11/16/2017	001-386741	02109	PISTON SERVICE OF ANACORTES	TIRE PRESSURE MONITOR FOR #100	\$64.00
224591	11/16/2017	171173	04831	T-SHIRTS BY DESIGN	T SHIRTS - GIRL'S BASKETBALL	\$282.64
224593	11/16/2017	17304861	03116	W S DARLEY & CO	ADAPTER	\$52.01
224704	11/17/2017	038 200 0000 2	00494	CASCADE NATURAL GAS CORP.	APD; 10/19-11/16/17	\$588.58
224705	11/17/2017	440 400 0000 0	00494	CASCADE NATURAL GAS CORP.	FIDALGO CENTER 10/19-11/16/17	\$466.92
224706	11/17/2017	795 700 0000 4	00494	CASCADE NATURAL GAS CORP.	CITY HALL 10/19-11/7/17	\$829.29
224710	11/17/2017	917 600 0000 9	00494	CASCADE NATURAL GAS CORP.	1915 13TH STREET - VOL PARK 10/19-11/16/17	\$22.87
224711	11/17/2017	638 000 0000 0	00494	CASCADE NATURAL GAS CORP.	411 HILLCREST DR. #B, 10/19-11/16/17	\$22.87
224712	11/17/2017	538 000 0000 1	00494	CASCADE NATURAL GAS CORP.	411 HILLCREST DR., 10/19-11/16/17	\$34.31
224713	11/17/2017	260 037 3822 1	00494	CASCADE NATURAL GAS CORP.	611 R AVE - DEPOT - 10/19-11/16/17	\$202.96
224715	11/17/2017	710 300 0000 5	00494	CASCADE NATURAL GAS CORP.	OPERATIONS: 10/19-11/16/2017	\$669.83
224757	11/17/2017	154 700 0000 9	00494	CASCADE NATURAL GAS CORP.	LIBRARY 10/19-11/16/17	\$908.28
224766	11/17/2017	169 400 0000 9	00494	CASCADE NATURAL GAS CORP.	STA 2: 10/19 - 11/16/17	\$99.59
224767	11/17/2017	674 400 0000 7	00494	CASCADE NATURAL GAS CORP.	STA 1: 10/19 - 11/16	\$153.48
224609	11/17/2017	8498 30 017 0543538	04412	COMCAST	DEPOT 611 R AVENUE - 11/22-12/21/17	\$186.12
223471	11/17/2017	SLT-315119	10517	LTI, INC.	ROAD SALT FOR SNOW & ICE CONTROL - ON	\$884.83
224663	11/17/2017	B37492	02405	SEBO'S DO-IT CENTER	CHAIN FOR CHAINSAW #15-910	\$23.27
224686	11/17/2017	B37491	02405	SEBO'S DO-IT CENTER	CHAIN FOR CHAINSAW	\$30.47
224773	11/17/2017	88808	02666	SUMMIT LAW GROUP, PLLC	OCTOBER, LEGAL SERVICES, POLICE & FIRE	\$2,310.50
224852	11/18/2017	33074	01530	LAKESIDE INDUSTRIES, INC.	5/8 & 3/4 ROCK FOR STREET DEPT	\$313.71
224339	11/18/2017	000099E018467	02817	UNITED PARCEL SERVICE	UPS - CHARGE OPS & AFD	\$45.76
224769	11/20/2017	747927	00306	BAYSHORE OFFICE PRODUCTS INC	OFFICE SUPPLIES - STAMP	\$22.79
224778	11/20/2017	1255576864	09923	GRAY, MATTHEW	DENTAL SERVICES, WILLIAM ROSS, DOS: 11/20/17	\$174.00
224764	11/20/2017	2388	04817	NW CLEANERS	WEEKLY STA 1 CLEANING FOR NOVEMBER	\$488.00
224717	11/20/2017	pettycashAPD	02086	PETTY CASH FUND	REIMBURSE PETTY CASH FUND	\$38.92
224700	11/20/2017	00005W5A83467	02817	UNITED PARCEL SERVICE	UPS SHIPPING CHARGES; WEEK END 11-18-17	\$56.15

Invoice Doc #	Transaction Date	Invoice #	Vendor #	Vendor Full Name	Description	Total Amount
224689	11/20/2017	2018 Pest License	00771	WASHINGTON STATE DEPARTMENT	PESTICIDE LICENSE RENEWAL: M. HENSON, N	\$165.00
224816	11/21/2017	747062	00306	BAYSHORE OFFICE PRODUCTS INC	OFFICE SUPPLIES - FINANCE	\$13.52
224803	11/21/2017	Nov 17 reimbursement	09140	GERE, LAURIE	PER DIEM SEATTLE AND WASHINGTON DC	\$324.00
224819	11/21/2017	1172054	02450	SIGNATURE FORMS, INC	ENVELOPES FOR PAYROLL	\$95.48
224770	11/21/2017	1080558	02519	SKAGIT PUBLISHING LLC	POSITION AD, LEGAL ASSISTANT, 11/3/17 - 11/15/17	\$682.11
224809	11/21/2017	Travel Per Diem	09895	SWETNAM, DARCY	MEAL ALLOWANCE 2 DAYS WATER RIGHTS TRANSFER	\$148.00
224765	12/1/2017	20171201	08563	CHOWANEC, WILLIAM	STA 3 RENT - DECEMBER	\$2,045.00

Total **\$277,651.17**



City of Anacortes Public Works

"Essential Services for our Community"

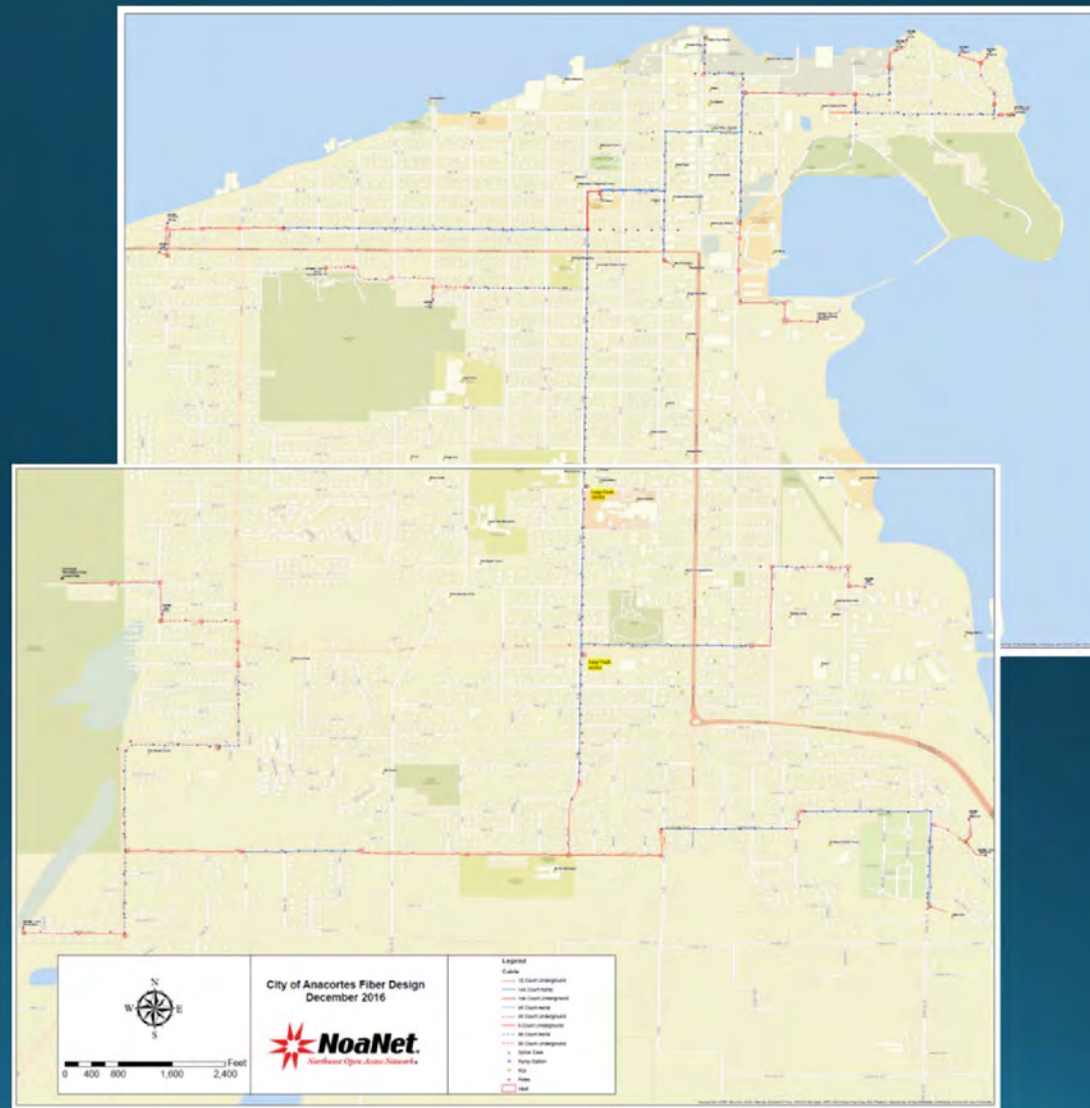


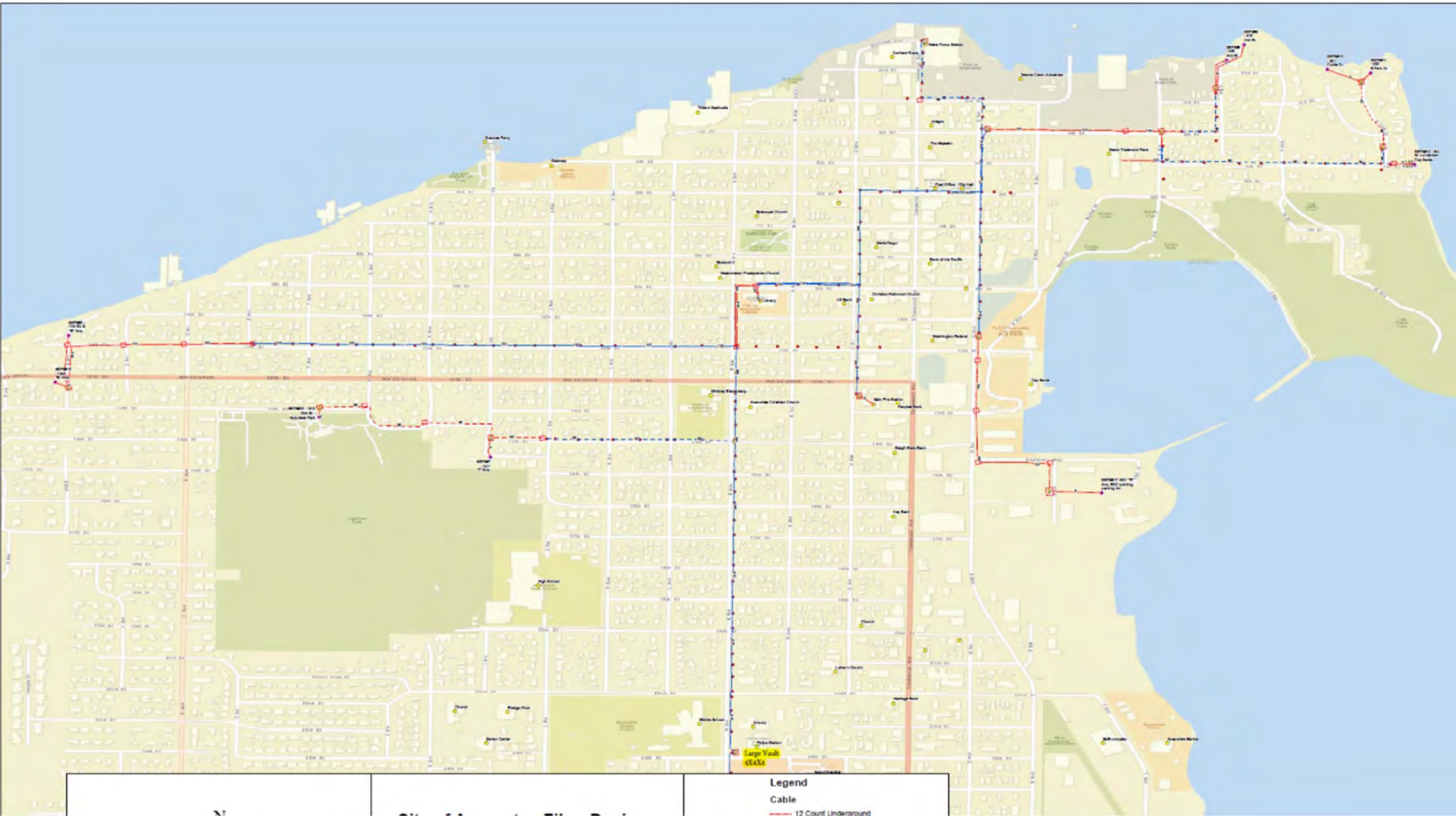
City of Anacortes Fiber Optic Network



Central Segment Deployment

Substantial Completion
December 2017

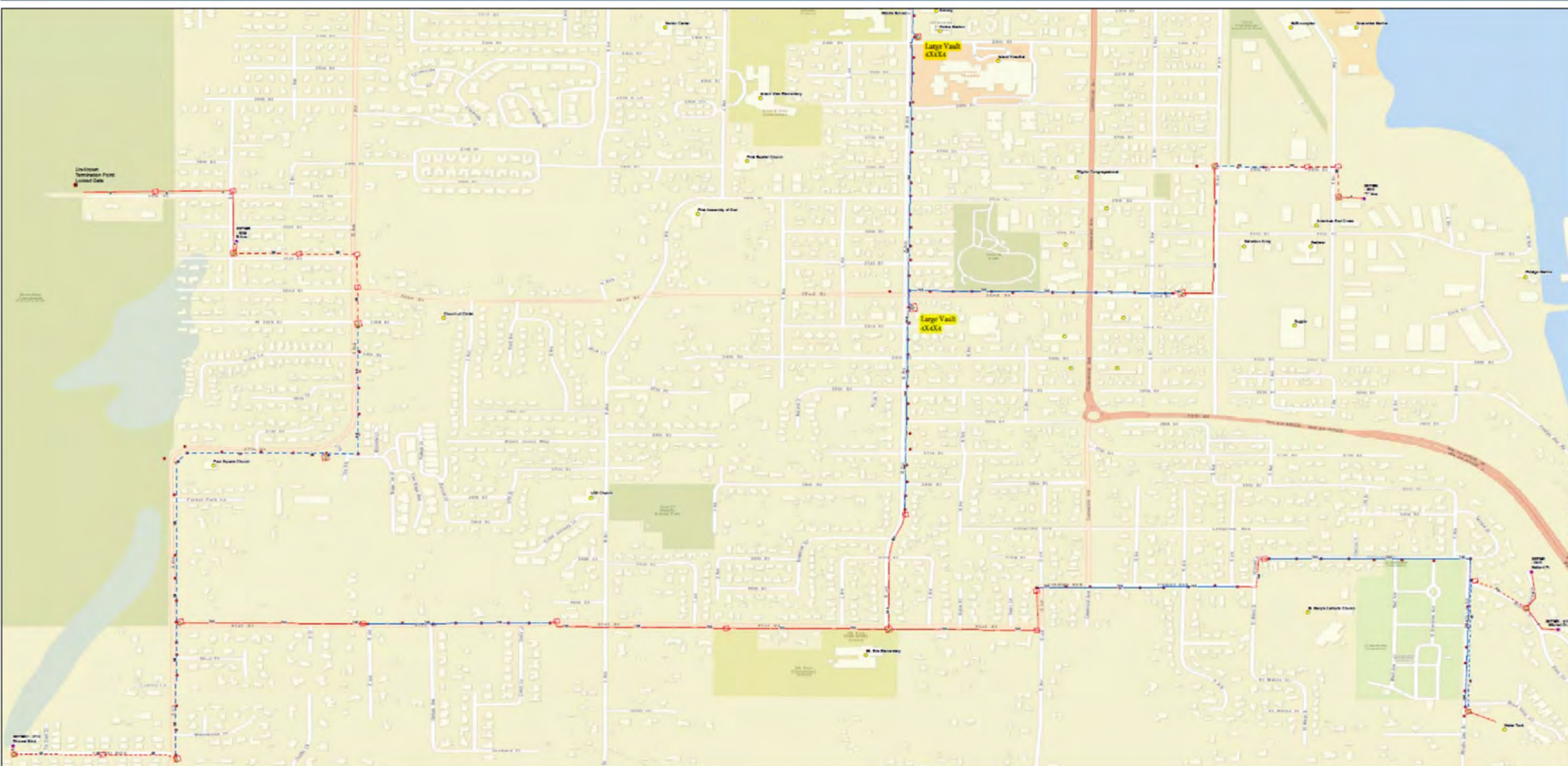


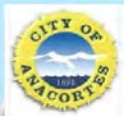


Legend

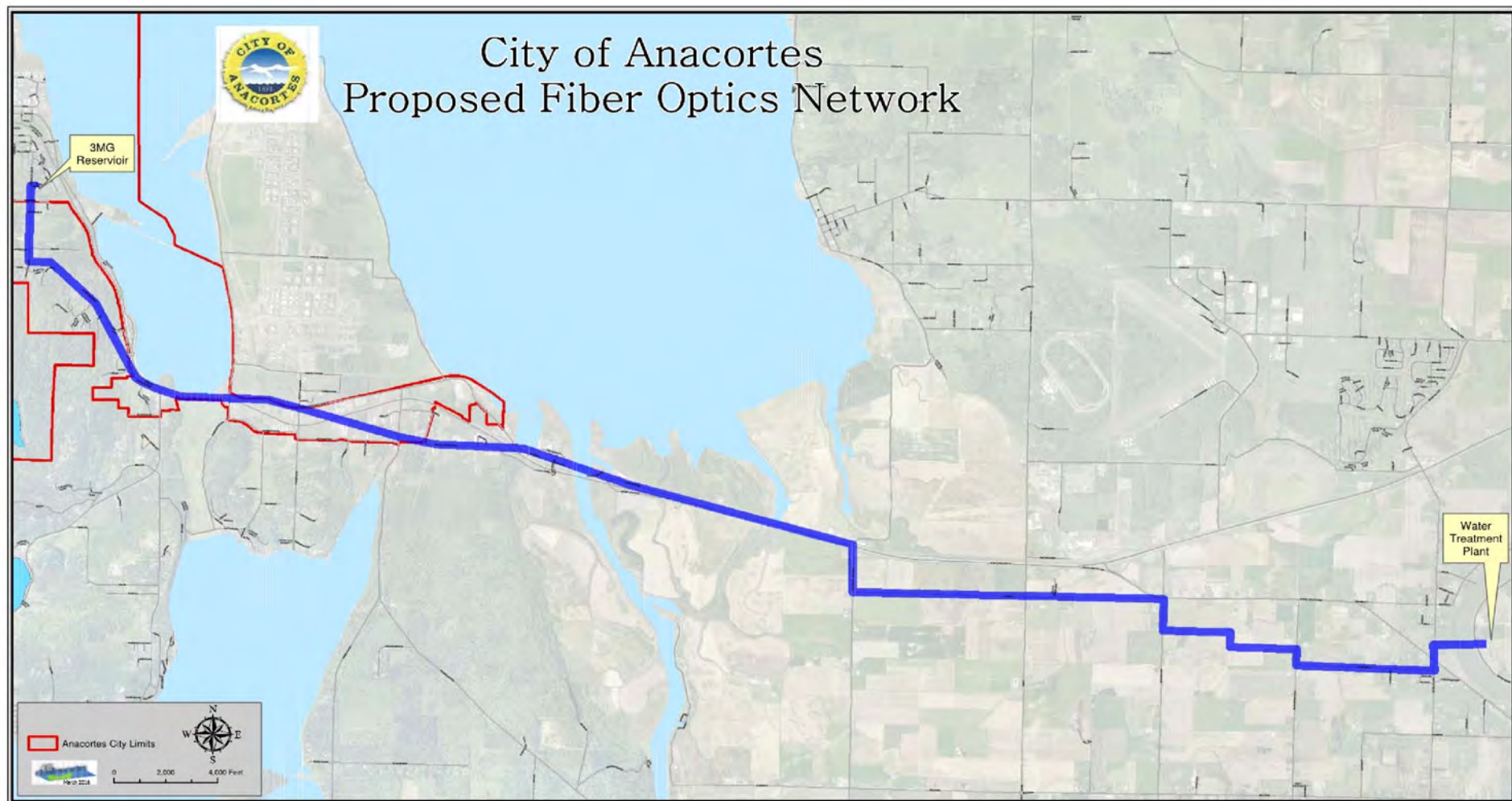
Cable

12 Count Underground

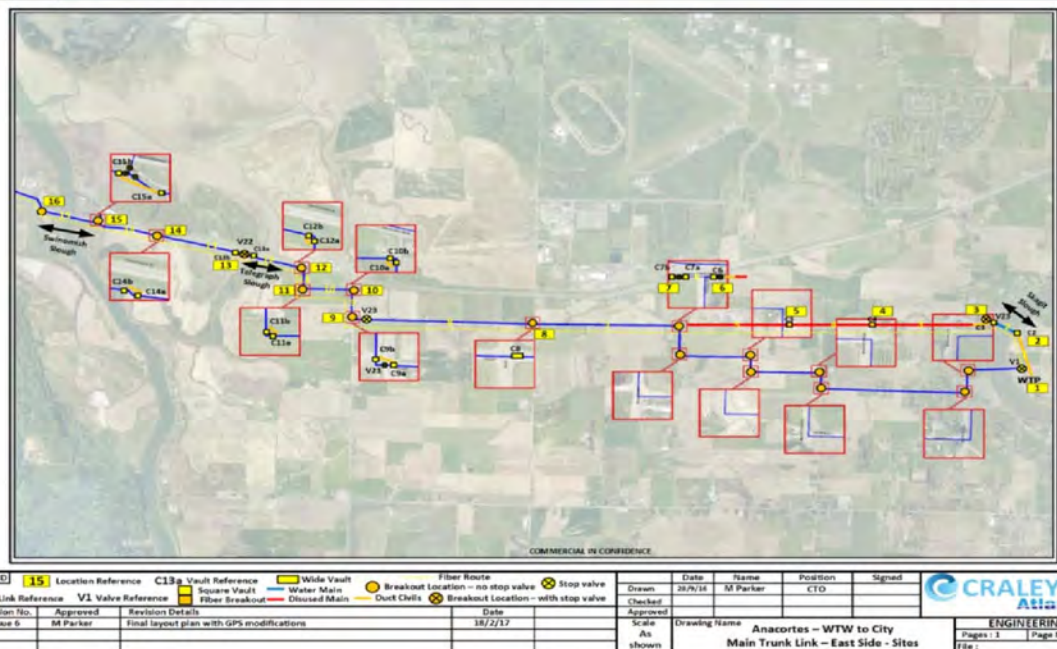
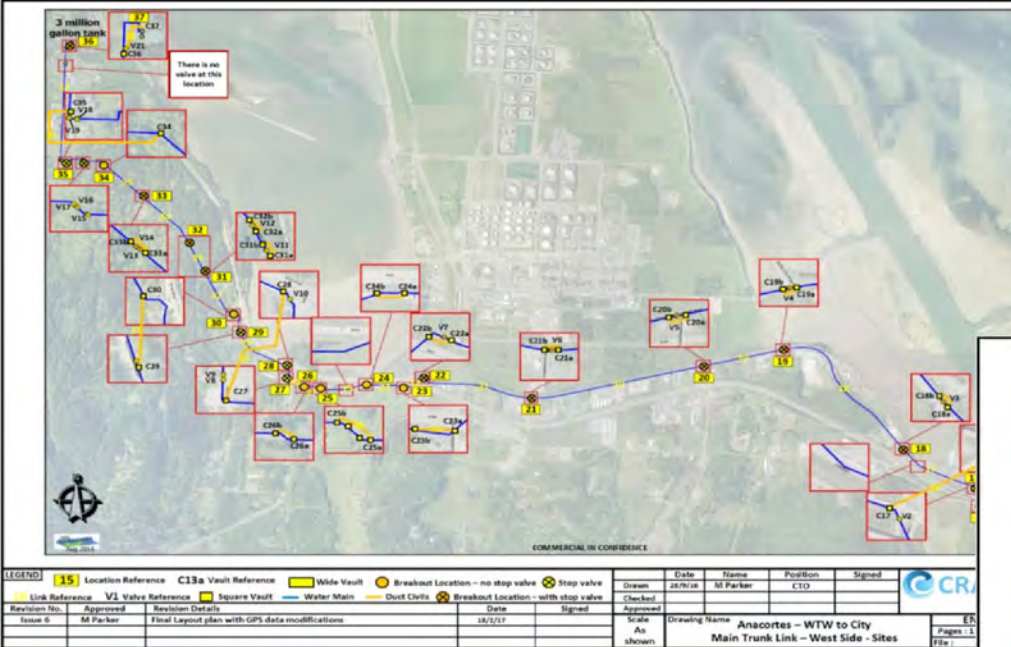




City of Anacortes Proposed Fiber Optics Network



EASTERN SEGMENT

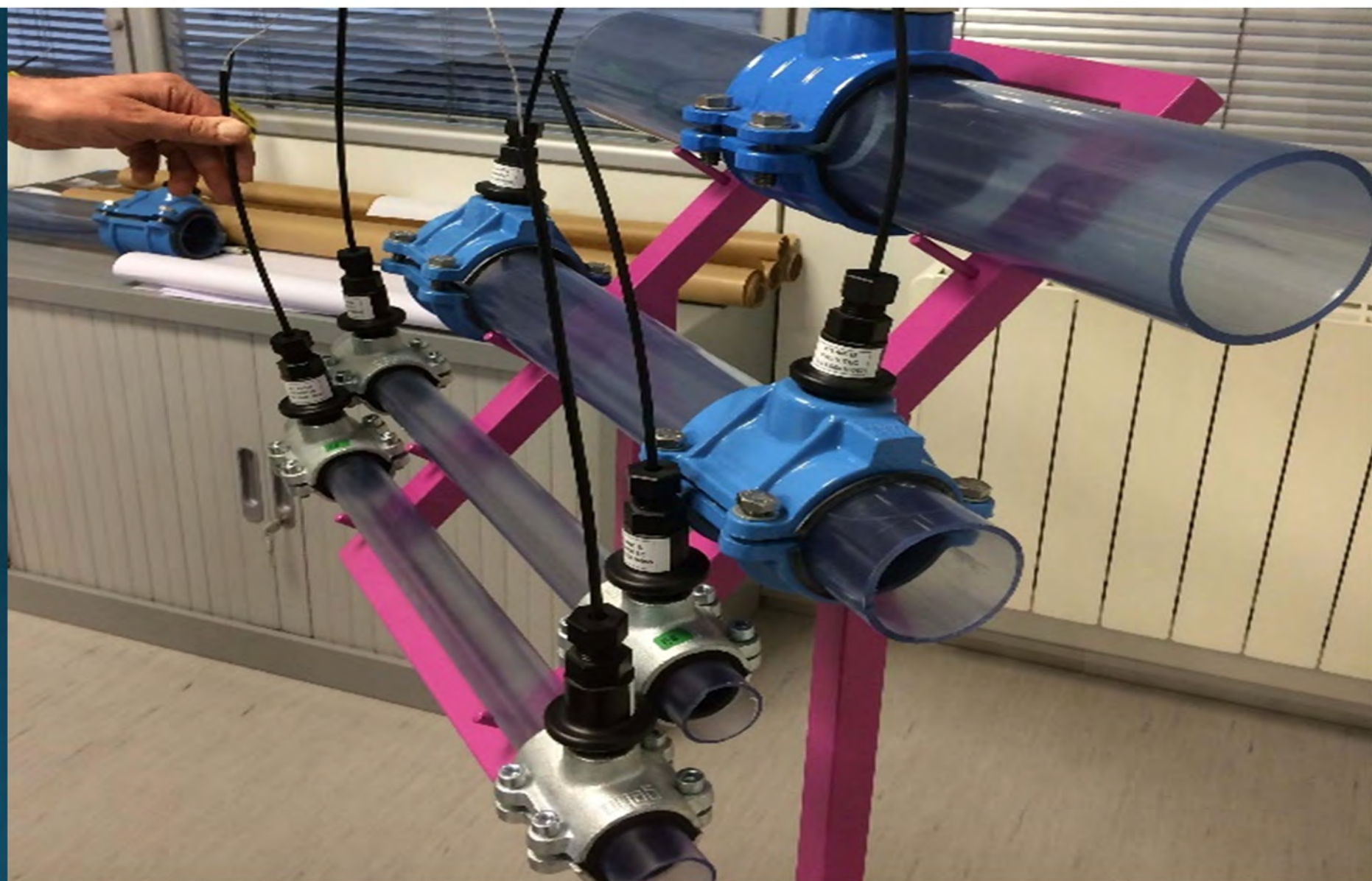


Training December 4th thru 15th 2017,



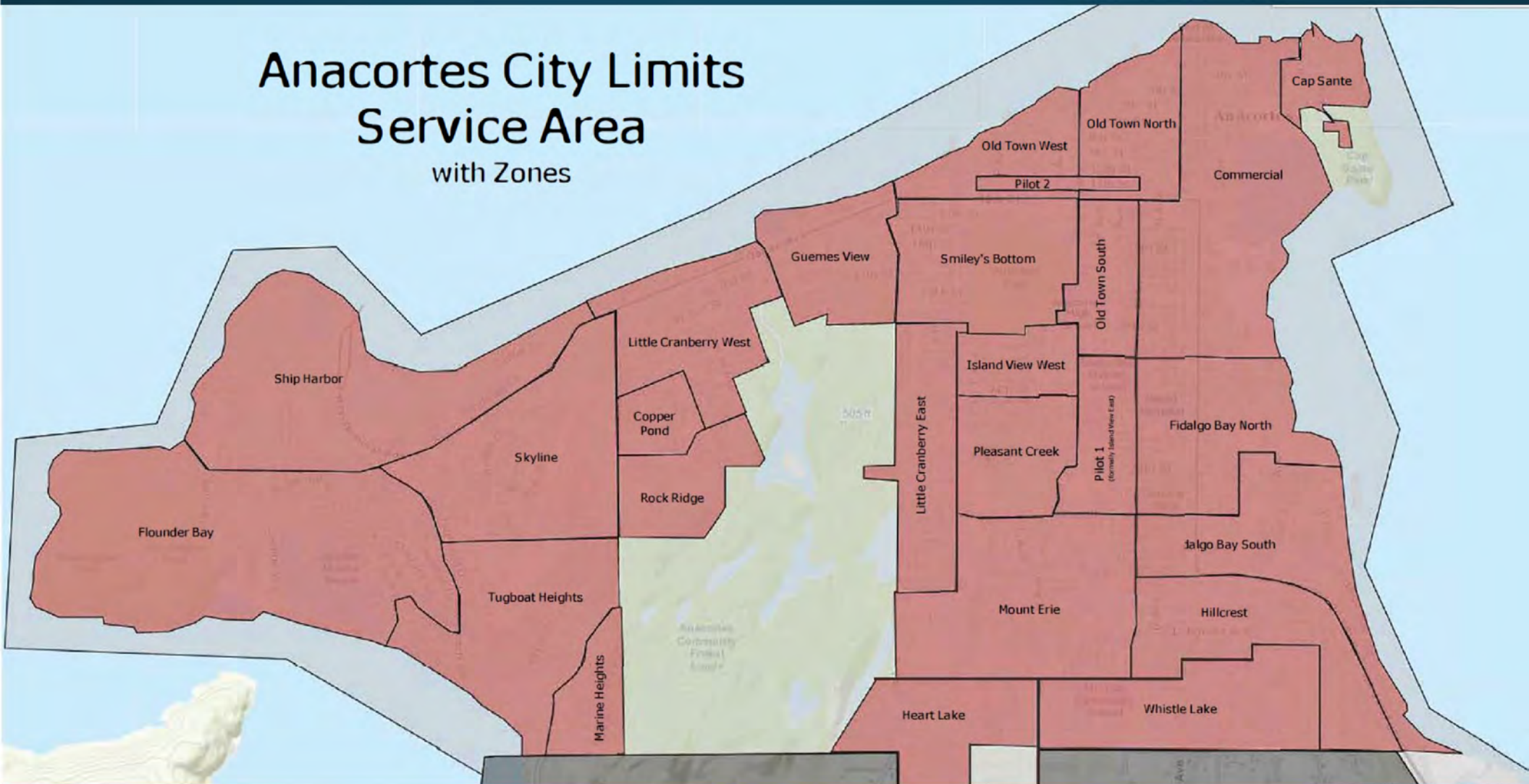






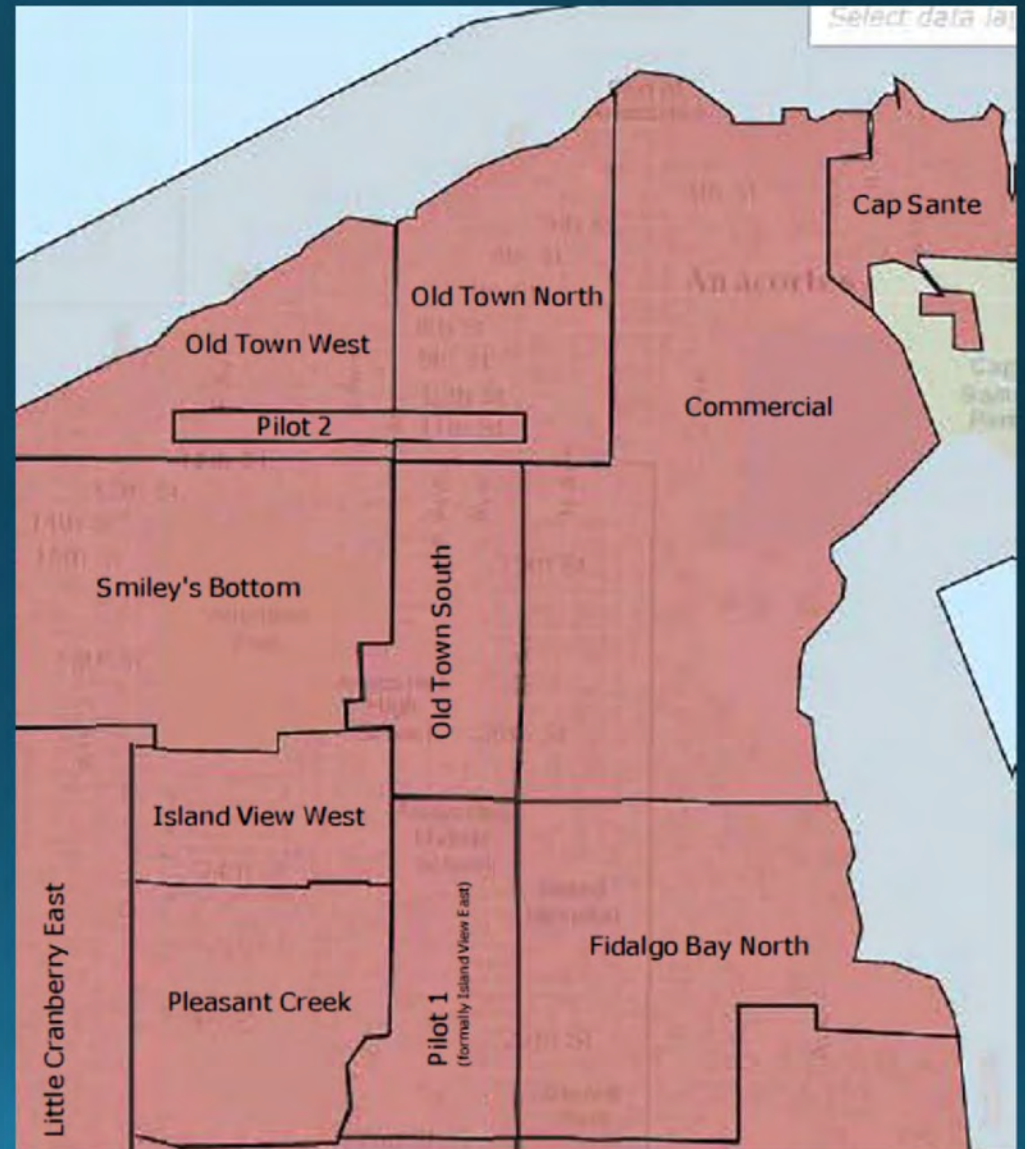


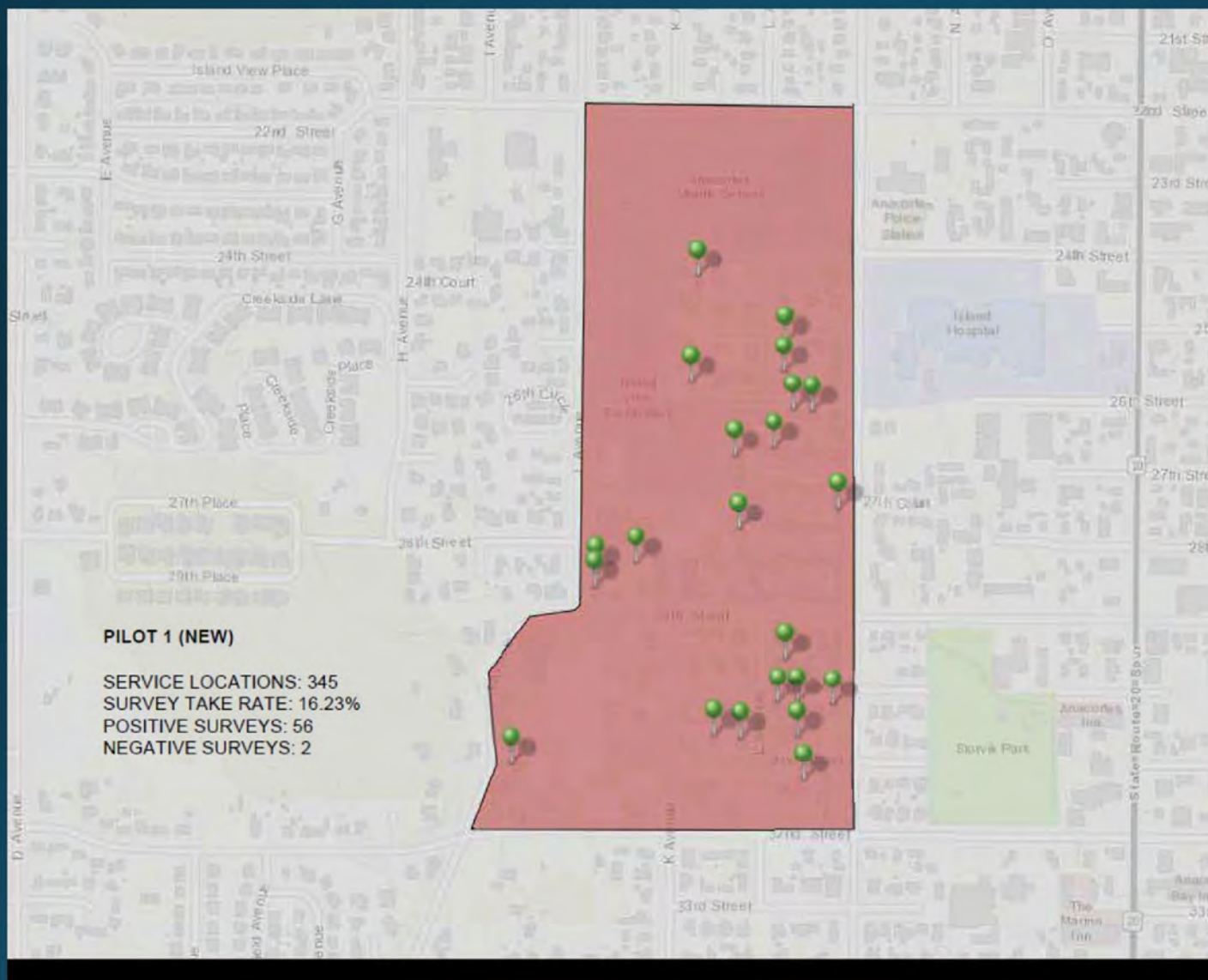
Anacortes City Limits Service Area with Zones



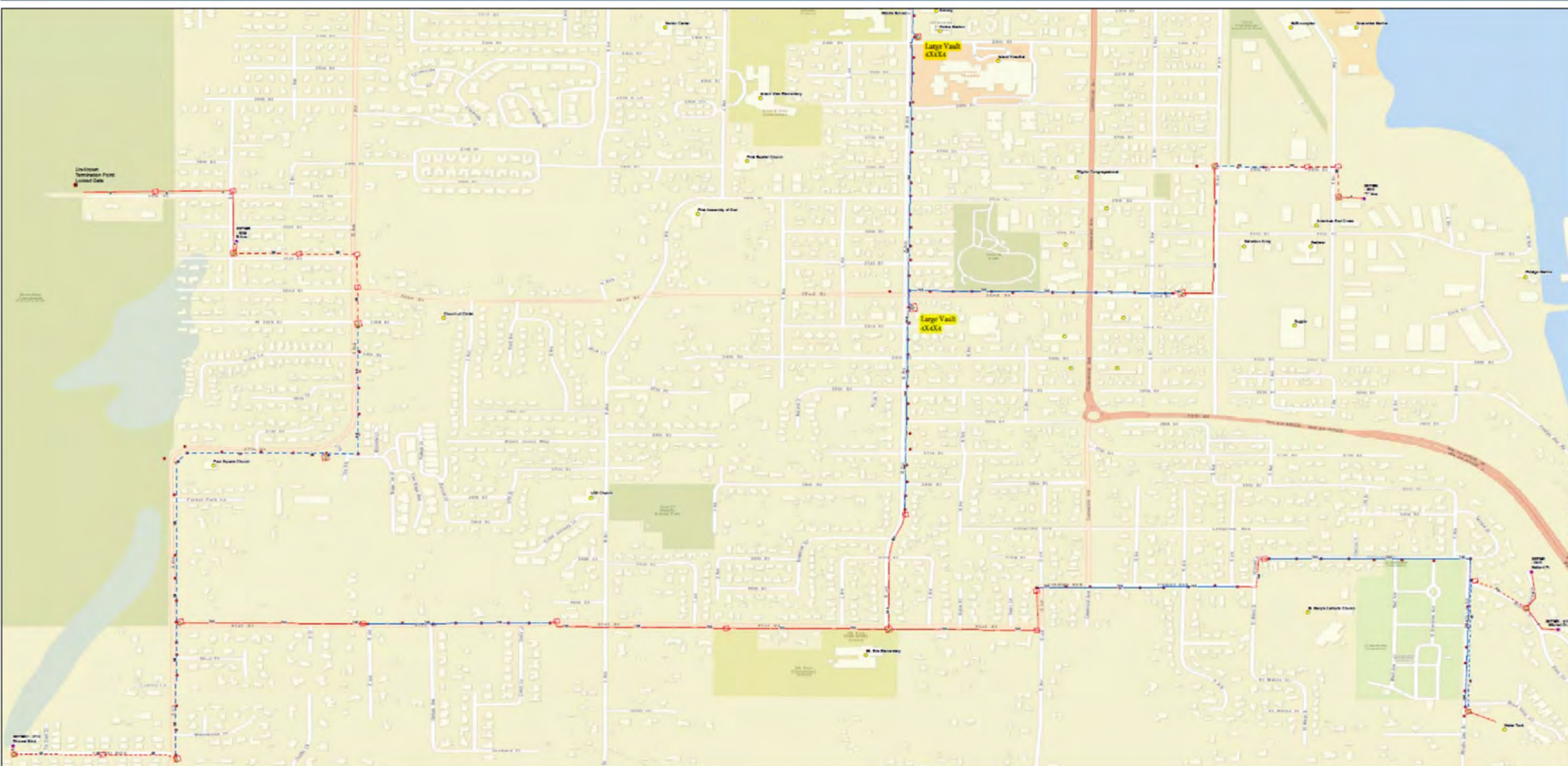
Pilot 1 & 2

- Map



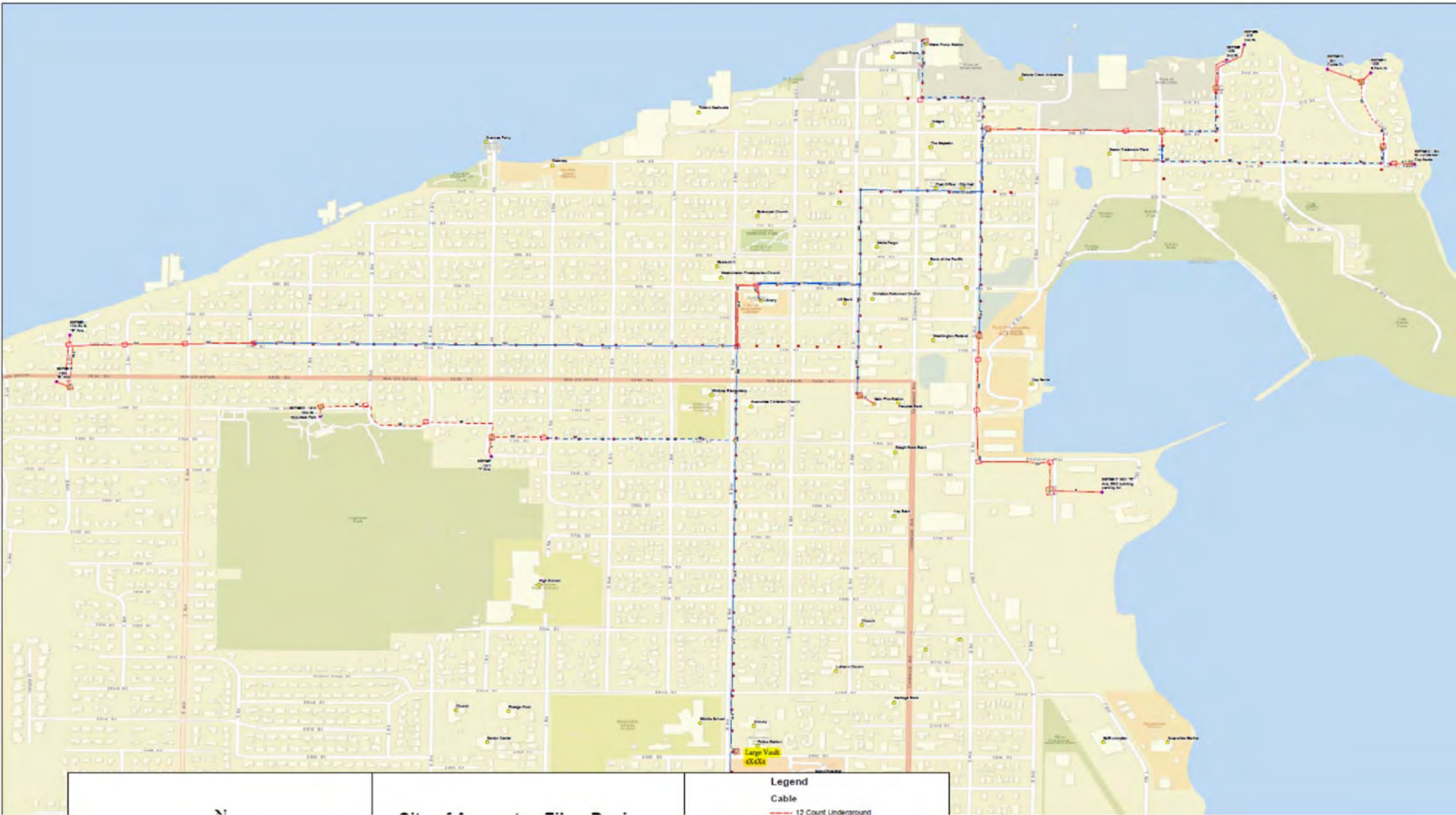


Pilot 1
128 Potential
Customers





PILOT 2
72 Potential Customers

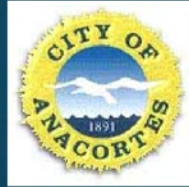


Legend

Cable

12 Count Underground

Service Provider Models



City of Anacortes Fiber Optic Network



City Council Agenda Bill

Meeting Date: 11/27/2017

Agenda Item: 7b

Subject: Municipal Broadband Survey Update

Staff Contact: Emily Schuh, Admin Service Director

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

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

Summary Statement: In August 2017 City Council consented entered into a contract with NoaNet to provide access to the COS survey system. Over 1300 households and businesses have completed the survey.

Background: City's telemetry systems are transitioning to a dark fiber communication model. Additional capacity remains in the fiber lines for development of a municipal broadband system.

Budget Impact	
Amount Budgeted	
Budget Account (BARS)	001.712.543.30.41
Proposed Expenditure	
Budget Amendment Required?	
Revenue Source	

Proposed Contract	
Contractor	
Amount	
Start Date	
End Date	

Previous Council/Committee Action:

Competing Viewpoints Considered:

Recommended Motion: N/A

Alternative Actions:

Attachments (listed in order presented): Municipal Fiber Survey Update



Connecting Residents and Businesses to an Open Access Community-Owned Fiber Broadband Network

Broadband Survey Update

COMMUNITY-OWNED FIBER NETWORK

[HTTP://CITYOFANACORTES.SERVICEZONES.NET](http://CITYOFANACORTES.SERVICEZONES.NET)



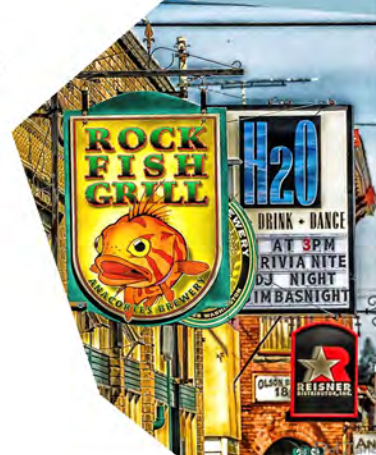
WHY IS THE CITY INTERESTED IN BUILDING A FIBER NETWORK?

Competitive markets translate to:

- increased bandwidth for comparable cost
- better customer service

Introducing faster alternatives has been shown to:

- spur investment
- offer additional choice to consumers
- support economic development

What we are learning from the survey:

[HTTP://CITYOFANACORTES.SERVICEZONES.NET](http://CITYOFANACORTES.SERVICEZONES.NET)

- ✓ organize data
- ✓ evaluate the need and desire for this infrastructure with residents and local businesses
- ✓ identify areas of high interest
- ☐ provide cost estimates to expand into neighborhoods

<http://cityofanacortes.servicezones.net>

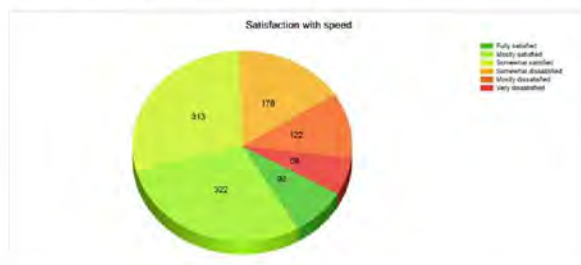


Survey Response

Over 1300 Responses. An impressive start!

Satisfaction with speed

Of the respondents who currently have internet service 369 (33.7%) are less than satisfied with their current service's speed. If speed is identified as the major factor for satisfaction by the majority of potential subscribers, then the high speed capacity of fiber should be emphasized in the marketing material.



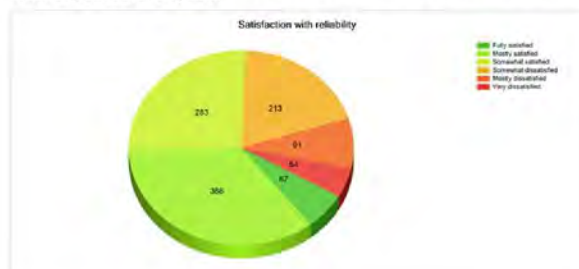
<http://cityofanacortes.servicezones.net>



Survey Response

Satisfaction with reliability

Of the respondents who currently have Internet service **358 (32.7%)** are less than satisfied with its reliability. If reliability is identified as the major factor for satisfaction by the majority of potential subscribers, then the robustness and stability of a fiber connection should be emphasized in the marketing material.

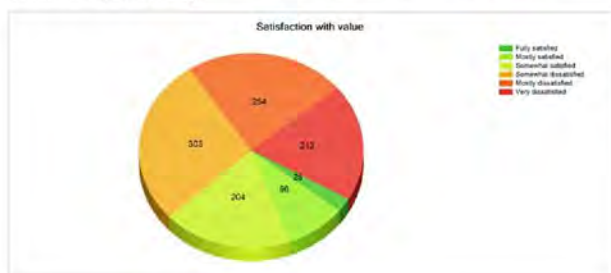


<http://cityofanacortes.servicezones.net>

Survey Response

Satisfaction with value

Of the respondents who currently have Internet service **769 (70.3%)** are less than satisfied with its price value. If the price is identified as the major factor for satisfaction by the majority of the potential subscribers, then the affordability of fiber should be emphasized in the marketing material. This is often done by describing dollars per megabit ratio, where high speed fiber connections normally have the advantage.



<http://cityofanacortes.servicezones.net>

Survey Feedback

Positive Comments:

"This is a foundation for progress in our community attracting forward thinking businesses and families to our community here. We have the schools and the health care excellence, and the environment... this could be the 4th pillar for our future growth and success." -South Fidalgo Island

"This shouldn't even be a question. Sales stopped during the Arts festival because of poor connectivity. Even for those who don't understand or need the added speed or bandwidth. This increases the value of our property everywhere. It brings highly paid professionals to the area to live and work and invest in the community. Let's add city-wide Wi-Fi while we're at it." -Tugboat Heights

"Every year I need faster Internet. What's not to love about fiber?" - Anacortes City Limits

"I've been waiting for fiber optics for 20 years." - Island View West

Survey Feedback

Critical Comments:

"My internet is fast enough. I want lower pricing" - Pleasant Creek

"I am interested in faster internet, but concerned about the cost of installing fiber optic cable from the street to my house. I am located in a cul-de-sac, and my house is farther from the main street (Bryce Drive) than any other house in the cul-de-sac." -Tugboat Heights

What I currently have is completely satisfactory- I wouldn't want to pay for more." - Tugboat Heights

"I think faster internet is great and would be better for all the businesses in town. I don't think the citizens should have to pay a premium to get it through. Since it is tax dollars funding the possible installation of the fiber optics then we should receive a discount rate for living here and paying taxes." -Whistle Lake

Pilot Project Changes

Original Pilot Zone 1:

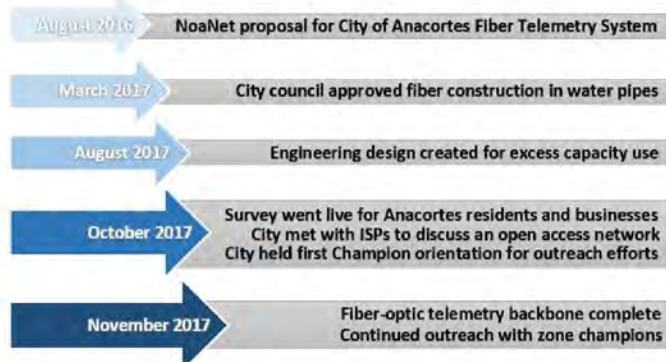


Island View East



Anacortes Municipal Fiber

The City of Anacortes has been working with NoaNet, a nonprofit WA organization which helps to facilitate broadband access to rural communities



Public Private Partnership

For the city to provide broadband fiber internet access we would be making a major investment into our community.

- This investment would be reimbursed to the city through arrangements with our ISPs and by the fees that the participants pay for network access.
- Once the infrastructure is paid for that becomes additional funding for further expansion.
- There is potential to lease dark fiber on backbone of system for additional revenue.



An Open Access Network

HOW DOES COMPETITION HELP?

"Open Access" means that the City will own the network all the way to the end user.

An open-access network can spur the private sector to compete for customers which will

- Improve services
- Provide more choice for consumers
- Lower costs for consumers



<http://cityofanacortes.servicezones.net>

Anacortes Municipal Fiber

TRANSPORTING FIBER ACROSS SKAGIT VALLEY

- A cost effective approach to bring Fiber Infrastructure in to Anacortes
- Anacortes is first city in the US to retrofit water lines to run fiber through Craley Microduct
 - WA Dept. of Health approved process after rigorous review
 - In Europe this is a standard method of linking fiber to communities

<http://cityofanacortes.servicezones.net>



THANK YOU

Emily Schuh
broadband@cityofanacortes.org
(360)299-1941

Take the survey:
[HTTP://CITYOFANACORTES.SERVICEZONES.NET](http://CITYOFANACORTES.SERVICEZONES.NET)





City Council Agenda Bill

Meeting Date: 11/27/2017

Agenda Item: 7c

Subject: Collective Bargaining Agreement with IAFF 1537 (2018-2019-2020) and Memorandum of Understanding

Staff Contact: Emily Schuh

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

Action Type	
	Ordinance No.
	Code Revision?
X	Resolution No. 2003
X	Contract
	Public Hearing
	Staff Report

Summary Statement: A collective bargaining agreement by and between the City of Anacortes and International Association of Firefighters Local 1537 formalizing the wages, hours, and working conditions. The term of the agreement is January 1, 2018 through December 31, 2020. As part of the contract settlement, we also have a memorandum of understanding regarding a trial new work schedule.

The proposed bargaining agreement provides several language changes that are helpful to both the City and the IAFF and provides a wage package that reflects the current economy. The proposed bargaining agreement includes:

- Language clarification on qualifications for promotion, upgrade, and fire inspection certification. Language cleanup on floating gym membership.
- Vacation buyout incorporated into collective bargaining agreement. Limits 80 hours annual payout.
- Updated Voluntary Physical Fitness Program and Sick Leave
- Transition to a 48/96 work schedule. A 15-minute shift briefing is built into the schedule at each shift transition. A Memorandum of Understanding is prepared to address the 48/96 work schedule trial.
- Force Hire language incorporated into collective bargaining agreement
- Deferred comp remain at 3.0% of step firefighter wages
- Dental insurance plan transition in 2018
- Wage Increases 2.0% in each year of the agreement 2018-2019-2020

Background: The current collective bargaining agreement between the City of Anacortes and IAFF 1537 expires on December 31, 2017. The City and IAFF began negotiations in the summer of 2017. Steven Monrad, IAFF 1537 President, notified the City that the membership ratified the proposed bargaining agreement on November 16,

2017 and tonight I am presenting the proposed bargaining agreement to City Council for final approval. The City Council Personnel committee has been aware of the status of negotiations throughout the process.

Budget Impact	
Budget Account (BARS)	
Proposed Expenditure	
Budget Amendment Required?	no
Revenue Source	

Proposed Contract	
Contractor	
Amount	
Start Date	1/1/2018
End Date	12/31/2020

Budget Impact: There will be a net 6.0% wage increase over three years: 2018 2.0%, 2019 2.0%, and 2020 2.0%.

Previous Council/Committee Action: City Council approved the 2015-2016-2017 agreement by adopting Resolution 1911 on February 2, 2015.

Competing Viewpoints Considered: N/A

Recommended Motion: I move to approve the collective bargaining agreement between the City of Anacortes and IAFF 1537 effective 1/1/18-12/31/2020.

Alternative Actions:

Attachments (listed in order presented): Proposed collective bargaining agreement tracking changes); Proposed collective bargaining agreement (clean copy), Resolution 2003

AGREEMENT

By and Between

CITY OF ANACORTES, WASHINGTON

and

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
LOCAL NO. 1537**

**UPDATED 10/16/2017, 10/30/2017,
11/3/2017, 11/6/2017, & 11/8/2017
with Union and City drafted language**
January 1, 2018 through December 31, 2020

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ARTICLE 1- AGREEMENT

This Agreement is entered into by the City of Anacortes, hereinafter referred to as the "City", and Local No. 1537, International Association of Fire Fighters, hereinafter referred to as the "Union", governing wages, hours and working conditions of employment of the members of the Anacortes Fire Department.

ARTICLE 2 - PURPOSE

The purpose of this Agreement is to increase the general efficiency of the Fire Department and its personnel, to promote morale and protect the rights, well-being and the security of the Fire Department's permanent employees. To accomplish the foregoing, the parties hereto agree to the following Articles within this Agreement.

ARTICLE 3 - RECOGNITION

The City recognizes the Union as the sole, exclusive bargaining agent for the purpose of establishing salaries, hours and working conditions for all members of the Anacortes Fire Department who are scheduled for shift work. The following positions will be exempt from the bargaining unit: the Fire Chief, the Assistant Fire Chiefs, Division Chiefs, Secretary/Administrative Assistant, and Volunteer Fire Fighters.

ARTICLE 4 - MANAGEMENT RIGHTS

(a) The Union recognizes the prerogatives of the City to operate and manage its affairs in all respects in accordance with its responsibilities and powers of authority subject to the provisions of this Agreement, and applicable law.

(b) The City has the right to schedule overtime work as required in a manner most advantageous to the Department and consistent with requirements of municipal employment and ~~the~~ public safety. TA 10/16/17

(c) The parties understand and agree that the statements in employee's job descriptions are not an all-inclusive listing of their work requirements. Individuals may perform other duties as assigned including work in functional areas to cover absence or relief, to equalize peak work periods or otherwise to balance the workload in the Fire Department.

(d) The City reserves the right to lay off personnel for lack of funds; or for the occurrence of conditions beyond control of the City. In the case of personnel reduction, the employee with the least seniority shall be laid off first. The City shall have the right to determine reasonable schedules of work and to establish methods or processes by which such work is performed in accordance with Article 22 of this Agreement.

ARTICLE 5 - DUES CHECK OFF

The Employer will deduct from each employee's paycheck once each pay period the uniform, regular monthly Union dues for each employee in the bargaining unit who has filed with the Employer a voluntary effective check-off authorization. Such dues shall be forwarded to the Union at an address designated by the Union.

A Union member desiring to revoke the dues check-off may do so by written notice to the Employer at any time during the ten (10) day period prior to the annual anniversary date of the Agreement, in each year during the life of the Agreement.

The actual dues amount deducted, as determined by the Union, shall be uniform in nature for each employee in order to ease the Employer's burden of administering this provision. The Union shall provide the City signed authorization by the employee to deduct union dues from the employee's paycheck.

If the employee has no earnings due for that period, the Union shall be responsible for collection of dues. The Union agrees to refund to the employee any amounts paid to the Union in error on account of this dues deduction provision. The Union may change the fixed uniform dollar amount, which will be considered the regular monthly fees once each year during the life of this Agreement. The Union will give the Employer thirty (30) days written notice of any such change in the amount of uniform dues to be deducted.

ARTICLE 6 - UNION MEMBERSHIP

(a) It shall be a condition of employment that all employees of the City covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing and those who are not members on the effective date of this Agreement shall, on or before the thirtieth (30th) day following the effective date of this Agreement, become and remain members in good standing in the Union.

(b) It shall also be a condition of employment that all new employees covered by this Agreement and hired on or after its effective date shall, on the thirtieth (30th) day following the beginning of such employment, become and remain members in good standing in the Union. Provided, objections to joining the Union which are based on bona fide religious tenets or teachings of a church or religious body of which such employee is a member will be observed. Such employee shall pay an amount of money equivalent to regular Union dues and initiation fee to a non-religious charity or to another charitable organization mutually agreed upon by the employee affected and the bargaining representative to which such employee would otherwise pay the dues and initiation fee. The employee shall furnish written proof that such payment has been made. If the employee and the bargaining representatives do not reach agreement on such matter, the Public Employment Relations Commission shall designate the charitable organization.

(c) The Union shall indemnify and save the Employer harmless against any claims arising by reason of action taken to comply with this article.

ARTICLE 7 - NON-DISCRIMINATION

Neither the Employer or the Union shall discriminate against any employee because of race, sex, age (over 40), religion, creed, color, national origin, pregnancy, marital status, sexual orientation, physical or mental disability, gender identification, status as an honorably discharged veteran, Union membership, Union activity, or any other characteristic protected by law. Claims brought pursuant to this article shall be processed through the appropriate federal or state agency.

ARTICLE 8 - BARGAINING RIGHTS

(a) There shall be no unilateral changes in wages, hours, or working conditions.

(b) Any changes in the aforementioned shall be made pursuant to the collective bargaining laws of the State of Washington as administered by the Public Employment Relations Commission.

(c) This article includes provisions of policies or standard operating procedures which affect wages, hours, and/or working conditions not otherwise addressed in this agreement.

ARTICLE 9 - UNION BULLETIN BOARDS

(a) The City agrees to post a bulletin board for Union notices in a conspicuous place at each fire station.

(b) The Union agrees to cooperate with the Employer to ensure materials posted are not of an offensive nature.

ARTICLE 10 - CIVIL SERVICE STATUTES

(a) Nothing contained in this Agreement shall prevent the City from proceeding in accordance with applicable Civil Service statutes, rules and regulations. All bargaining unit employees shall be subject to such statutes, rules and regulations.

(b) Any changes in the Employers or the Civil Service Rules and Regulations affecting Mandatory Subjects of Bargaining shall be made in accordance with RCW 41.56 or other applicable statutes.

ARTICLE 11 - GRIEVANCE

Any disputes arising under this Agreement shall be settled in this Article provided that no employee shall avail himself or herself of this Article if appealing a dispute to the Civil Service Commission. Any bargaining unit member who is the subject of disciplinary action may complain to the Union and may elect to pursue a grievance regarding disciplinary action through the grievance procedure of this Article or through the Civil Service Commission, but not both.

Grievance Defined: A grievance is defined as a dispute or claim of wrongful action involving the interpretation or application of terms of this Agreement raised by a grievant against the employer.

Grievant Defined: A grievant may be an employee, group of employees or the Union who shall under the terms of this Agreement put forth, in writing, to the Employer a grievance.

Union Defined: For the purposes of this Article, Union shall mean Union Representative, President, and/or Shop Steward.

Business Day Defined: A calendar day exclusive of Saturday, Sunday, or official holiday.

General Provision: Grievances being heard through this procedure must have been submitted at step #2 within fifteen (15) business days of the grievant becoming aware of the act or omission giving rise to the grievance, or within 15 days of the date the grievant reasonably should have been aware of the act or omission.

Failure of either party to adhere to time limits shall result in the grievance being moved to the next step in the procedure. Time limits may be extended by mutual written agreement

Step 1

The grievant may attempt to settle the dispute or disagreement informally, orally or in writing at the lowest level possible. The grievant may request the presence of a Union representative.

Step 2

If the grievance is not settled in Step #1, the grievant shall submit the grievance in writing to the Fire Chief. Such written grievance shall clearly indicate the act or omission giving rise to the grievance, provisions, if any, of the Collective Bargaining Agreement violated, statements of fact, and remedy requested. The Fire Chief shall within ten (10) business days make written response. If the response is to deny the claim, it should contain justification including any disagreements with the Union's statements of fact.

Step 3

If the grievance is not settled in Step 2, the grievant may submit the grievance within ten (10) business days to the Mayor who shall within ten (10) business days render a decision.

Step 4

If the grievance is not settled at this point, by mutual agreement the Parties may request the services of a mediator prior to implementing Step 5. Timelines in the Step procedures shall be modified to allow the mediation process.

Step 5

If the grievance is not settled in Step 3 or 4, the grievant may submit the grievance to arbitration. The union shall within fifteen (15) business days of receipt of the Mayor's decision notify the employer in writing of intent to arbitrate.

Arbitration:

Within ten (10) business days of notification of intent to arbitrate the Union president or designee and the Mayor or designee shall meet and choose an arbiter to hear the grievance.

If the parties cannot agree upon an arbiter within the said ten (10) days, a list of nine (9) arbiters shall be requested from the American Arbitration Association. Upon receipt of the list of requested arbiters, the parties shall meet within 20-business days to alternately strike names from the provided list. The parties shall flip a coin to determine who will strike the first name. Should the Employer refuse to strike within the 20-day period, the Union may choose the arbiter from a list provided. Should the Union refuse to strike within the 20-day period, the grievance shall be deemed to have been abandoned.

The fees and expenses of the arbiter shall be divided equally between the Employer and Union. Each party shall compensate its own representative and witnesses.

The arbiter shall have no authority to amend, modify or change in any way this Agreement.

The decision of the arbiter shall be final and binding upon all parties.

**ARTICLE 12 – EMPLOYEE CLASSIFICATIONS, PROMOTIONS, FIRE OFFICER
TRAINING & VACANCIES**

a) Employee Classifications TA 10/16/17

a. Firefighter/EMT

~~a-b~~ Firefighter/Paramedic

~~b-c~~ Lieutenant

b) Promotions TA 10/16/17

a. All promotions within the bargaining unit shall be by competitive examination, shall be impartial and shall relate to those matters which test the candidate's ability to perform the tasks listed in the job description for the position.

b. The following procedures shall govern all promotions within the bargaining unit:

i. Three years of full time regular employment with the Anacortes Fire Department is required ~~prior to applying~~ prior to the eligibility list being certified to test for lieutenant.

1. Prior experience in a full time position delivering fire protection and emergency medical services can substitute 6 months credit for every year of employment provided that Anacortes probationary requirements are satisfied; OR

2. Prior experience as an Anacortes Fire Department volunteer delivering fire protection and emergency medical services may substitute 3 months credit for every year of volunteer service provided that Anacortes probationary requirements are satisfied.

ii. IFSAC Fire Officer I, Fire Instructor I, ICC Fire Inspector I, and currently adopted ICS certifications are required prior to successful completion of the lieutenant probation.

iii. The promotional list for Lieutenant shall be maintained for twenty-four (24) months. Should all candidates on the promotional list be promoted, the Employer shall establish a new list.

c. In preparation for the creation of each examination, the City shall inform the Union of any meetings relating to the promotional process. A Union representative may, at their option, attend and participate in the meeting or meetings, to discuss exam content, date, place and time of exam; and details regarding how the exam(s) will be scored. Such representatives shall not participate in the examination. Announcements for promotional examinations and resource materials for the examinations shall be posted at each Fire Station sixty (60) days prior to the closing date for application. Applications received after the closing date will not be considered. Prior to administration of any exam, either party may request the exam be reviewed by an outside agency to ensure the exam is consistent with the position for which is being tested. The outside agency shall be the City of Mt. Vernon Fire Department. The parties may elect to use another agency

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by mutual agreement. This review shall consist of an administrative officer and a union representative.

All applicants will be notified of their final score and relative standing on the promotional list the next business day following an official Civil Service Commission meeting. An unofficial test score of each candidate shall be presented no later than thirty (30) days after testing. Promotions shall be made according to the employee's relative standing on the promotional list, with the employees at the top of the list being given first opportunity to accept the promotion.

- d. Upon promotion, an employee shall be subject to a one (1) year probation period. During this period said employees shall receive at least quarterly evaluations by the employee's immediate supervisor. In the event that said employee fails to pass their probationary period, said employee shall return to their previous position without loss of seniority and with the wages and benefits of that previous position.

c) Vacancies

- a. When the City determines a temporary vacancy exists in a promotional position; said vacancy shall be filled within a reasonable amount of time. Temporary appointments will first be offered to those employees on a current eligibility list. The appointment will be offered in relation to their standing on the list. In the event there is not a current eligibility list, the vacancy shall be temporarily appointed by the Chief.

d) Fire Officer Training

- a. Existing Officers and those on a current promotional eligibility list may attend fire officer development training in an overtime status while off duty. This may include core curriculums for Fire Officers as described by NFPA and/or IFSAC, as well as other workshops, presentations, courses, or classes approved by the department.

ARTICLE 13 - WORKING OUT OF CLASSIFICATION

TA 11/8/17

When an employee is assigned as an upgrade lieutenant, the employee shall be paid the equivalent of the first step annual lieutenant rate divided by the annual scheduled hours of work. This is to account for the difference in annual scheduled hours of work between 12 hour and 24 hour shift employees.

Employees will be assigned in the following order:

1. Highest ranking employee from the current promotional list.
2. Employees by seniority who have successfully achieved the Department's upgrade requirements, successful completion of probationary period, and two years full time experience with Anacortes fire. Prior experience may be substituted per the promotional standards.
3. Employees deemed otherwise qualified by the Fire Chief.

ARTICLE 14 - VACATION

All bargaining unit employees shall be granted vacation after years of employment as follows:

Service Period	Vacation Accrual
First Calendar Year through 4	12 hours per month
Calendar Years 5 through 9	18 hours per month
Calendar Years 10 and over	25 hours per month

Employees on leave without pay status will not accrue vacation.

The maximum allowable accumulation of vacation shall not exceed 300 hours. Any vacation earned and not taken in excess of the maximum shall be forfeited. The City shall grant vacation based on seniority of employment provided vacation requests are submitted prior to December 15th of each year for vacations scheduled to occur January 1st through December 31st of the following year. Requests submitted after December 15th of each year will be allocated on a first-come, first-served basis. Vacation requests shall be approved by the Fire Chief based upon the efficient operation of the Anacortes Fire Department. The City shall waive the maximum carry-over restrictions if the employee is required to cancel scheduled vacation due to requirements of the City.

The City shall grant vacation and Kelly days based on seniority of employment provided vacation and Kelly Day requests are submitted prior to December 15th of the previous year.

Each employee shall be allowed a maximum of 72 hours per year where an overtime impact may be created by taking vacation while another employee is on military leave, vacation, or Kelly day.

If any members of the bargaining unit are military reservists or members of the National Guard, vacation and Kelly day picks shall be conducted in accordance with Article 19 instead of this article.

Vacation Buyout Employees may elect to have their accrued vacation balance that exceeds 200 hours cashed out and deposited into a deferred compensation account. Maximum deferral is 80 hours per year. The employee must notify payroll in writing by November 20th of each year for distribution on the December 5th payday.

ARTICLE 15 - BEREAVEMENT LEAVE

Bereavement leave is paid time away from work taken to attend the funeral and matters associated with the death and funeral of a close relative. A close relative shall be defined as an employee's spouse, son, daughter, father, mother, sister, brother,

grandparent, or grandchild. The employee's spouse's mother, father, sister, brother, grandparent, or grandchildren are also included.

24 Hour Shift Employees: In the event of the death of a close relative of a bargaining unit employee, such employee shall be granted, without loss of pay, forty-eight (48) hours off. If the employee will travel from the employee's home to the funeral or memorial service and if the travel exceeds two hundred (200) miles each way, the employee shall be granted seventy-two (72) hours off without loss of pay.

12 Hour Shift Employees: In the event of the death of a close relative of a bargaining unit employee, such employee shall be granted, without loss of pay, thirty-six (36) hours off. If the employee will travel from the employee's home to the funeral or memorial service and if the travel exceeds two hundred (200) miles each way, the employee shall be granted forty-eight (48) hours off without loss of pay.

ARTICLE 16 - SICK LEAVE

(a) Regular full-time bargaining unit employees shall accrue sick leave at their regular straight-time rate of pay at the rate of 12 hours of leave for each calendar month of continuous service to a maximum of one thousand four hundred forty (1,440) hours accumulation.

(b) Sick Leave Buyout: Upon retirement, each bargaining unit employee shall receive 25% of their accrued sick leave balance.

(c) With the exception of the above, sick leave is intended for actual illness or injury to an employee or dependent child or for care for a spouse, parent, parent-in-law, or grandparent who has a serious health condition or emergency condition. If there is reasonable suspicion of an employee abusing sick leave benefits, the City may require verification of an illness/injury from the employee's physician. The Union does not condone abuse of sick leave. Should a concern over perceived sick leave abuse arise, the Union and the Employer agree to meet and confer on the problem and solution.

ARTICLE 17 – VOLUNTARY PHYSICAL FITNESS PROGRAM & SICK LEAVE BUY BACK

The City and the Union recognize that a physically fit workforce can reduce illness and injuries requiring the use of sick leave. A sick leave buyback provides incentive to reduce the use of sick leave.

The City and Union agree to utilize the US Navy's physical readiness test (<http://navy-prt.com/>) as the basis for determining standards and criteria for the physical fitness incentive. It is understood that the military's physical fitness standards may change over time and that the most current standards will be the basis of the evaluation. Employees are encouraged, but not required, to participate in the physical fitness assessment conducted by the department and shall be given two opportunities each

year (once in the Spring and once in the Fall) to perform the test on their assigned shift. Employees will be provided a 60 day advance notice of the testing dates.

The Physical Readiness Testing (PRT) events are two minutes of push-ups, two minutes of sit-ups, and either a timed 1.5-mile run, or a 12 minute max calorie burn on a stationary bicycle. The results from each event are assigned a point value based on the employee's age, gender and the amount of repetitions or time elapsed (converted from calories burned for the bicycle) for each event. A minimum score of 50 points is required in each of the three events in order to qualify for the physical fitness incentive.

Those employees who meet the standard in a given year shall receive a percentage of their accrued sick leave bought out at retirement. Each year that employees participate successfully in the program they earn an additional percentage of sick leave buyout. For example, an employee who earns 220 points on the test every year for 10 years would have the ability to have 20% of the accrued sick leave bought out (10 years @ 2% benefit level). This benefit is in addition to the sick leave buyout provision upon retirement (Article 16). Note: Sick leave buyout shall not exceed 100% when combining the sick leave buyback provision and the physical fitness incentive.

Physical Fitness Score

<u>Cumulative Score</u>	<u>Test Score by Percent</u>	<u>Sick Leave Percentage Buyback at Retirement</u>
<u>180</u>	<u>60</u>	<u>1</u>
<u>210</u>	<u>70</u>	<u>2</u>
<u>240</u>	<u>80</u>	<u>3</u>

The City and the Union recognize that a physically fit workforce can reduce illness and injuries requiring the use of sick leave. A sick leave buyback provides incentive to reduce the use of sick leave.

The City and Union agree to utilize the army's physical fitness program (Field Manual 21-20) <http://library.enlisted.info/field-manuals/series-2/FM21-20/14CH.PDF> as the basis for determining standards and criteria for the physical fitness incentive. It is understood that the military's physical fitness standards may change over time and that the most current standards will be the basis of the evaluation. Employees are encouraged, but not required, to participate in the physical fitness assessment conducted by the department and shall be given the opportunity on duty to perform the

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test up to two times each year. Employees will be provided 60-day advance notice of the testing dates.

The three Physical Fitness Training events are two minutes of push-ups, two minutes of sit-ups, and a timed 2-mile run, or other alternatives outlined in the U.S. Army's Field Manual 21-20. The results from each event are assigned a score. Employee's age, gender and the amount of repetitions or time elapsed for each event determines the score. The testing is normally performed in normal workout gear and running shoes.

Those employees who meet the standard in a given year shall receive a percentage of their accrued sick leave bought out at retirement. Each year that employees participate successfully in the program they earn an additional percentage of sick leave buyout. For example, an employee who earns 85% on the test for 10 years would have the ability to have 20% of the accrued sick leave bought out (10 years @ 2% benefit level). This benefit is in addition to the sick leave buyout provision upon retirement (Article 16). Note: Sick leave buyout shall not exceed 100% when combining the sick leave buyback provision and the physical fitness incentive.

Physical Fitness Score

Cumulative Score	Test Score by Percent	Sick Leave Percentage Buyback at Retirement
210	70%	1
240	80%	2
270	90%	3

ARTICLE 18 - LIGHT DUTY

- (a) Light duty shall be made available to Employees who are sick, injured or disabled and who have been released by their physician to work light duty if there is work available and suitable. Management retains the ability to require employees who are sick, injured, or disabled and who have been released by their physician to work light duty. Priority will be given to employees who are injured on the job. Employees on light duty are scheduled to work forty (40) hours per week during administrative hours and their wage will be determined by their annual base salary divided by 2080.
- (b) Employees working light duty shall perform work, as assigned by the Chief, which is non-combat work consistent with the type normally performed by the bargaining unit. Non-combat work shall be considered that which the attending physician has not restricted the Employee from performing.
- (c) During the light duty schedule, Employees shall continue to accrue leave according to their regular shift.

- (d) The position of light duty will be authorized in 30 day increments provided that there are sufficient and compatible non-combat duties to be performed. A light duty position may not exceed 6 months. If the employee cannot return to their normal duties after this six (6) month period, the employee must use accumulated sick leave prior to going on leave without pay.

ARTICLE 19- OTHER LEAVES

- (a) **Military Leave** The City and the Union comply with all applicable Federal and State regulations pertaining to Military leave for public employees. These regulations include, but are not limited to, USSERA and RCW 40.060.
- a. **Primary Picks** The seniority based vacation and Kelly day request deadline is September 15th. Accordingly, the period available for seniority based requests is October 1st through September 30th to coincide with the military calendar. Known military leave will be scheduled following the initial vacation and Kelly day choices. The City agrees to cover prescheduled military leave days with overtime as necessary.
- b. **Secondary Picks** Following the September 15th deadline, additional military leave will be approved in a manner similar to secondary vacation requests. Military leave will take precedence over vacation requests that are not yet approved. Employees who request vacation over a military leave day would be subject to deduction from the 72 hour bank of overtime over Kelly or military leave days.
- Military employees are to provide notification of scheduled drills, annual training, and activations as soon as is practical and are encouraged to consider utilizing shift trades, vacation, and Kelly day scheduling to minimize the impact of military absences.
- (b) **Jury/Witness Leave** If an employee serves on jury duty or is required to attend court as a witness while on duty, their regular salary will be continued for the length of actual court attendance. Any compensation, excluding travel or meal allowance, received by employees as a result of their jury duty shall be turned in to the City. An employee assigned to jury duty on their regular assigned shift, once relieved from actual jury duty, shall report back to work to complete the remainder of their regular shift.
- (c) **Shift Trades** Employees may initiate shift trades which must be pre-approved by the Fire Chief.

ARTICLE 20- UNION LEAVE

- (a) **Union Leave Accrual** For each employee, one hour of vacation will be transferred to their union leave bank each month until 14 hours have accrued. After 14 hours have accrued, the one hour will be redirected to the employee's vacation balance. When the union leave balance falls below 14 hours the union leave accrual resumes.

The Union Leave bank is visible on the pay stub and designated as Union Leave. The establishment of a Union Leave Bank was to ensure that all IAFF union members equally contribute time to a bank which is to be utilized to provide compensation for Union members who are conducting union business.

- (b) Union leave cannot be used before it is accrued.

- (c) Union leave requests shall be scheduled following the same protocol as vacation scheduling. Union leave will be submitted on the leave request form and approved by signature of the Chief and the Union president. The Union leave must be taken within 30 days of the union business conducted. The form will be attached to the employee's timesheet and the number of hours will be entered on the individual's timesheet under the line titled "Union Leave."

- a. On receipt of the timesheet and leave request, payroll will calculate how much leave is needed from each IAFF member's bank to account for the union leave time. Members will contribute equal hours from their leave banks unless a member does not have enough hours in his bank.

- (d) —Upon termination or retirement, Union members are eligible for pay out of their Union Leave balance, following the same guidelines as vacation is paid out. The maximum "buyout" of vacation and union leave will not exceed the maximum allowed for vacation per the personnel policies and/or the bargaining agreement. Employees are not able to access Union leave, except as approved by the Union President and the Fire Chief following the guidelines established here, or upon termination or retirement. For example, if an employee utilizes all of their accrued vacation or sick leave, they would not be able to access their union leave balance.

ARTICLE 21 - HOLIDAY PAY

The City shall compensate each employee 160 hours of pay in lieu of holidays. The payment will be paid in the last pay period in October as compensation for the holidays that occur within that year.

Holiday pay is paid at straight time.

Holiday pay will be prorated for employees who work a partial year. For example, an employee who works 50% of the year will receive 50% of the holiday pay.

ARTICLE 22- WORKWEEK

24 HOUR SHIFT EMPLOYEES

The FLSA cycle begins on December 29, 2017.

Section 1 The shift schedule for fire suppression personnel shall consist of eight (8) twenty-four (24) hour shifts in each twenty-four (24) day FLSA cycle.

Section 2 Administration of Kelly Days – Employees select Kelly Days by seniority based on date of hire with annual first-round vacation picks. There are 15 full FLSA cycles each year. Hours are reduced by employees selecting one of their 14 Kelly days (24 hours each) or a vacation day (24 hours) within each FLSA cycle. Only one (1) employee may schedule a Kelly Day on any given day.

The Chief shall approve Kelly days based on seniority.

Kelly Days may be traded between employees within the same FLSA cycle provided that the trade meets all applicable shift trade criteria and does not result in a monetary impact to the City.

Section 3 A 48/96 schedule requires fire fighters to work a standard work week that averages fifty-six (56) hours per week. A 24 day FLSA cycle is adopted with the implementation of a 48/96 schedule since each rotation takes 6 days to complete. There are 15.2 FLSA cycles each year. In each FLSA cycle, 193 work hours are scheduled which includes 4 fifteen minute shift briefings at shift change.

This results in 2933.2935.2 annual scheduled work hours that are reduced by 336 Kelly Day hours (14 Kelly Days). On the FLSA cycle without a Kelly day a 24 hour vacation day must be selected so that each FLSA period contains a Kelly Day or a vacation day. The annual work hours scheduled are 2599.2 which does not account for the one 24 hour vacation requirement.

WORKWEEK REDUCTION CALCULATION

2935.2 Annual hours minus 14 Kelly Days @ 24 hours (336 Kelly Day hours) = 2,599.2 hours

The Kelly days shall be scheduled so as to minimize the department's overtime costs to the greatest extent possible. Kelly days shall not be re-scheduled because of sickness or injury.

The parties acknowledge that work schedule computations are complex and create fractions of shifts and inconsistencies with respect to actual hours worked

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and the amount of time off earned by each employee; therefore, fractions of shifts will be rounded to the nearest 24-hour shift in determining the work schedule which most clearly approximates the defined work week, averaged annually.

HOLIDAY SHIFT TRADE In the event that a shift is scheduled to work both December 24th and December 25th of the same year, the shift assigned to work on December 24th will trade days with the shift assigned to work on December 23rd. In the event that December 24th happens to be the start of a new FLSA cycle then the shift assigned to work on December 25th will trade days with the shift assigned to work on December 26th.

MAXIMUM CONSECUTIVE HOURS WORKED Staff are limited to working no more than 72 consecutive hours as a result of overtime, force hire, schedule, or trades; however, management retains the ability to exceed this limit in emergent situations.

24 HOUR SHIFT EMPLOYEES

Section 1 The shift schedule for fire suppression personnel shall consist of nine (9) twenty-four (24) hour shifts in each twenty-seven (27) day FLSA cycle. The average work hours shall be reduced to 50.02 hours per week by scheduling thirteen (13) Kelly Days off during the year for each 24 hour shift employee beginning July 1, 2007.

Section 2 Administration of Kelly Days—Employees will select on the vacation calendar their preferred Kelly Days by seniority based on their date of hire. Each employee shall request one Kelly Day (24 hours) off each twenty-seven (27) day cycle. Only one (1) employee may schedule a Kelly Day on any given day.

Based on seniority, the Chief shall approve one (1) Kelly day per twenty-seven (27) day cycle. Kelly Day selection will be requested by the employee when the annual vacation pick is selected. If there is a conflict, management retains the right to reassign Kelly Days based on seniority.

Kelly Days may be traded between employees within the same twenty-seven (27) day cycle provided that the trade meets all applicable shift trade criteria and that the trade results without any monetary impact to the City.

Section 3 A Detroit schedule requires fire fighters to work a standard work week that averages fifty-six (56) hours per week. This is computed as follows:

24 Hours a Day @ 365 Days a Year = 8760 Hours per Year
Divided into 3 Shifts = 2920 Hours per Shift per Year
365 Days per Year / 7 Days per Week = 52.14 Weeks per Year
2920 Hours per Shift / 52.14 Weeks per Year = 56 Hours per Week

WORKWEEK REDUCTION CALCULATION

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2920 Annual hours minus 13 Kelly Days @ 24 hours (312 hours) = 2,608 annual hours / 52.14 weeks = 50.02 hour workweek

The parties acknowledge that work schedule computations are complex and create fractions of shifts and inconsistencies with respect to actual hours worked and the amount of time off earned by each employee; therefore, fractions of shifts will be rounded to the nearest 24-hour shift in determining the work schedule which most clearly approximates the defined work week, averaged annually.

The Kelly days shall be scheduled so as to minimize the department's overtime costs to the greatest extent possible. Kelly days shall not be re-scheduled because of sickness or injury.

12 HOUR SHIFT EMPLOYEES

TA 10/16/17 As of 2018, the 12 hour shift is not in use. If the 12 hour shift schedule is reinstated, 24 hour shift employees will not be assigned.

Section 1 The shift schedule for 12 hour shift employees shall consist of sixteen (16) twelve (12) hour shifts in each twenty-eight (28) day FLSA cycle beginning April 23, 2007.

Section 2 . This schedule requires 12 hour shift employees to work an average of forty-eight (48) hours per week. This is computed as follows:

365 Days a Year / by 28 day FLSA cycle = 13.036 Cycles per Year
13.036 Cycles per year X 16 work shifts per cycle = 208.58 shifts per Year
208.58 shifts per year x 12 hours per shift = 2502.96 hours per year
2502.96 Hours per year / 52.14 Weeks per Year = 48 Hours per Week

The shift rotation for D shift is Sunday thru Wednesday. The D shift schedule will include a rotation where the employee will work every third Saturday, and be off every fourth Sunday. The shift rotation for E shift is Wednesday thru Saturday. The E shift schedule will include a rotation where the employee will work every third Sunday, and be off every fourth Saturday. Every Wednesday both D and E shift will be scheduled to work. Attached are sample schedules.

November 2007							December 2007						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
1	2	3	4	5	6	7	8	9	10	11	12	13	14
15	16	17	18	19	20	21	22	23	24	25	26	27	28
29	30						29	30	31				

ARTICLE 23 - CALLBACK

- (a) –Callback worked in responding to any emergency situation shall be paid at callback rate. This is calculated by taking the annual base salary and dividing it by 2,080 hours and multiplying by 1.5.
- (b) When an employee is called back to work for an emergency situation, the employee shall be paid two (2) hours or the actual time worked rounded to the next hour if greater than two hours at the callback rate except as provided for in section d.
- (c) An emergency situation shall be defined as response to alarms or an operational need resulting in less than one hour notice. This provision does not apply to staffing needs, such as backfill for employees on sick leave. If an employee is held over from their assigned shift in a crucial situation, the employee shall be paid one hour or the actual time worked rounded to the next hour if greater than one hour at the callback rate.
- (d) If an employee is released from the callback or emergency situation, and then accepts another callback within two (2) hours from the initial dispatch time of the first call, the employee shall be paid a minimum of one (1) hour.
- (e) Bargaining unit members may voluntarily be available for callback if they are within 10 minute drive time to the Main Fire Station. When the responding unit requests the number of callbacks, the dispatcher shall conduct a batch page. Those members available and qualified may call the dispatcher and notify the dispatcher that they are available. The dispatcher will compare the callback order list with the respondents and select the number of callbacks needed who rank highest on the list. A batch page will designate those individuals for callback.

ARTICLE 24 - OVERTIME, EXTRA SHIFT AND COURT APPEARANCES

- (a) 24 Hour Shift Overtime. All overtime assigned shall be paid in 30 minute increments. The overtime rate shall be established by taking the annual hours (26082599.2) and dividing it into the annual base salary and multiplying the rate by 1.5.
- (b) 12 Hour Shift Overtime. All overtime assigned shall be paid in 30 minute increments. The overtime rate shall be established by taking the annual hours (2503) and dividing it into the annual base salary and multiplying the rate by 1.5.
- (c) Force Hire. If a vacancy exists in the upcoming 48 hours, off going employees are assigned by a shift lieutenant to slot one (first 24 hours) and slot two (second 24 hours) respectively, according to force hire list, to fulfill classification qualifications for each position. The force hire list automatically moves the person who was last force hired to the bottom of the list.

Station One	Minimum of one Lieutenant
Station Two	Minimum of one Upgrade Lieutenant

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<u>Station Three</u>	<u>Minimum of one Upgrade Lieutenant</u>
<u>Qualifications</u>	<u>Each station will have two IAFF members. One employee must be a paramedic.</u>

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~~(e)~~(d) **Extra Shift.** Employees who are required to work extra shifts due to vacations, sickness, or other types of leave granted by the City, shall be paid at the overtime rate as defined in this article.

~~(#)~~(e) **Court Appearances.** Any bargaining unit employee who, as a result of their fire department duties, is required to appear before a court or other judicial body as a witness, shall be allowed an authorized leave with pay. Reimbursement from the court for services provided (other than mileage reimbursement) are to be remitted to the City. If the employee is off duty when serving as a witness, the employee shall be paid the applicable overtime rate.

ARTICLE 25 - UNION ACTIVITIES

SECTION 1 The City agrees that during working hours, on the City's premises, and without loss of pay, Union officials and elected representatives shall be allowed reasonable time to attend negotiating sessions with the City and to transmit communications as authorized by the Union to the City and other Union members.

SECTION 2 The City agrees to allow time off with pay for employees who are elected Union representatives and who are conducting business vital to the Union members, provided prior approval from the Fire Chief or the Chief's designee has been given and minimum staffing levels are maintained, so as not to incur a vacancy requiring overtime staffing. The maximum allowable leave under this section shall be a total of 144 hours per year for all union officers.

SECTION 3 For the purpose of this Article, the Union agrees to forward to the City a list of the elected Union representatives and their term.

ARTICLE 26- LONGEVITY

Each bargaining unit employee shall be paid at the rate of two dollars (\$2.00) per year of service per month. Longevity is to be added to the base pay regardless of rank or position in the Fire Department. Longevity is to start after five (5) years of service and shall run through the twentieth (20th) year. An employee who exceeds twenty (20) years of employment shall receive longevity based upon twenty (20) years.

ARTICLE 27 - UNIFORMS AND PROTECTIVE CLOTHING

As a condition of employment, the City agrees to provide protective clothing as required and to provide any other uniform or clothing required by the City to be worn while on duty and to replace any part of the required clothing as the need arises. The City

acknowledges the provisions of WAC 296-305 pertaining to uniforms and protective clothing. The City will provide uniform cleaning service for all bargaining unit members for uniform needs.

ARTICLE 28 – DEFERRED COMPENSATION

The City agrees to match each participating member's deferred compensation contribution up to 3.0% of step 5 firefighter wages per pay period.

2015	2.0% of step 5 firefighter wages
2016	2.5% of step 5 firefighter wages
2017	3.0% of step 5 firefighter wages

~~The City's per pay period maximum contribution will be based on the above table.~~ The City will make the contribution directly into the employee's deferred compensation account.

For an employee to receive the maximum annual City contribution, the employee must contribute at least the amount referenced above in each pay period.

ARTICLE 29 - HEALTH AND WELFARE INSURANCE

1) Medical Insurance Plans

~~(a) 2015. For the 2015 calendar year, the City will provide employees with the following plans: AWC HealthFirst \$10 copay plan, AWC High Deductible Health Plan, Group Health Cooperative Plan 2, Group Health Cooperative High Deductible Health Plan, or Group Health Access PPO all as offered through the Association of Washington Cities Benefit Trust.~~

~~(b)~~ (a) 2018-2019-2020-2016 & 2017. For the 2018-2020-2016 & 2017 calendar years, the City will provide employees with the following plans: AWC Regence Healthfirst High Deductible Health Plan, Group Health Kaiser Permanente Cooperative High Deductible Health Plan, AWC Regence Healthfirst \$250 plan, or Group Health Kaiser Permanente Access PPO, all as offered through the Association of Washington Cities Benefit Trust.

2) Premiums

~~(a) For the 2015 calendar year:~~

~~ii) For employees choosing the HealthFirst \$10 copay or Group Health Plan 2, the City will pay 100% of the premiums for the employee and 90% of the premiums for the employee's eligible insured dependents. Employees will be responsible for paying the remaining portion of the premium costs.~~

~~iii) For employees enrolled on an AWC High Deductible Health Plan, the City will pay 100% of the premiums for the employee and dependents. The City will also contribute to the employee's health savings account (HSA) fifty percent (50%) of the difference between the premium cost of the AWC HealthFirst \$10 copay plan and the employee's chosen high deductible plan for the tier of coverage selected by the employee (i.e., employee, employee plus spouse,~~

etc.). In the event the employee is not eligible for a HSA, the City's contribution will be made to a deferred compensation plan offered by the City.

(0) To begin building funds in a HSA, an employee may elect to have up to \$1000 (employee only) or \$2000 (family) cashed out from accrued vacation and transferred into the HSA on the January 5 payday so long as the employee's vacation balance does not fall below 40 hours. The 2015 maximum HSA contributions (employer and employee) are \$3350 individual and \$6650 family.

v) For employees enrolled on the Group Health Access PPO plan, the City will pay 100% of the premiums for the employee and 90% of the premiums for the employee's eligible insured dependents. The City will also contribute fifty percent (50%) of the difference between the City's premium cost of the AWC HealthFirst \$10 copay plan and the employee's chosen Group Health Access PPO plan for the tier of coverage selected by the employee (i.e., employee, employee plus spouse, etc.) to a deferred compensation plan offered by the City or included in the employee's paycheck.

vi) Dual Insurance—no change.

(a) For the 2016/2017 calendar years:

viii) In consideration for healthcare changes, \$1300.00 will be added to the base annual wage (\$108.33 will be added to the monthly base wage) of each bargaining unit position at step one, effective January 1, 2016. The percentage between steps will remain unchanged from 2015.

ix) i) For employees choosing the HealthFirst \$250 deductible plan, the City will pay 100% of the premiums for the employee and 90% of the premiums for dependents.

(1) For employees choosing the Group Health Kaiser Permanente PPO \$250 deductible plan, the City will pay 100% of the premiums for the employee and 90% of the premiums for dependents. The City will share fifty percent (50%) of the premium cost savings difference between the Group Health Kaiser Permanente PPO \$250 plan and the Healthfirst \$250 plan to be paid on each pay period.

x) ii) For the 2016 and 2017 calendar years, I the City will pay 100% of the premium costs of medical insurance for employees and their dependents who select an AWC-a High Deductible Health Plan.

(1) For employees enrolled on an AWC High Deductible Health Plan, the City will contribute fifty percent (50%) of the premium cost savings between the AWC High Deductible Plan and the Healthfirst \$250 plan to be contributed into the employee's HSA on each pay period.

(2) An employee may elect to have up to \$1000 (employee only) or \$2000 (family) cashed out from accrued vacation and transferred into the HSA on the January 5 payday so long as the employee's vacation balance does not fall below 40 hours. The IRS determines the inflation adjusted HSA contribution maximum. (Vacation contributions by the employee will trigger the employer match. The employer match will be deposited into the HSA account throughout the year equally on each payday.)

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iii) For employees enrolled on Dual Insurance, the employee will receive an incentive equivalent to 50% of the ~~lowest cost \$250 deductible Group Health Access PPO Healthcare~~ premiums that the City would otherwise contribute to health insure the dependents.

- 3) **Other insurance benefits.** For the term of this Agreement only, the Employer agrees to pay the premiums for Dental Plan ~~A in 2018 and Dental Plan AE beginning in 2019~~, Orthodontia Plan IV, and \$10 copay Vision plans offered by the Employer.
- 4) **Any changes required by the provider of insurance** coverage that are beyond control of the City **shall be implemented. These include, but are not limited to, changes in required co-pays, deductibles and plan administration procedures.** The City shall give the Union notice of the proposed changes at least 60 days before the effective date, or as much time as is reasonably practicable, and an opportunity for input before the changes are finalized and to bargain any impact.
- 5) **Medical Expense Reimbursement Plan**
The City shall make monthly deductions of \$200.00 on a pre-tax basis from the base salary of each IAFF 1537 employee to the Washington State Council of Firefighters Employee Benefit Trust. Through payroll deduction the funds will directly transfer to the Benefit Trust at no cost to the City of Anacortes or the IAFF. The trust is an established Medical Expense Reimbursement Plan following IRS guidelines. The Trust shall remain separate and apart from any City health insurance funding program unless changed by mutual agreement of the parties to this agreement. The monthly contribution rate of \$200.00 per employee shall be split in half and deducted from each employee's paycheck on a pre-tax basis. The union shall have the option to adjust the contribution rate on January 1st of each year and shall notify the City of Anacortes of the change 30 days prior to the change.

ARTICLE 30 - WORK CONTINUATION

The City and the Union agree that the public interest requires efficient and uninterrupted performance of all City services and to this end pledge their best efforts to avoid or eliminate any conduct contrary to this objective. Specifically, the Union shall not cause or condone any work stoppage, including any strike, slow-down, refusal to perform any customarily assigned duties, sick leave absence which is not bona fide, or other interference with City functions by employees under this Agreement and should same occur, the Union agrees to take appropriate steps to end such interference. Any concerted action by any employee in any bargaining unit shall be deemed a work stoppage if any of the above activities have occurred. Notwithstanding the provisions of RCW 41.56.450, et.seq., bargaining unit employees shall have access to binding interest arbitration.

ARTICLE 31 - CONTRACTING OUT

The City agrees to abide by the rules established by the Public Employment Relations Commission if a decision is made to consider the contracting out of services presently provided by members of the Bargaining Unit who are represented by the International

Association of Fire Fighters Local 1537 and covered by the Collective Bargaining Agreement with the City of Anacortes

ARTICLE 32 - SAVING CLAUSE

If any provisions of this Agreement or the application of such provisions should be declared invalid by any court action or by reason of any existing or subsequently enacted legislation, the remaining parts or portions of this Agreement shall remain in full force and effect.

ARTICLE 33 - SALARY ADVANCEMENT

SECTION 1 Progression through the Proficiency Levels of a salary range will be based upon the employee's performance in conjunction with time in a job classification. Each employee will receive a performance appraisal prior to advancing to the next proficiency level:

Proficiency Levels

Classification	Step 1	Step 2	Step 3	Step 4	Step 5
Firefighter	Hiring rate	After 12 months	After 2 years service	After 3 years service	After 4 years service
Lieutenant	Probationary Wage (6% above top step firefighter)	After 12 months	After 2 years service		
Paramedic Premium (10%)					

SECTION 2 Wage Increases

2018	2.0% cost of living increase
2019	2.0% cost of living increase
2020	2.0% cost of living increase

SECTION 3 All sections of this Article shall be incorporated into Addendum A Wage Grid.

ARTICLE 34 - TOBACCO USE

The City of Anacortes complies with all applicable federal, state, and local regulations regarding smoking in the workplace and provides a work environment that promotes productivity and the wellbeing of its employees. The use of tobacco in the workplace is now in violation of the law in the State of Washington. Accordingly, the use of smoking and smokeless tobacco products are restricted in all of its facilities.

Smoking is prohibited inside all City of Anacortes facilities, including City-owned buildings, vehicles, and offices or other facilities rented or leased by the City, including individual employee offices. The smoking policy applies to employees during working time and anytime in uniform. Smoking is only allowed in designated outside areas that are at least 25 feet from building entrances and exits, windows that open, and ventilation intakes. Employees are expected to exercise common courtesy and to respect the needs and sensitivities of coworkers with regard to the smoking policy. Smokers have a special obligation to keep smoking areas litter-free and not to abuse break and work rules. Employees who violate the policy may be subject to disciplinary action.

ARTICLE 35 - LABOR MANAGEMENT COMMITTEE

There shall be a Fire Department Labor - Management Committee consisting of three Union representatives appointed by the Union and three Management representatives appointed by the Employer. The committee shall meet on request of either party to discuss all matters of mutual concern. Matters considered to be Mandatory Subjects of Bargaining may only be amended or modified through the appropriate Collective Bargaining Process.

ARTICLE 36 –DISCIPLINE

- a) Employees may be disciplined or discharged with just cause. Discipline should be applied at progressive and escalating levels to allow the employee proper notice of misconduct and an opportunity to improve performance. The level or degree of discipline imposed shall be appropriately based on the employee's prior record of service, length of service, severity of offense and prior record of discipline.
- b) Disciplinary action or measures may include the following:
 - a. verbal counseling
 - b. written reprimand
 - c. suspension
 - d. reduction in rank
 - e. discharge

Additional forms of discipline may be used if mutually agreeable to the Employer and the Union.

- c) Except as provided in (e) prior to the imposition of any discipline other than verbal counseling or written reprimand, the employee shall be provided a copy of the alleged violation and all relevant documents the Employer has in their possession. In addition, the Employer shall hold a pre-disciplinary hearing no sooner than ten (10) business days from the time the employee was notified of the alleged violation.

At this hearing the employee will be given an opportunity to present their side of the issue.

- d) The employee shall be entitled to have union and/or legal representation present at any meeting held with the Employer to discuss potential disciplinary action against the employee.
- e) The employer may suspend an employee with pay pending a final decision as to the appropriate discipline resulting from the pre-disciplinary hearing.
- f) The employee shall have the right to inspect the full contents of their personnel file. Employees have the right to a union representative during interviews where they believe that discipline or termination may result. Reprimands will not be placed in an employee's personnel file without the employee having received a copy. When a record of disciplinary action is placed in an employee's personnel file, the union will be promptly notified of the employee involved and the disciplinary action taken. An employee who disagrees with the validity of any complaint added to the file shall have the opportunity to challenge said complaint under the grievance procedure herein. The employee shall be required to sign the written reprimand or other disciplinary action acknowledging that they have read the contents of the document.
- g) A written reprimand will be removed from an employee's personnel file after three (3) years from the date said action was finalized unless:
 - a. The Fire Chief, at his discretion, agrees to remove the written reprimand after two (2) years, upon being requested to do so by the employee; or
 - b. The employee receives another written reprimand (or more serious discipline) during the initial three (3) year period referred to above, in which case the earlier written reprimand will be retained in the personnel file for an additional 180 days from the date of the latest written reprimand or more serious discipline. (Meaning a written reprimand will remain in a personnel file for a maximum length of 3 years and 180 days.)

Reprimands that have been expunged pursuant to (g) may not be used in consideration of future discipline.

Records of demotion or suspension are permanently retained in an employee's personnel file unless the demotion occurred as a result of the employee's failure to meet initial probationary standards following promotion, rather than as a result of a serious and specific disciplinary action. If an employee is demoted for failure to meet probationary standards, records of that demotion shall be expunged pursuant to the same rules as for a written reprimand.

Reprimands or discipline resulting from serious infractions against members of the public or other City employees such as discrimination, sexual harassment, or moral turpitude shall be expunged, but may be retained in the City investigation files.

- h) It is the Employer's sole determination as to whether or not an employee suspended without pay may be allowed to forfeit accrued vacation or compensatory time off in lieu of the suspension of pay.

ARTICLE 37 – FITNESS/WELLNESS

- (a) Physical fitness in one of the department's priorities; however, operational readiness, training, fire inspection/prevention, hydrant inspection, and other activities assigned by the Chief take precedence. Physical fitness activities are allowed for a maximum of 1 hour per person, per shift which includes dress-down, workout, and clean-up activities. The shift officer is tasked with scheduling the physical fitness period in coordination with the department's activities and the other station officer's activities to ensure the most efficient operation of the department. To be eligible to work out during structured work time employees must be meeting the department's performance measures.

Structured work time occurs between 0800 and 1730.

- (b) TA 10/17/17 The City will pay up to \$50.00/month for the entire department to have access to floating memberships for union members who wish to attend Bayside Fitness while assigned to Station 3 Thrive Fitness.

ARTICLE 38 – FIRE INSPECTION CERTIFICATION

TA 10/17/17 Employees who maintain IFGI-ICC certification for fire inspections are eligible to receive a \$60.00 monthly premium. The assigned station 29-2 officer is responsible for ensuring that their shift completes fifteen monthly inspection activities. If the minimum is not achieved, payroll will be notified and the premium will not be issued to that shift for that period.

ARTICLE 39– RESPIRATORY STANDARDS MEDICAL PROCEDURES

The City will determine which Occupational Physician will perform the required examinations and pay for the full cost of the visits. The City agrees to accept input from the Union on the selection of the examiner.

In the case where the City-chosen examiner has determined that the employee is not fit for duty, the employee at their expense may seek a second opinion from their personal physician. In the case of two (2) conflicting opinions, the City and union will select a third (3rd) examiner for a final decision on the matter. The City shall bear the cost of the third examiner.

ARTICLE 40– EMERGENCY MOBILIZATION

Any employee working during an emergency mobilization for which the City will be reimbursed by the State or Federal Government or any other outside agency or agencies shall be compensated per Article 24 for the time worked during the mobilization. Employees shall be paid from the time of departure from the Anacortes Fire Department up until the Employee(s) return from the mobilization and arrival back at the Anacortes Fire Department and are released from duty.

ARTICLE 41- DRUGS, ALCOHOL, & NARCOTICS

The City of Anacortes and IAFF 1537 are dedicated to providing safe and dependable services to our community. City of Anacortes employees are our most valuable resource and it is our goal to provide a healthy, satisfying work environment. It is agreed that the City's most current drug, alcohol, and narcotic policies will be the basis for any testing requirements.

ARTICLE 42- DURATION AND TERMINATION

This Agreement shall remain in full force and effect from January 1, ~~2015~~2018, through December 31, ~~2017~~2020. No provision of this Agreement shall waive the City's obligation to bargain over any subject or matter not referred to or covered in this Agreement which is a mandatory subject of bargaining.

THIS AGREEMENT is hereby approved and signed this _____ day of _____.

INTERNATIONAL ASSOCIATION OF
FIRE FIGHTERS LOCAL NO. 1537

CITY OF ANACORTES, WASHINGTON

By _____
~~Ben Oliver~~ Steven Monrad- President

By _____
Laurie M. Gere- Mayor

Emily C. Schuh
Admin Services Director

ATTEST:

By _____
Steve Hoglund- City Clerk

ADDENDUM A Wage Grids

2018 Wage Schedule 2% Wage Increase

Scheduled work hours changed from 2608 to 2599.2 in 2018 with implementation of 48/96 schedule

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,129.52	6,313.41	6,502.81	6,697.89	6,898.83
	Hourly	29.39	30.27	31.18	32.11	33.07
	Call Back	53.04	54.64	56.27	57.96	59.70
	Overtime	44.08	45.40	46.76	48.17	49.61
	Annual	73,554.26	75,760.89	78,033.72	80,374.73	82,785.97

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,129.52	6,313.41	6,502.81	6,697.89	6,898.83
	Hourly	28.30	29.15	30.02	30.92	31.85
	Call Back	53.04	54.64	56.27	57.96	59.70
	Overtime	42.45	43.72	45.03	46.38	47.78
	Annual	73,554.26	75,760.89	78,033.72	80,374.73	82,785.97

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,290.27	7,508.98	7,734.25
	Hourly	33.66	34.67	35.71
	Call Back	63.09	64.98	66.93
	Overtime	50.49	52.00	53.56
	Annual	87,483.23	90,107.72	92,810.96

2019 Wage Schedule 2% Wage Increase

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,252.11	6,439.68	6,632.87	6,831.85	7,036.81
	Hourly	29.97	30.87	31.80	32.75	33.74
	Call Back	54.10	55.73	57.40	59.12	60.90
	Overtime	44.96	46.31	47.70	49.13	50.60
	Annual	75,025.35	77,276.11	79,594.39	81,982.23	84,441.69

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,252.11	6,439.68	6,632.87	6,831.85	7,036.81
	Hourly	28.86	29.73	30.62	31.54	32.49
	Call Back	54.10	55.73	57.40	59.12	60.90
	Overtime	43.30	44.60	45.93	47.31	48.73
	Annual	75,025.35	77,276.11	79,594.39	81,982.23	84,441.69

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,436.07	7,659.16	7,888.93
	Hourly	34.33	35.36	36.42
	Call Back	64.35	66.28	68.27
	Overtime	51.50	53.04	54.63
	Annual	89,232.89	91,909.88	94,667.17

2020 Wage Schedule 2% Wage Increase

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,377.15	6,568.47	6,765.52	6,968.49	7,177.54
	Hourly	30.57	31.49	32.44	33.41	34.41
	Call Back	55.19	56.84	58.55	60.30	62.11
	Overtime	45.86	47.24	48.65	50.11	51.62
	Annual	76,525.86	78,821.63	81,186.28	83,621.87	86,130.53

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,377.15	6,568.47	6,765.52	6,968.49	7,177.54
	Hourly	29.44	30.33	31.24	32.17	33.14
	Call Back	55.19	56.84	58.55	60.30	62.11
	Overtime	44.16	45.49	46.85	48.26	49.71
	Annual	76,525.86	78,821.63	81,186.28	83,621.87	86,130.53

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,584.80	7,812.34	8,046.71
	Hourly	35.02	36.07	37.15
	Call Back	65.64	67.61	69.63
	Overtime	52.53	54.10	55.73
	Annual	91,017.55	93,748.08	96,560.52

Memorandum of Understanding 48/96 Schedule Trial

November 8, 2017

Memorandum of Understanding

This Memorandum of Understanding is between the City of Anacortes and the International Association of Fire Fighters Local 1537.

Re: 48/96 Schedule Trial

BACKGROUND: Anacortes Firefighters are proposing a change from the current Modified Detroit schedule to a 48/96 schedule. The alternate schedule will be implemented on a trial basis.

Section I: Implementation

1. Effective December 29, 2017 the Anacortes Fire Department will implement, on a trial basis, the 48/96 work schedule. The trial period will be in effect until December 24, 2018. The trial period will allow both the Fire Department and its employees to accurately evaluate the merits of the work schedule throughout a calendar year.

2. If during the trial period, the Management or Union believe that the schedule is having a negative impact that cannot be resolved through the LMC, the schedule will revert to the Modified Detroit schedule. Local #1537 will assist in the re-selection of vacations if the Department reverts to the Modified Detroit schedule.

Potential impacts include but are not limited to

- Excessive shift trades
- Sick leave usage increases
- Communication and project management coordination issues
- Force hires
- Fatigue

3. If both the Fire Department and Local #1537 wish to continue the schedule past December 24, 2018, a membership vote to adopt the schedule should be conducted prior to vacation selections in the fall of 2018 to minimize Fire Department administrative workload during vacation selections.

Section II: Work Period

1. The 48/96 shift schedule has each employee working two consecutive twenty-four hour shifts plus a 15 minute shift debriefing for a total of forty-eight hours and have

ninety-six consecutive hours off duty. A typical work schedule is as follows: X = work day, O = day off XXOOOOXXOOOO (repeats).

2. A "shift" will consist of a 24 hour period.
3. A fifteen minute shift briefing is scheduled at each shift change.
3. Employees assigned to the 40 hour work schedule will not be affected by this agreement.
4. Overtime will be in accordance with the current Collective Bargaining Agreement.

Section III: Fair Labor Standards Act (FLSA)

1. The FLSA work period shall be changed from a 27-day period to a 24-day period beginning December 29, 2017 on a twelve-month trial basis. Should the 48/96 schedule be discontinued, the 24-day FLSA period shall return to a 27-day FLSA period. Maximum hours of work for a 24-day FLSA period is 182.

Dated this ____ day of _____, 2017.

By _____ By _____
Steven Monrad, IAFF 1537 President Laurie M. Gere, Mayor

By _____ By _____
Dan Lamp, IAFF 1537 Vice President Emily C. Schuh, Admin Services Director

By _____
Richard Curtis, Chief

ATTEST:

By _____
Steve Hoglund, City Clerk

AGREEMENT

By and Between

CITY OF ANACORTES, WASHINGTON

and

**INTERNATIONAL ASSOCIATION OF FIRE FIGHTERS
LOCAL NO. 1537**

January 1, 2018 through December 31, 2020

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ARTICLE 1- AGREEMENT

This Agreement is entered into by the City of Anacortes, hereinafter referred to as the "City", and Local No. 1537, International Association of Fire Fighters, hereinafter referred to as the "Union", governing wages, hours and working conditions of employment of the members of the Anacortes Fire Department.

ARTICLE 2 - PURPOSE

The purpose of this Agreement is to increase the general efficiency of the Fire Department and its personnel, to promote morale and protect the rights, well-being and the security of the Fire Department's permanent employees. To accomplish the foregoing, the parties hereto agree to the following Articles within this Agreement.

ARTICLE 3 - RECOGNITION

The City recognizes the Union as the sole, exclusive bargaining agent for the purpose of establishing salaries, hours and working conditions for all members of the Anacortes Fire Department who are scheduled for shift work. The following positions will be exempt from the bargaining unit: the Fire Chief, the Assistant Fire Chiefs, Division Chiefs, Secretary/Administrative Assistant, and Volunteer Fire Fighters.

ARTICLE 4 - MANAGEMENT RIGHTS

(a) The Union recognizes the prerogatives of the City to operate and manage its affairs in all respects in accordance with its responsibilities and powers of authority subject to the provisions of this Agreement, and applicable law.

(b) The City has the right to schedule overtime work as required in a manner most advantageous to the Department and consistent with requirements of municipal employment and public safety.

(c) The parties understand and agree that the statements in employee's job descriptions are not an all-inclusive listing of their work requirements. Individuals may perform other duties as assigned including work in functional areas to cover absence or relief, to equalize peak work periods or otherwise to balance the workload in the Fire Department.

(d) The City reserves the right to lay off personnel for lack of funds; or for the occurrence of conditions beyond control of the City. In the case of personnel reduction, the employee with the least seniority shall be laid off first. The City shall have the right to determine reasonable schedules of work and to establish methods or processes by which such work is performed in accordance with Article 22 of this Agreement.

ARTICLE 5 - DUES CHECK OFF

The Employer will deduct from each employee's paycheck once each pay period the uniform, regular monthly Union dues for each employee in the bargaining unit who has filed with the Employer a voluntary effective check-off authorization. Such dues shall be forwarded to the Union at an address designated by the Union.

A Union member desiring to revoke the dues check-off may do so by written notice to the Employer at any time during the ten (10) day period prior to the annual anniversary date of the Agreement, in each year during the life of the Agreement.

The actual dues amount deducted, as determined by the Union, shall be uniform in nature for each employee in order to ease the Employer's burden of administering this provision. The Union shall provide the City signed authorization by the employee to deduct union dues from the employee's paycheck.

If the employee has no earnings due for that period, the Union shall be responsible for collection of dues. The Union agrees to refund to the employee any amounts paid to the Union in error on account of this dues deduction provision. The Union may change the fixed uniform dollar amount, which will be considered the regular monthly fees once each year during the life of this Agreement. The Union will give the Employer thirty (30) days written notice of any such change in the amount of uniform dues to be deducted.

ARTICLE 6 - UNION MEMBERSHIP

(a) It shall be a condition of employment that all employees of the City covered by this Agreement who are members of the Union in good standing on the effective date of this Agreement shall remain members in good standing and those who are not members on the effective date of this Agreement shall, on or before the thirtieth (30th) day following the effective date of this Agreement, become and remain members in good standing in the Union.

(b) It shall also be a condition of employment that all new employees covered by this Agreement and hired on or after its effective date shall, on the thirtieth (30th) day following the beginning of such employment, become and remain members in good standing in the Union. Provided, objections to joining the Union which are based on bona fide religious tenets or teachings of a church or religious body of which such employee is a member will be observed. Such employee shall pay an amount of money equivalent to regular Union dues and initiation fee to a non-religious charity or to another charitable organization mutually agreed upon by the employee affected and the bargaining representative to which such employee would otherwise pay the dues and initiation fee. The employee shall furnish written proof that such payment has been made. If the employee and the bargaining representatives do not reach agreement on such matter, the Public Employment Relations Commission shall designate the charitable organization.

(c) The Union shall indemnify and save the Employer harmless against any claims arising by reason of action taken to comply with this article.

ARTICLE 7 - NON-DISCRIMINATION

Neither the Employer or the Union shall discriminate against any employee because of race, sex, age (over 40), religion, creed, color, national origin, pregnancy, marital status, sexual orientation, physical or mental disability, gender identification, status as an honorably discharged veteran, Union membership, Union activity, or any other characteristic protected by law. Claims brought pursuant to this article shall be processed through the appropriate federal or state agency.

ARTICLE 8 - BARGAINING RIGHTS

(a) There shall be no unilateral changes in wages, hours, or working conditions.

(b) Any changes in the aforementioned shall be made pursuant to the collective bargaining laws of the State of Washington as administered by the Public Employment Relations Commission.

(c) This article includes provisions of policies or standard operating procedures which affect wages, hours, and/or working conditions not otherwise addressed in this agreement.

ARTICLE 9 - UNION BULLETIN BOARDS

(a) The City agrees to post a bulletin board for Union notices in a conspicuous place at each fire station.

(b) The Union agrees to cooperate with the Employer to ensure materials posted are not of an offensive nature.

ARTICLE 10 - CIVIL SERVICE STATUTES

(a) Nothing contained in this Agreement shall prevent the City from proceeding in accordance with applicable Civil Service statutes, rules and regulations. All bargaining unit employees shall be subject to such statutes, rules and regulations.

(b) Any changes in the Employers or the Civil Service Rules and Regulations affecting Mandatory Subjects of Bargaining shall be made in accordance with RCW 41.56 or other applicable statutes.

ARTICLE 11 - GRIEVANCE

Any disputes arising under this Agreement shall be settled in this Article provided that no employee shall avail himself or herself of this Article if appealing a dispute to the Civil Service Commission. Any bargaining unit member who is the subject of disciplinary action may complain to the Union and may elect to pursue a grievance regarding disciplinary action through the grievance procedure of this Article or through the Civil Service Commission, but not both.

Grievance Defined: A grievance is defined as a dispute or claim of wrongful action involving the interpretation or application of terms of this Agreement raised by a grievant against the employer.

Grievant Defined: A grievant may be an employee, group of employees or the Union who shall under the terms of this Agreement put forth, in writing, to the Employer a grievance.

Union Defined: For the purposes of this Article, Union shall mean Union Representative, President, and/or Shop Steward.

Business Day Defined: A calendar day exclusive of Saturday, Sunday, or official holiday.

General Provision: Grievances being heard through this procedure must have been submitted at step #2 within fifteen (15) business days of the grievant becoming aware of the act or omission giving rise to the grievance, or within 15 days of the date the grievant reasonably should have been aware of the act or omission.

Failure of either party to adhere to time limits shall result in the grievance being moved to the next step in the procedure. Time limits may be extended by mutual written agreement

Step 1

The grievant may attempt to settle the dispute or disagreement informally, orally or in writing at the lowest level possible. The grievant may request the presence of a Union representative.

Step 2

If the grievance is not settled in Step #1, the grievant shall submit the grievance in writing to the Fire Chief. Such written grievance shall clearly indicate the act or omission giving rise to the grievance, provisions, if any, of the Collective Bargaining Agreement violated, statements of fact, and remedy requested. The Fire Chief shall within ten (10) business days make written response. If the response is to deny the claim, it should contain justification including any disagreements with the Union's statements of fact.

Step 3

If the grievance is not settled in Step 2, the grievant may submit the grievance within ten (10) business days to the Mayor who shall within ten (10) business days render a decision.

Step 4

If the grievance is not settled at this point, by mutual agreement the Parties may request the services of a mediator prior to implementing Step 5. Timelines in the Step procedures shall be modified to allow the mediation process.

Step 5

If the grievance is not settled in Step 3 or 4, the grievant may submit the grievance to arbitration. The union shall within fifteen (15) business days of receipt of the Mayor's decision notify the employer in writing of intent to arbitrate.

Arbitration:

Within ten (10) business days of notification of intent to arbitrate the Union president or designee and the Mayor or designee shall meet and choose an arbiter to hear the grievance.

If the parties cannot agree upon an arbiter within the said ten (10) days, a list of nine (9) arbiters shall be requested from the American Arbitration Association. Upon receipt of the list of requested arbiters, the parties shall meet within 20-business days to alternately strike names from the provided list. The parties shall flip a coin to determine who will strike the first name. Should the Employer refuse to strike within the 20-day period, the Union may choose the arbiter from a list provided. Should the Union refuse to strike within the 20-day period, the grievance shall be deemed to have been abandoned.

The fees and expenses of the arbiter shall be divided equally between the Employer and Union. Each party shall compensate its own representative and witnesses.

The arbiter shall have no authority to amend, modify or change in any way this Agreement.

The decision of the arbiter shall be final and binding upon all parties.

ARTICLE 12 – EMPLOYEE CLASSIFICATIONS, PROMOTIONS, FIRE OFFICER TRAINING & VACANCIES

a) Employee Classifications

- a. Firefighter/EMT
- b. Firefighter/Paramedic
- c. Lieutenant

b) Promotions

- a. All promotions within the bargaining unit shall be by competitive examination, shall be impartial and shall relate to those matters which test the candidate's ability to perform the tasks listed in the job description for the position.
- b. The following procedures shall govern all promotions within the bargaining unit:
 - i. Three years of full time regular employment with the Anacortes Fire Department is required prior to the eligibility list being certified to test for lieutenant.
 - 1. Prior experience in a full time position delivering fire protection and emergency medical services can substitute 6 months credit for every year of employment provided that Anacortes probationary requirements are satisfied; OR
 - 2. Prior experience as an Anacortes Fire Department volunteer delivering fire protection and emergency medical services may substitute 3 months credit for every year of volunteer service provided that Anacortes probationary requirements are satisfied.
 - ii. IFSAC Fire Officer I, Fire Instructor I, ICC Fire Inspector I, and currently adopted ICS certifications are required prior to successful completion of the lieutenant probation.
 - iii. The promotional list for Lieutenant shall be maintained for twenty-four (24) months. Should all candidates on the promotional list be promoted, the Employer shall establish a new list.
- c. In preparation for the creation of each examination, the City shall inform the Union of any meetings relating to the promotional process. A Union representative may, at their option, attend and participate in the meeting or meetings, to discuss exam content, date, place and time of exam; and details regarding how the exam(s) will be scored. Such representatives shall not participate in the examination. Announcements for promotional examinations and resource materials for the examinations shall be posted at each Fire Station sixty (60) days prior to the closing date for application. Applications received after the closing date will not be considered. Prior to administration of any exam, either party may request the exam be reviewed by an outside agency to ensure the exam is consistent with the position for which is being tested. The outside agency shall be the City of Mt. Vernon Fire Department. The parties may elect to use another agency

by mutual agreement. This review shall consist of an administrative officer and a union representative.

All applicants will be notified of their final score and relative standing on the promotional list the next business day following an official Civil Service Commission meeting. An unofficial test score of each candidate shall be presented no later than thirty (30) days after testing. Promotions shall be made according to the employee's relative standing on the promotional list, with the employees at the top of the list being given first opportunity to accept the promotion.

- d. Upon promotion, an employee shall be subject to a one (1) year probation period. During this period said employees shall receive at least quarterly evaluations by the employee's immediate supervisor. In the event that said employee fails to pass their probationary period, said employee shall return to their previous position without loss of seniority and with the wages and benefits of that previous position.

c) Vacancies

- a. When the City determines a temporary vacancy exists in a promotional position; said vacancy shall be filled within a reasonable amount of time. Temporary appointments will first be offered to those employees on a current eligibility list. The appointment will be offered in relation to their standing on the list. In the event there is not a current eligibility list, the vacancy shall be temporarily appointed by the Chief.

d) Fire Officer Training

- a. Existing Officers and those on a current promotional eligibility list may attend fire officer development training in an overtime status while off duty. This may include core curriculums for Fire Officers as described by NFPA and/or IFSAC, as well as other workshops, presentations, courses, or classes approved by the department.

ARTICLE 13 - WORKING OUT OF CLASSIFICATION

When an employee is assigned as an upgrade lieutenant, the employee shall be paid the equivalent of the first step annual lieutenant rate divided by the annual scheduled hours of work. This is to account for the difference in annual scheduled hours of work between 12 hour and 24 hour shift employees.

Employees will be assigned in the following order:

1. Highest ranking employee from the current promotional list.
2. Employees by seniority who have successfully achieved the Department's upgrade requirements, successful completion of probationary period, and two years full time experience with Anacortes fire. Prior experience may be substituted per the promotional standards.
3. Employees deemed otherwise qualified by the Fire Chief.

ARTICLE 14 - VACATION

All bargaining unit employees shall be granted vacation after years of employment as follows:

Service Period	Vacation Accrual
First Calendar Year through 4	12 hours per month
Calendar Years 5 through 9	18 hours per month
Calendar Years 10 and over	25 hours per month

Employees on leave without pay status will not accrue vacation.

The maximum allowable accumulation of vacation shall not exceed 300 hours. Any vacation earned and not taken in excess of the maximum shall be forfeited. The City shall grant vacation based on seniority of employment provided vacation requests are submitted prior to December 15th of each year for vacations scheduled to occur January 1st through December 31st of the following year. Requests submitted after December 15th of each year will be allocated on a first-come, first-served basis. Vacation requests shall be approved by the Fire Chief based upon the efficient operation of the Anacortes Fire Department. The City shall waive the maximum carry-over restrictions if the employee is required to cancel scheduled vacation due to requirements of the City.

The City shall grant vacation and Kelly days based on seniority of employment provided vacation and Kelly Day requests are submitted prior to December 15th of the previous year.

Each employee shall be allowed a maximum of 72 hours per year where an overtime impact may be created by taking vacation while another employee is on military leave, vacation, or Kelly day.

If any members of the bargaining unit are military reservists or members of the National Guard, vacation and Kelly day picks shall be conducted in accordance with Article 19 instead of this article.

Vacation Buyout Employees may elect to have their accrued vacation balance that exceeds 200 hours cashed out and deposited into a deferred compensation account. Maximum deferral is 80 hours per year. The employee must notify payroll in writing by November 20th of each year for distribution on the December 5th payday.

ARTICLE 15 - BEREAVEMENT LEAVE

Bereavement leave is paid time away from work taken to attend the funeral and matters associated with the death and funeral of a close relative. A close relative shall be defined as an employee's spouse, son, daughter, father, mother, sister, brother, grandparent, or grandchild. The employee's spouse's mother, father, sister, brother, grandparent, or grandchildren are also included.

24 Hour Shift Employees: In the event of the death of a close relative of a bargaining unit employee, such employee shall be granted, without loss of pay, forty-eight (48) hours off. If the employee will travel from the employee's home to the funeral or memorial service and if the travel exceeds two hundred (200) miles each way, the employee shall be granted seventy-two (72) hours off without loss of pay.

12 Hour Shift Employees: In the event of the death of a close relative of a bargaining unit employee, such employee shall be granted, without loss of pay, thirty-six (36) hours off. If the employee will travel from the employee's home to the funeral or memorial service and if the travel exceeds two hundred (200) miles each way, the employee shall be granted forty-eight (48) hours off without loss of pay.

ARTICLE 16 - SICK LEAVE

(a) Regular full-time bargaining unit employees shall accrue sick leave at their regular straight-time rate of pay at the rate of 12 hours of leave for each calendar month of continuous service to a maximum of one thousand four hundred forty (1,440) hours accumulation.

(b) Sick Leave Buyout: Upon retirement, each bargaining unit employee shall receive 25% of their accrued sick leave balance.

(c) With the exception of the above, sick leave is intended for actual illness or injury to an employee or dependent child or for care for a spouse, parent, parent-in-law, or grandparent who has a serious health condition or emergency condition. If there is reasonable suspicion of an employee abusing sick leave benefits, the City may require verification of an illness/injury from the employee's physician. The Union does not condone abuse of sick leave. Should a concern over perceived sick leave abuse arise, the Union and the Employer agree to meet and confer on the problem and solution.

ARTICLE 17 – VOLUNTARY PHYSICAL FITNESS PROGRAM & SICK LEAVE BUY BACK

The City and the Union recognize that a physically fit workforce can reduce illness and injuries requiring the use of sick leave. A sick leave buyback provides incentive to reduce the use of sick leave.

The City and Union agree to utilize the US Navy's physical readiness test (<http://navy-prt.com/>) as the basis for determining standards and criteria for the physical fitness incentive. It is understood that the military's physical fitness standards may change over time and that the most current standards will be the basis of the evaluation. Employees are encouraged, but not required, to participate in the physical fitness assessment conducted by the department and shall be given two opportunities each year (once in the Spring and once in the Fall) to perform the test on their assigned shift. Employees will be provided a 60 day advance notice of the testing dates.

The Physical Readiness Testing (PRT) events are two minutes of push-ups, two minutes of sit-ups, and either a timed 1.5-mile run, or a 12 minute max calorie burn on a stationary bicycle. The results from each event are assigned a point value based on the employee's age, gender and the amount of repetitions or time elapsed (converted from calories burned for the bicycle) for each event. A minimum score of 50 points is required in each of the three events in order to qualify for the physical fitness incentive.

Those employees who meet the standard in a given year shall receive a percentage of their accrued sick leave bought out at retirement. Each year that employees participate successfully in the program they earn an additional percentage of sick leave buyout. For example, an employee who earns 220 points on the test every year for 10 years would have the ability to have 20% of the accrued sick leave bought out (10 years @ 2% benefit level). This benefit is in addition to the sick leave buyout provision upon retirement (Article 16). Note: Sick leave buyout shall not exceed 100% when combining the sick leave buyback provision and the physical fitness incentive.

Physical Fitness Score

Cumulative Score	Test Score by Percent	Sick Leave Percentage Buyback at Retirement
180	60	1
210	70	2
240	80	3

ARTICLE 18 - LIGHT DUTY

- (a) Light duty shall be made available to Employees who are sick, injured or disabled and who have been released by their physician to work light duty if there is work available and suitable. Management retains the ability to require employees who are sick, injured, or disabled and who have been released by their physician to work light duty. Priority will be given to employees who are injured on the job. Employees on light duty are scheduled to work forty (40) hours per week during administrative hours and their wage will be determined by their annual base salary divided by 2080.
- (b) Employees working light duty shall perform work, as assigned by the Chief, which is non-combat work consistent with the type normally performed by the bargaining unit. Non-combat work shall be considered that which the attending physician has not restricted the Employee from performing.
- (c) During the light duty schedule, Employees shall continue to accrue leave according to their regular shift.
- (d) The position of light duty will be authorized in 30 day increments provided that there are sufficient and compatible non-combat duties to be performed. A light duty position may not exceed 6 months. If the employee cannot return to their normal duties after this six (6) month period, the employee must use accumulated sick leave prior to going on leave without pay.

ARTICLE 19- OTHER LEAVES

- (a) **Military Leave** The City and the Union comply with all applicable Federal and State regulations pertaining to Military leave for public employees. These regulations include, but are not limited to, USSERA and RCW 40.060.
 - a. **Primary Picks** The seniority based vacation and Kelly day request deadline is September 15th. Accordingly, the period available for seniority based requests is October 1st through September 30th to coincide with the military calendar. Known military leave will be scheduled following the initial vacation and Kelly day choices. The City agrees to cover prescheduled military leave days with overtime as necessary.
 - b. **Secondary Picks** Following the September 15th deadline, additional military leave will be approved in a manner similar to secondary vacation requests. Military leave will take precedence over vacation requests that are not yet approved. Employees who request vacation over a military leave day would be subject to deduction from the 72 hour bank of overtime over Kelly or military leave days.

Military employees are to provide notification of scheduled drills, annual training, and activations as soon as is practical and are encouraged to consider utilizing shift trades, vacation, and Kelly day scheduling to minimize the impact of military absences.

- (b) **Jury/Witness Leave** If an employee serves on jury duty or is required to attend court as a witness while on duty, their regular salary will be continued for the length of actual court attendance. Any compensation, excluding travel or meal allowance, received by employees as a result of their jury duty shall be turned in to the City. An employee assigned to jury duty on their regular assigned shift, once relieved from actual jury duty, shall report back to work to complete the remainder of their regular shift.
- (c) **Shift Trades** Employees may initiate shift trades which must be pre-approved by the Fire Chief.

ARTICLE 20– UNION LEAVE

- (a) **Union Leave Accrual** For each employee, one hour of vacation will be transferred to their union leave bank each month until 14 hours have accrued. After 14 hours have accrued, the one hour will be redirected to the employee's vacation balance. When the union leave balance falls below 14 hours the union leave accrual resumes.

The Union Leave bank is visible on the pay stub and designated as Union Leave. The establishment of a Union Leave Bank was to ensure that all IAFF union members equally contribute time to a bank which is to be utilized to provide compensation for Union members who are conducting union business.

- (b) Union leave cannot be used before it is accrued.
- (c) Union leave requests shall be scheduled following the same protocol as vacation scheduling. Union leave will be submitted on the leave request form and approved by signature of the Chief and the Union president. The Union leave must be taken within 30 days of the union business conducted. The form will be attached to the employee's timesheet and the number of hours will be entered on the individual's timesheet under the line titled "Union Leave."
 - a. On receipt of the timesheet and leave request, payroll will calculate how much leave is needed from each IAFF member's bank to account for the union leave time. Members will contribute equal hours from their leave banks unless a member does not have enough hours in his bank.
- (d) Upon termination or retirement, Union members are eligible for pay out of their Union Leave balance, following the same guidelines as vacation is paid out. The maximum "buyout" of vacation and union leave will not exceed the maximum allowed for vacation per the personnel policies and/or the bargaining agreement. Employees are not able to access Union leave, except as approved by the Union President and the Fire Chief following the guidelines established here, or upon termination or retirement. For example, if an employee utilizes all of their accrued

vacation or sick leave, they would not be able to access their union leave balance.

ARTICLE 21 - HOLIDAY PAY

The City shall compensate each employee 160 hours of pay in lieu of holidays. The payment will be paid in the last pay period in October as compensation for the holidays that occur within that year. Holiday pay is paid at straight time.

Holiday pay will be prorated for employees who work a partial year. For example, an employee who works 50% of the year will receive 50% of the holiday pay.

ARTICLE 22- WORKWEEK

24 HOUR SHIFT EMPLOYEES

The FLSA cycle begins on December 29, 2017.

Section 1 The shift schedule for fire suppression personnel shall consist of eight (8) twenty-four (24) hour shifts in each twenty-four (24) day FLSA cycle.

Section 2 Administration of Kelly Days – Employees select Kelly Days by seniority based on date of hire with annual first-round vacation picks. There are 15 full FLSA cycles each year. Hours are reduced by employees selecting one of their 14 Kelly days (24 hours each) or a vacation day (24 hours) within each FLSA cycle. Only one (1) employee may schedule a Kelly Day on any given day.

The Chief shall approve Kelly days based on seniority.

Kelly Days may be traded between employees within the same FLSA cycle provided that the trade meets all applicable shift trade criteria and does not result in a monetary impact to the City.

Section 3 A 48/96 schedule requires fire fighters to work a standard work week that averages fifty-six (56) hours per week. A 24 day FLSA cycle is adopted with the implementation of a 48/96 schedule since each rotation takes 6 days to complete. There are 15.2 FLSA cycles each year. In each FLSA cycle, 193 work hours are scheduled which includes 4 fifteen minute shift briefings at shift change.

This results in 2935.2 annual scheduled work hours that are reduced by 336 Kelly Day hours (14 Kelly Days). On the FLSA cycle without a Kelly day a 24 hour vacation day must be selected so that each FLSA period contains a Kelly Day or a vacation day. The annual work hours scheduled are 2599.2 which does not account for the one 24 hour vacation requirement.

WORKWEEK REDUCTION CALCULATION

2935.2 Annual hours minus 14 Kelly Days @ 24 hours (336 Kelly Day hours) =
2,599.2 hours

The Kelly days shall be scheduled so as to minimize the department's overtime costs to the greatest extent possible. Kelly days shall not be re-scheduled because of sickness or injury.

The parties acknowledge that work schedule computations are complex and create fractions of shifts and inconsistencies with respect to actual hours worked and the amount of time off earned by each employee; therefore, fractions of shifts will be rounded to the nearest 24-hour shift in determining the work schedule which most clearly approximates the defined work week, averaged annually.

HOLIDAY SHIFT TRADE In the event that a shift is scheduled to work both December 24th and December 25th of the same year, the shift assigned to work on December 24th will trade days with the shift assigned to work on December 23rd. In the event that December 24th happens to be the start of a new FLSA cycle then the shift assigned to work on December 25th will trade days with the shift assigned to work on December 26th.

MAXIMUM CONSECUTIVE HOURS WORKED Staff are limited to working no more than 72 consecutive hours as a result of overtime, force hire, schedule, or trades; however, management retains the ability to exceed this limit in emergent situations.

12 HOUR SHIFT EMPLOYEES

As of 2018, the 12 hour shift is not in use. If the 12 hour shift schedule is reinstated, 24 hour shift employees will not be assigned.

Section 1 The shift schedule for 12 hour shift employees shall consist of sixteen (16) twelve (12) hour shifts in each twenty-eight (28) day FLSA cycle beginning April 23, 2007.

Section 2 . This schedule requires 12 hour shift employees to work an average of forty-eight (48) hours per week. This is computed as follows:

365 Days a Year / by 28 day FLSA cycle = 13.036 Cycles per Year
13.036 Cycles per year X 16 work shifts per cycle = 208.58 shifts per Year
208.58 shifts per year x 12 hours per shift = 2502.96 hours per year
2502.96 Hours per year / 52.14 Weeks per Year = 48 Hours per Week

The shift rotation for D shift is Sunday thru Wednesday. The D shift schedule will include a rotation where the employee will work every third Saturday, and be off every

fourth Sunday. The shift rotation for E shift is Wednesday thru Saturday. The E shift schedule will include a rotation where the employee will work every third Sunday, and be off every fourth Saturday. Every Wednesday both D and E shift will be scheduled to work. Attached are sample schedules.

November 2007							December 2007						
Sun	Mon	Tue	Wed	Thu	Fri	Sat	Sun	Mon	Tue	Wed	Thu	Fri	Sat
				1	2	3	3	4	5	6	7	8	9
4	5	6	7	8	9	10	10	11	12	13	14	15	16
11	12	13	14	15	16	17	17	18	19	20	21	22	23
18	19	20	21	22	23	24	24	25	26	27	28	29	30
25	26	27	28	29	30		31	1	2	3	4	5	6

ARTICLE 23 - CALLBACK

- Callback worked in responding to any emergency situation shall be paid at callback rate. This is calculated by taking the annual base salary and dividing it by 2,080 hours and multiplying by 1.5.
- When an employee is called back to work for an emergency situation, the employee shall be paid two (2) hours or the actual time worked rounded to the next hour if greater than two hours at the callback rate except as provided for in section d.
- An emergency situation shall be defined as response to alarms or an operational need resulting in less than one hour notice. This provision does not apply to staffing needs, such as backfill for employees on sick leave. If an employee is held over from their assigned shift in a crucial situation, the employee shall be paid one hour or the actual time worked rounded to the next hour if greater than one hour at the callback rate.
- If an employee is released from the callback or emergency situation, and then accepts another callback within two (2) hours from the initial dispatch time of the first call, the employee shall be paid a minimum of one (1) hour.
- Bargaining unit members may voluntarily be available for callback if they are within 10 minute drive time to the Main Fire Station. When the responding unit requests the number of callbacks, the dispatcher shall conduct a batch page. Those members available and qualified may call the dispatcher and notify the dispatcher that they are available. The dispatcher will compare the callback order list with the respondents and select the number of callbacks needed who rank highest on the list. A batch page will designate those individuals for callback.

ARTICLE 24 - OVERTIME, EXTRA SHIFT AND COURT APPEARANCES

- 24 Hour Shift Overtime. All overtime assigned shall be paid in 30 minute increments. The overtime rate shall be established by taking the annual hours

(2599.2) and dividing it into the annual base salary and multiplying the rate by 1.5.

- (b) 12 Hour Shift Overtime. All overtime assigned shall be paid in 30 minute increments. The overtime rate shall be established by taking the annual hours (2503) and dividing it into the annual base salary and multiplying the rate by 1.5.
- (c) Force Hire. If a vacancy exists in the upcoming 48 hours, off going employees are assigned by a shift lieutenant to slot one (first 24 hours) and slot two (second 24 hours) respectively, according to force hire list, to fulfill classification qualifications for each position. The force hire list automatically moves the person who was last force hired to the bottom of the list.

Station One	Minimum of one Lieutenant
Station Two	Minimum of one Upgrade Lieutenant
Station Three	Minimum of one Upgrade Lieutenant
Qualifications	Each station will have two IAFF members. One employee must be a paramedic.

- (d) Extra Shift. Employees who are required to work extra shifts due to vacations, sickness, or other types of leave granted by the City, shall be paid at the overtime rate as defined in this article.
- (e) Court Appearances. Any bargaining unit employee who, as a result of their fire department duties, is required to appear before a court or other judicial body as a witness, shall be allowed an authorized leave with pay. Reimbursement from the court for services provided (other than mileage reimbursement) are to be remitted to the City. If the employee is off duty when serving as a witness, the employee shall be paid the applicable overtime rate.

ARTICLE 25 - UNION ACTIVITIES

SECTION 1 The City agrees that during working hours, on the City's premises, and without loss of pay, Union officials and elected representatives shall be allowed reasonable time to attend negotiating sessions with the City and to transmit communications as authorized by the Union to the City and other Union members.

SECTION 2 The City agrees to allow time off with pay for employees who are elected Union representatives and who are conducting business vital to the Union members, provided prior approval from the Fire Chief or the Chief's designee has been given and minimum staffing levels are maintained, so as not to incur a vacancy requiring overtime staffing. The maximum allowable leave under this section shall be a total of 144 hours per year for all union officers.

SECTION 3 For the purpose of this Article, the Union agrees to forward to the City a list of the elected Union representatives and their term.

ARTICLE 26- LONGEVITY

Each bargaining unit employee shall be paid at the rate of two dollars (\$2.00) per year of service per month. Longevity is to be added to the base pay regardless of rank or position in the Fire Department. Longevity is to start after five (5) years of service and shall run through the twentieth (20th) year. An employee who exceeds twenty (20) years of employment shall receive longevity based upon twenty (20) years.

ARTICLE 27 - UNIFORMS AND PROTECTIVE CLOTHING

As a condition of employment, the City agrees to provide protective clothing as required and to provide any other uniform or clothing required by the City to be worn while on duty and to replace any part of the required clothing as the need arises. The City acknowledges the provisions of WAC 296-305 pertaining to uniforms and protective clothing. The City will provide uniform cleaning service for all bargaining unit members for uniform needs.

ARTICLE 28 – DEFERRED COMPENSATION

The City agrees to match each participating member's deferred compensation contribution up to 3.0% of step 5 firefighter wages per pay period.

The City will make the contribution directly into the employee's deferred compensation account.

For an employee to receive the maximum annual City contribution, the employee must contribute at least the amount referenced above in each pay period.

ARTICLE 29 - HEALTH AND WELFARE INSURANCE

1) Medical Insurance Plans

(a) 2018-2019-2020 For the 2018-2020 calendar years, the City will provide employees with the following plans: Regence Healthfirst High Deductible Health Plan, Kaiser Permanente High Deductible Health Plan, Regence Healthfirst \$250 plan, or Kaiser Permanente Access PPO, all as offered through the Association of Washington Cities Benefit Trust.

2) Premiums

- i) For employees choosing the HealthFirst \$250 deductible plan, the City will pay 100% of the premiums for the employee and 90% of the premiums for dependents.
 - (1) For employees choosing the Kaiser Permanente PPO \$250 deductible plan, the City will pay 100% of the premiums for the employee and 90% of the premiums for dependents. The City will share fifty percent (50%) of the premium cost savings difference between the Kaiser Permanente PPO \$250 plan and the Healthfirst \$250 plan to be paid on each pay period.
- ii) The City will pay 100% of the premium costs of medical insurance for employees and their dependents who select a High Deductible Health Plan.

- (1) For employees enrolled on a High Deductible Health Plan, the City will contribute fifty percent (50%) of the premium cost savings between the High Deductible Plan and the Healthfirst \$250 plan to be contributed into the employee's HSA on each pay period.
- (2) An employee may elect to have up to \$1000 (employee only) or \$2000 (family) cashed out from accrued vacation and transferred into the HSA on the January 5 payday so long as the employee's vacation balance does not fall below 40 hours. The IRS determines the inflation adjusted HSA contribution maximum.
- iii) For employees enrolled on Dual Insurance, the employee will receive an incentive equivalent to 50% of the lowest cost \$250 deductible premiums that the City would otherwise contribute to health insure the dependents.
- 3) **Other insurance benefits.** For the term of this Agreement only, the Employer agrees to pay the premiums for Dental Plan A in 2018 and Dental Plan E beginning in 2019, Orthodontia Plan IV, and \$10 copay Vision plans offered by the Employer.
- 4) **Any changes required by the provider of insurance** coverage that are beyond control of the City **shall be implemented. These include, but are not limited to, changes in required co-pays, deductibles and plan administration procedures.** The City shall give the Union notice of the proposed changes at least 60 days before the effective date, or as much time as is reasonably practicable, and an opportunity for input before the changes are finalized and to bargain any impact.
- 5) **Medical Expense Reimbursement Plan**
The City shall make monthly deductions of \$200.00 on a pre-tax basis from the base salary of each IAFF 1537 employee to the Washington State Council of Firefighters Employee Benefit Trust. Through payroll deduction the funds will directly transfer to the Benefit Trust at no cost to the City of Anacortes or the IAFF. The trust is an established Medical Expense Reimbursement Plan following IRS guidelines. The Trust shall remain separate and apart from any City health insurance funding program unless changed by mutual agreement of the parties to this agreement. The monthly contribution rate of \$200.00 per employee shall be split in half and deducted from each employee's paycheck on a pre-tax basis. The union shall have the option to adjust the contribution rate on January 1st of each year and shall notify the City of Anacortes of the change 30 days prior to the change.

ARTICLE 30 - WORK CONTINUATION

The City and the Union agree that the public interest requires efficient and uninterrupted performance of all City services and to this end pledge their best efforts to avoid or eliminate any conduct contrary to this objective. Specifically, the Union shall not cause or condone any work stoppage, including any strike, slow-down, refusal to perform any customarily assigned duties, sick leave absence which is not bona fide, or other interference with City functions by employees under this Agreement and should same occur, the Union agrees to take appropriate steps to end such interference. Any concerted action by any employee in any bargaining unit shall be deemed a work stoppage if any of the above activities have occurred. Notwithstanding the provisions of

RCW 41.56.450, et.seq., bargaining unit employees shall have access to binding interest arbitration.

ARTICLE 31 - CONTRACTING OUT

The City agrees to abide by the rules established by the Public Employment Relations Commission if a decision is made to consider the contracting out of services presently provided by members of the Bargaining Unit who are represented by the International Association of Fire Fighters Local 1537 and covered by the Collective Bargaining Agreement with the City of Anacortes

ARTICLE 32 - SAVING CLAUSE

If any provisions of this Agreement or the application of such provisions should be declared invalid by any court action or by reason of any existing or subsequently enacted legislation, the remaining parts or portions of this Agreement shall remain in full force and effect.

ARTICLE 33 - SALARY ADVANCEMENT

SECTION 1 Progression through the Proficiency Levels of a salary range will be based upon the employee's performance in conjunction with time in a job classification. Each employee will receive a performance appraisal prior to advancing to the next proficiency level:

Proficiency Levels

Classification	Step 1	Step 2	Step 3	Step 4	Step 5
Firefighter	Hiring rate	After 12 months	After 2 years service	After 3 years service	After 4 years service
Lieutenant	Probationary Wage (6% above top step firefighter)	After 12 months	After 2 years service		
Paramedic Premium (10%)					

SECTION 2 Wage Increases

2018	2.0% cost of living increase
2019	2.0% cost of living increase
2020	2.0% cost of living increase

SECTION 3 All sections of this Article shall be incorporated into Addendum A Wage Grid.

ARTICLE 34 - TOBACCO USE

The City of Anacortes complies with all applicable federal, state, and local regulations regarding smoking in the workplace and provides a work environment that promotes productivity and the wellbeing of its employees. The use of tobacco in the workplace is now in violation of the law in the State of Washington. Accordingly, the use of smoking and smokeless tobacco products are restricted in all of its facilities.

Smoking is prohibited inside all City of Anacortes facilities, including City-owned buildings, vehicles, and offices or other facilities rented or leased by the City, including individual employee offices. The smoking policy applies to employees during working time and anytime in uniform. Smoking is only allowed in designated outside areas that are at least 25 feet from building entrances and exits, windows that open, and ventilation intakes. Employees are expected to exercise common courtesy and to respect the needs and sensitivities of coworkers with regard to the smoking policy. Smokers have a special obligation to keep smoking areas litter-free and not to abuse break and work rules. Employees who violate the policy may be subject to disciplinary action.

ARTICLE 35 - LABOR MANAGEMENT COMMITTEE

There shall be a Fire Department Labor - Management Committee consisting of three Union representatives appointed by the Union and three Management representatives appointed by the Employer. The committee shall meet on request of either party to discuss all matters of mutual concern. Matters considered to be Mandatory Subjects of Bargaining may only be amended or modified through the appropriate Collective Bargaining Process.

ARTICLE 36 –DISCIPLINE

- a) Employees may be disciplined or discharged with just cause. Discipline should be applied at progressive and escalating levels to allow the employee proper notice of misconduct and an opportunity to improve performance. The level or degree of discipline imposed shall be appropriately based on the employee's prior record of service, length of service, severity of offense and prior record of discipline.
- b) Disciplinary action or measures may include the following:
 - a. verbal counseling
 - b. written reprimand
 - c. suspension
 - d. reduction in rank
 - e. discharge

Additional forms of discipline may be used if mutually agreeable to the Employer and the Union.

- c) Except as provided in (e) prior to the imposition of any discipline other than verbal counseling or written reprimand, the employee shall be provided a copy of the alleged violation and all relevant documents the Employer has in their possession. In addition, the Employer shall hold a pre-disciplinary hearing no sooner than ten (10) business days from the time the employee was notified of the alleged violation. At this hearing the employee will be given an opportunity to present their side of the issue.
- d) The employee shall be entitled to have union and/or legal representation present at any meeting held with the Employer to discuss potential disciplinary action against the employee.
- e) The employer may suspend an employee with pay pending a final decision as to the appropriate discipline resulting from the pre-disciplinary hearing.
- f) The employee shall have the right to inspect the full contents of their personnel file. Employees have the right to a union representative during interviews where they believe that discipline or termination may result. Reprimands will not be placed in an employee's personnel file without the employee having received a copy. When a record of disciplinary action is placed in an employee's personnel file, the union will be promptly notified of the employee involved and the disciplinary action taken. An employee who disagrees with the validity of any complaint added to the file shall have the opportunity to challenge said complaint under the grievance procedure herein. The employee shall be required to sign the written reprimand or other disciplinary action acknowledging that they have read the contents of the document.
- g) A written reprimand will be removed from an employee's personnel file after three (3) years from the date said action was finalized unless:
 - a. The Fire Chief, at his discretion, agrees to remove the written reprimand after two (2) years, upon being requested to do so by the employee; or
 - b. The employee receives another written reprimand (or more serious discipline) during the initial three (3) year period referred to above, in which case the earlier written reprimand will be retained in the personnel file for an additional 180 days from the date of the latest written reprimand or more serious discipline. (Meaning a written reprimand will remain in a personnel file for a maximum length of 3 years and 180 days.)

Reprimands that have been expunged pursuant to (g) may not be used in consideration of future discipline.

Records of demotion or suspension are permanently retained in an employee's personnel file unless the demotion occurred as a result of the employees' failure to meet initial probationary standards following promotion, rather than as a result of a serious and specific disciplinary action. If an employee is demoted for failure to meet probationary standards, records of that demotion shall be expunged pursuant to the same rules as for a written reprimand.

Reprimands or discipline resulting from serious infractions against members of the public or other City employees such as discrimination, sexual harassment, or moral turpitude shall be expunged, but may be retained in the City investigation files.

h) It is the Employer's sole determination as to whether or not an employee suspended without pay may be allowed to forfeit accrued vacation or compensatory time off in lieu of the suspension of pay.

ARTICLE 37 – FITNESS/WELLNESS

(a) Physical fitness in one of the department's priorities; however, operational readiness, training, fire inspection/prevention, hydrant inspection, and other activities assigned by the Chief take precedence. Physical fitness activities are allowed for a maximum of 1 hour per person, per shift which includes dress-down, workout, and clean-up activities. The shift officer is tasked with scheduling the physical fitness period in coordination with the department's activities and the other station officer's activities to ensure the most efficient operation of the department. To be eligible to work out during structured work time employees must be meeting the department's performance measures.

Structured work time occurs between 0800 and 1730.

(b) The City will pay up to \$50.00/month for the entire department to have access to floating memberships for union members who wish to attend Thrive Fitness.

ARTICLE 38 – FIRE INSPECTION CERTIFICATION

Employees who maintain ICC certification for fire inspections are eligible to receive a \$60.00 monthly premium. The assigned station 29-2 officer is responsible for ensuring that their shift completes fifteen monthly inspection activities. If the minimum is not achieved, payroll will be notified and the premium will not be issued to that shift for that period.

ARTICLE 39– RESPIRATORY STANDARDS MEDICAL PROCEDURES

The City will determine which Occupational Physician will perform the required examinations and pay for the full cost of the visits. The City agrees to accept input from the Union on the selection of the examiner.

In the case where the City-chosen examiner has determined that the employee is not fit for duty, the employee at their expense may seek a second opinion from their personal physician. In the case of two (2) conflicting opinions, the City and union will select a third (3rd) examiner for a final decision on the matter. The City shall bear the cost of the third examiner.

ARTICLE 40– EMERGENCY MOBILIZATION

Any employee working during an emergency mobilization for which the City will be reimbursed by the State or Federal Government or any other outside agency or

agencies shall be compensated per Article 24 for the time worked during the mobilization. Employees shall be paid from the time of departure from the Anacortes Fire Department up until the Employee(s) return from the mobilization and arrival back at the Anacortes Fire Department and are released from duty.

ARTICLE 41- DRUGS, ALCOHOL, & NARCOTICS
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The City of Anacortes and IAFF 1537 are dedicated to providing safe and dependable services to our community. City of Anacortes employees are our most valuable resource and it is our goal to provide a healthy, satisfying work environment. It is agreed that the City's most current drug, alcohol, and narcotic policies will be the basis for any testing requirements.

ARTICLE 42- DURATION AND TERMINATION

This Agreement shall remain in full force and effect from January 1, 2018 through December 31, 2020. No provision of this Agreement shall waive the City's obligation to bargain over any subject or matter not referred to or covered in this Agreement which is a mandatory subject of bargaining.

THIS AGREEMENT is hereby approved and signed this _____ day of _____.

**INTERNATIONAL ASSOCIATION OF
FIRE FIGHTERS LOCAL NO. 1537**

By _____
Steven Monrad- President

CITY OF ANACORTES, WASHINGTON

By _____
Laurie M. Gere- Mayor

Emily C. Schuh
Admin Services Director

ATTEST:

By _____
Steve Hoglund- City Clerk

ADDENDUM A Wage Grids

2018 Wage Schedule 2% Wage Increase

Scheduled work hours changed from 2608 to 2599.2 in 2018 with implementation of 48/96 schedule

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,129.52	6,313.41	6,502.81	6,697.89	6,898.83
	Hourly	29.39	30.27	31.18	32.11	33.07
	Call Back	53.04	54.64	56.27	57.96	59.70
	Overtime	44.08	45.40	46.76	48.17	49.61
	Annual	73,554.26	75,760.89	78,033.72	80,374.73	82,785.97

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,129.52	6,313.41	6,502.81	6,697.89	6,898.83
	Hourly	28.30	29.15	30.02	30.92	31.85
	Call Back	53.04	54.64	56.27	57.96	59.70
	Overtime	42.45	43.72	45.03	46.38	47.78
	Annual	73,554.26	75,760.89	78,033.72	80,374.73	82,785.97

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,290.27	7,508.98	7,734.25
	Hourly	33.66	34.67	35.71
	Call Back	63.09	64.98	66.93
	Overtime	50.49	52.00	53.56
	Annual	87,483.23	90,107.72	92,810.96

2019 Wage Schedule 2% Wage Increase

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,252.11	6,439.68	6,632.87	6,831.85	7,036.81
	Hourly	29.97	30.87	31.80	32.75	33.74
	Call Back	54.10	55.73	57.40	59.12	60.90
	Overtime	44.96	46.31	47.70	49.13	50.60
	Annual	75,025.35	77,276.11	79,594.39	81,982.23	84,441.69

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,252.11	6,439.68	6,632.87	6,831.85	7,036.81
	Hourly	28.86	29.73	30.62	31.54	32.49
	Call Back	54.10	55.73	57.40	59.12	60.90
	Overtime	43.30	44.60	45.93	47.31	48.73
	Annual	75,025.35	77,276.11	79,594.39	81,982.23	84,441.69

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,436.07	7,659.16	7,888.93
	Hourly	34.33	35.36	36.42
	Call Back	64.35	66.28	68.27
	Overtime	51.50	53.04	54.63
	Annual	89,232.89	91,909.88	94,667.17

2020 Wage Schedule 2% Wage Increase

Firefighter	Grade 12F1	Step 1	Step 2	Step 3	Step 4	Step 5
12 hour shift	Monthly	6,377.15	6,568.47	6,765.52	6,968.49	7,177.54
	Hourly	30.57	31.49	32.44	33.41	34.41
	Call Back	55.19	56.84	58.55	60.30	62.11
	Overtime	45.86	47.24	48.65	50.11	51.62
	Annual	76,525.86	78,821.63	81,186.28	83,621.87	86,130.53

Firefighter	Grade 24F1	Step 1	Step 2	Step 3	Step 4	Step 5
24 hour shift	Monthly	6,377.15	6,568.47	6,765.52	6,968.49	7,177.54
	Hourly	29.44	30.33	31.24	32.17	33.14
	Call Back	55.19	56.84	58.55	60.30	62.11
	Overtime	44.16	45.49	46.85	48.26	49.71
	Annual	76,525.86	78,821.63	81,186.28	83,621.87	86,130.53

Lieutenant	Grade F2	Step 1	Step 2	Step 3
	Monthly	7,584.80	7,812.34	8,046.71
	Hourly	35.02	36.07	37.15
	Call Back	65.64	67.61	69.63
	Overtime	52.53	54.10	55.73
	Annual	91,017.55	93,748.08	96,560.52

Memorandum of Understanding 48/96 Schedule Trial

November 8, 2017

Memorandum of Understanding

This Memorandum of Understanding is between the City of Anacortes and the International Association of Fire Fighters Local 1537.

Re: 48/96 Schedule Trial

BACKGROUND: Anacortes Firefighters are proposing a change from the current Modified Detroit schedule to a 48/96 schedule. The alternate schedule will be implemented on a trial basis.

Section I: Implementation

1. Effective December 29, 2017 the Anacortes Fire Department will implement, on a trial basis, the 48/96 work schedule. The trial period will be in effect until December 24, 2018. The trial period will allow both the Fire Department and its employees to accurately evaluate the merits of the work schedule throughout a calendar year.

2. If during the trial period, the Management or Union believe that the schedule is having a negative impact that cannot be resolved through the LMC, the schedule will revert to the Modified Detroit schedule. Local #1537 will assist in the re-selection of vacations if the Department reverts to the Modified Detroit schedule.

Potential impacts include but are not limited to

- Excessive shift trades
- Sick leave usage increases
- Communication and project management coordination issues
- Force hires
- Fatigue

3. If both the Fire Department and Local #1537 wish to continue the schedule past December 24, 2018, a membership vote to adopt the schedule should be conducted prior to vacation selections in the fall of 2018 to minimize Fire Department administrative workload during vacation selections.

Section II: Work Period

1. The 48/96 shift schedule has each employee working two consecutive twenty-four hour shifts plus a 15 minute shift debriefing for a total of forty-eight hours and have

ninety-six consecutive hours off duty. A typical work schedule is as follows: X = work day, O = day off XXOOOOXXOOOO (repeats).

2. A "shift" will consist of a 24 hour period.
3. A fifteen minute shift briefing is scheduled at each shift change.
3. Employees assigned to the 40 hour work schedule will not be affected by this agreement.
4. Overtime will be in accordance with the current Collective Bargaining Agreement.

Section III: Fair Labor Standards Act (FLSA)

1. The FLSA work period shall be changed from a 27-day period to a 24-day period beginning December 29, 2017 on a twelve-month trial basis. Should the 48/96 schedule be discontinued, the 24-day FLSA period shall return to a 27-day FLSA period. Maximum hours of work for a 24-day FLSA period is 182.

Dated this ____ day of _____, 2017.

By _____
Steven Monrad, IAFF 1537 President

By _____
Laurie M. Gere, Mayor

By _____
Dan Lamp, IAFF 1537 Vice President

By _____
Emily C. Schuh, Admin Services Director

By _____
Richard Curtis, Chief

ATTEST:

By _____
Steve Hoglund, City Clerk

RESOLUTION NO. 2003

**A RESOLUTION APPROVING A COLLECTIVE BARGAINING AGREEMENT
AND MEMORANDUM OF UNDERSTANDING
BY AND BETWEEN
THE CITY OF ANACORTES AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS LOCAL 1537**

WHEREAS, the City of Anacortes and the International Association of Firefighters Local 1537, have met, negotiated, and agreed upon a Collective Bargaining Agreement covering the calendar years 2018, 2019, and 2020 setting forth wages, working conditions, and other matters subject to bargaining; now, therefore,

IT IS HEREBY RESOLVED BY THE CITY COUNCIL OF THE CITY OF ANACORTES, WASHINGTON, AS FOLLOWS:

That the certain Agreement by and between the City of Anacortes and the International Association of Firefighters Local 1537 including a Memorandum of Understanding re: 48/96 Schedule Trial, a copy of which is attached hereto and by this reference made a part hereof, be and it is in all respects ratified and approved and the Mayor and City Clerk are authorized and directed to execute the same as the official act and deed of the City of Anacortes.

Dated this 27th day of November 2017.

CITY OF ANACORTES, WASHINGTON

By

Laurie M. Gere, Mayor

ATTEST:

Steve Hoglund, City Clerk



City Council Agenda Bill

Meeting Date: 11/27/2017 **Agenda Item:** 7d

Subject: 2017 Affordable Housing Strategic Plan – City of Anacortes

Staff Contact: Don Measamer

Approved for Submittal to Council by	
	Laurie Gere, Mayor
X	Don Measamer

Action Type	
	Ordinance No.
	Code Revision?
X	Resolution No. 2001

Summary Statement: On Monday, November 13, 2017, City Council directed staff to prepare a resolution adopting the Affordable Housing Strategic Plan for the City of Anacortes. On October 11, 2017, this plan was reviewed by the Planning Commission who recommended the plan be forwarded to City Council for their review and approval. The adoption of Resolution 2001 will allow the City to begin the implementation of the strategic plan in development of affordable housing options within Anacortes.

Background: The Mayor and City Council established the Housing Affordability & Community Services (HA&CS) Committee with a goal to develop a strategic plan to improve housing affordability and make recommendations on budget allocations to social services. In 2016, the HA&CS Committee held a symposium and invited community leaders involved in the lives of low income residents within our community to join in a discussion to develop strategies to address the issues facing these residents. The Symposium provided a great start to identifying the services lacking within this community for the lower income residents. Citizens, Councilmembers, Skagit County and City staff researched and provided extensive input in the development of the Strategic Plan.

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: At its meeting on November 13, 2017, Council directed staff to prepare a resolution adopting the draft Plan.

Competing Viewpoints Considered: N/A

Recommended Motion: I move to approve Resolution 2001 adopting the 2017 Affordable Housing Strategic Plan – City of Anacortes.

Alternative Actions: N/A

Attachments (listed in order presented): Resolution 2001, 2017 Affordable Housing Strategic Plan

RESOLUTION 2001
ADOPTING THE 2017 AFFORDABLE HOUSING
STRATEGIC PLAN – CITY OF ANACORTES

WHEREAS, in January, 2016, the Mayor and City Council appointed the City Council Housing Affordability & Community Services Committee to develop a strategic plan to address the lack of affordable housing within the City of Anacortes; and

WHEREAS, on April 21, 2016, the Housing Affordability & Community Services Committee held a community symposium inviting community stakeholders to educate and share information regarding current and future affordable housing and service needs within Anacortes; and

WHEREAS, Anacortes citizens volunteered to become panel members of the three categories to address the issues of homelessness, community services and affordable housing. Panels began sharing ideas and solutions throughout the remainder of 2016 and into 2017; and

WHEREAS, staff also sought community input on the Plan draft and incorporated citizen comments where appropriate; and

WHEREAS, based on the work by the citizens, Committee and City staff, staff prepared the draft 2017 Affordable Housing Strategic Plan (the Plan) for the City of Anacortes; and

WHEREAS, the Plan draft corresponds with the Goals of the 2016 City of Anacortes Comprehensive Plan on development of affordable housing strategies; and

WHEREAS, the Plan draft was presented to the Anacortes Planning Commission on October 11, 2017; and

WHEREAS, the Anacortes Planning Commission voted unanimously to recommend the Plan draft be forwarded to the Anacortes City Council for their review and approval; and

WHEREAS, the City Council has determined that it is in the best interests of the City to adopt the Plan.

NOW, THEREFORE IT IS HEREBY RESOLVED BY THE ANACORTES CITY COUNCIL to authorize the adoption of the Affordable Housing Strategic Plan for the City of Anacortes, as the official act and deed of the City of Anacortes.

PASSED and APPROVED on this 27th day of November, 2017.

CITY OF ANACORTES

By _____
Laurie Gere, Mayor

ATTEST:

Steven Hoglund, City Clerk

APPROVED AS TO FORM:

Darcy Swetnam, WSBA #40530
City Attorney

[illegible]

Drafted by City
Councilmembers:
Liz Lovelett
Erica Pickett
Eric Johnson
City Staff & a rich mix of
public participation

January 2017

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PREFACE

With the rise of homelessness, lack of affordable housing, and lack of services for citizens throughout the United States, including Anacortes, the City Council established the Housing Affordability & Community Services (HA&CS) Committee in January 2016 to tackle some of these tough issues. The HA&CS Committee brought community leaders and citizens together on April 21, 2016 with the goal of developing a strategic plan to improve housing affordability and make recommendations on budget allocations to social services. One outcome of the incredible participation is the Strategic Plan which provides a beginning for our city and citizens to create a more equitable and healthy community.

We thank all the participants who provided input on this plan including, but not limited to, the great citizens of Anacortes, Anacortes Housing Authority staff and Board members, Skagit County Public Health Department and HUD.

MISSION, VISION & COMMITMENTS

Vision Statement

Creating successful partnerships and programs to improve access to suitable affordable housing, foster better community health, and quality of life for those of lesser means.

Mission Statement

Develop quality affordable housing opportunities for lower income individuals and families to promote healthy living, working, and aging in Anacortes.

Strategic Commitments

Consistency with community vision: align housing strategies regarding affordability and availability to those expressed in the Comprehensive Plan and to community needs.

Prioritizing inclusivity and cooperation: Include all and build a culture dedicated to equity and excellence through:

- **Inclusiveness:** encourage broad community representation and participation in the work to be done, and
- **Cooperation:** engage and support other local, county, state, and federal agencies to accomplish shared goals and initiatives.

Transparency: be clear and accountable in our actions.

Fiscal responsibility: invest wisely in projects and programming that help achieve our housing affordability goals and community resources.

Solicit diverse views: Seek out recommendations from community members and other interested parties and incorporate the feedback into decisions and outcomes.

Identify contributing factors to lack of housing and services: use data to determine desired outcomes and deliverables.

BACKGROUND

Strategic Plan

The City Council established the Housing Affordability & Community Services (HA&CS) Committee in January 2016 with the goal to develop a strategic plan to improve housing affordability and make recommendations on budget allocations to social services. The HA&CS Committee invited citizens and community leaders involved in the lives of low income residents to join in a discussion and develop strategies to address the barriers to achieving a mix of housing for these residents. Committees formed to help identify obstacles as well as available services and to help determine gaps in available resources. The outcome of that work is the following Strategic Plan which sets forth the goals, strategies and action items to guide the City in implementing its affordable housing policy.

This Strategic Plan will work to implement many of the housing goals established in the 2016 Comprehensive Plan and will focus primarily on the needs for the lower income segments of our community.

OUTLINING THE NEEDS

According to HUD 2014 CHAS (Comprehensive Housing Affordability Strategy data sets), nearly 33% of Anacortes households are housing cost burdened.¹ Families who pay more than 30% of their income for housing are considered cost burdened and may have difficulty affording other necessities such as food, clothing, transportation and medical care.²

What Does Affordable Mean?

Current AMI (Area Median Income) and Eligibility (Mount Vernon/Anacortes 2017 - \$66,300³)

Income Category	1 person household	2 person household	3 person household	4 person household	5 person household	6 person household	7 person household	8 person household
Extremely Low Income – ≤30% AMI	\$13,950	\$16,240	\$20,420	\$24,600	\$28,780	\$32,960	\$37,140	\$41,320
Very Low - 31%-50%	\$23,250	\$26,550	\$29,850	\$33,150	\$35,850	\$38,500	\$41,150	\$43,800
Low -51%-80%	\$37,150	\$42,450	\$47,750	\$53,050	\$57,300	\$61,550	\$65,800	\$70,050

What a particular household can afford is expressed in terms of area median income, adjusted for family size, as in the below example. The current median yearly income for a family of 4 in Anacortes is \$66,300. If the household wage earner(s) brings in less than that, say at the 60% level, they would earn \$39,780 (this is a bit more than the Very Low income category in the table above). That household can afford to spend as much as \$995 per month, including utilities, using the standard formula for housing affordability (no more than 30% of income).



In Anacortes, there are few homes and apartments that could accommodate this family for \$995 or less per month. As of April 2017, an informal poll of property managers in Anacortes

¹ https://www.huduser.gov/portal/datasets/cp/CHAS/data_querytool_chas.html

² https://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/affordablehousing/

³ <https://www.huduser.gov/portal/datasets/il/il2017/2017summary.odn>

shows 1 bedroom apartments are listing at approximately \$900 with 2 bedroom apartments typically listing between \$1200 and \$1400 per month.

Due to rising rents and stagnating wages, even when people work full time, they often struggle to afford rent. Data compiled by the National Low Income Housing Coalition, provides that a person paid the minimum wage of \$11 per hour would have to work 69 hours per week to afford a modest 1 bedroom rental in Skagit County.⁴

How Many People in Anacortes Need Affordable Housing?

Skagit County Public Health Department provided a compelling report on rental housing needs in Anacortes, using data from the 2010-2014 American Community Survey for Anacortes (HUD/CHAS⁵). The data below does not take into consideration the number of bedrooms needed for particular family sizes, access issues for low-income households, or those households not currently living in Anacortes but wish to. Nevertheless, it provides an important starting point for considering the rental housing needs in our community.

% of Area Median Income (AMI)	# of Renter Households	% of Overall Renter Households	# of Rental Homes Affordable to this Population	% of Overall Rental Stock Affordable to this Population	Homes Needed to Meet Current Need
0-30% AMI	495	21%	305	13%	190
30-50% AMI	395	16%	255	11%	140
50-80% AMI	425	18%	1,100	46%	-675 ⁶
80% AMI and above	1,085	45%	710	30%	375

This data shows that there is a mismatch between the existing housing supply and the needs of Anacortes's residents. 37% of the residents earn less than half the area median income, but only 24% of the housing stock is affordable to this group. Included in this data are the 182 subsidized units managed by the Housing Authority, which currently has a 5 to 8 year waitlist for one bedroom apartments. On the other hand, there is an over-abundance of rentals at the higher end of the income category (those in the 50% plus AMI). Due to the housing supply gap at lower level incomes, the units suitable for those with higher incomes are being occupied by the lower income families which are far too expensive and subsequently put them in a cost burdened situation, according to HUD.

In order to meet existing needs, an additional 330 rental units affordable to households at less than 50% AMI would be required in Anacortes (chart above, column 6, 0-50% AMI). These households represent the City's seniors on limited incomes, service workers struggling month-

⁴ <http://nlihc.org/oor/washington>

⁵ <https://www.huduser.gov/portal/datasets/cp.html>

⁶ This number indicates there are more rentals available in this income bracket than renters.

to-month, and other important members of our community who risk being priced out of our community, forcing them to spend more on childcare and transportation because they cannot afford to live where they work.

Current and Projected Housing Needs

What is the Total Current Need plus the Projected Need through 2036 for affordable housing? As presented above, the current need for affordable homes in Anacortes to accommodate the families in the 50% or less income categories is 330. According to the 2015 Berk Study ("Skagit County Affordable Housing Needs")⁷, this translates to nearly 971 new housing units to meet our current and projected needs through 2036 for affordable housing.

The State Office of Financial Management develops growth targets for each county based on its forecast for statewide growth over the next 20 years. Skagit County and its cities work collaboratively to allocate the targets to the cities and the unincorporated county. Countywide, the overall growth targets through 2036 are for 35,751 new residents and 15,998 new jobs. For Anacortes, the initial 20 year growth target (2016 – 2036) identified for planning purposes is 5,895 new residents and 2,076 new jobs. This translates to an average growth of 295 new residents and 104 new jobs each year.⁸ The current population estimate for Anacortes is 16,780 (OFM, 2017)⁹.

GOALS & STRATEGIES

Comprehensive Plan Goals

In accordance with the 2016 Comprehensive Plan Goals – Housing Element Goals & Policies, the following list provides possible strategies for developing and preserving affordable housing in Anacortes.

Goal H-3. Housing Affordability. Provide for a range of housing opportunities to address the needs of all economic segments of the community.

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

- Maintain inventory of existing affordable housing which may have sunseting tax credits and facilitate outreach for reapplication.
- Encourage energy efficiency and other measures of sustainability in new and preserved housing to reduce costs for residents.

Policy H-3.2. Develop meaningful, measurable goals and strategies that promote the development of affordable workforce housing to meet local needs and monitor progress toward meeting those goals.

- Develop innovative strategies and programs around serving specific community needs.

⁷ https://www.skagitcounty.net/HumanServices/Documents/Housing/HousingNeed_CityProfiles.pdf

⁸

<http://www.cityofanacortes.org/docs/Planning/2016CompPlan/3rdFinalVersion/FinalCombined2016CompPlanForWeb.pdf>

⁹ http://www.ofm.wa.gov/pop/april1/ofm_april1_population_final.pdf

- Look for opportunities to co-locate housing with other civic projects and/or employers.
- Consider creation of an Artist/Tech/Design/Intern-in-residency program.

Policy H-3.3. Support non-profit agencies and public/private partnerships to preserve or develop additional housing for very low, low and moderate income households.

- Partnership to develop key community assets – work with Anacortes Housing Authority, Family Center, Skagit Home Trust, and other local agencies to rehabilitate, upgrade and create more housing to accommodate households in need.

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

- Streamline Accessory Dwelling Unit (ADU) processes – revisit definitions and permitted placement.
- Create education and outreach opportunities for owners of ADU’s about the value of adding to the rental market as opposed to short term/vacation rentals.

Policy H-3.5. Locate affordable housing throughout the city and especially in areas with good access to transit, employment, education, and shopping.

- Consider using land in residential zones for city-sponsored housing; e.g. Container Village or Land Trust project.
- Consider blended densities in conventional single family zones, etc.
- Review multiple scenarios for sub-area plan and development agreements to encourage a mix of use, e.g.
 - All city-owned residential with multiple housing options
 - Recreation area, meeting space, mixed housing
 - Mixed commercial and residential

Policy H-3.6. Consider a housing levy to provide ongoing funding for affordable housing.

- Poll the public on the support of a voter-backed housing levy.

Policy H-3.7. Consider developing an inclusionary zoning program as a means of increasing the city’s affordable housing supply.

- Determine strategies for inclusionary development including a possible “fee-in-lieu” application.

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

Policy H-3.9. Evaluate land owned by the City and other public entities for use for affordable housing utilizing a community land trust,-or similar, -type model.

- Sell city-owned property to create funding for affordable housing projects.
- Utilize city-owned property to provide undeveloped land for affordable housing projects.
- Permit co-housing e.g. dormitory, tiny village, shared-space living, boarding houses.

Policy H-3.10. Develop and implement a detailed affordable housing program that identifies specific actions to increase the supply of housing that is affordable to low to middle-income individuals and families.

- Determine relevant regulatory measures, such as expedited permitting for multi-family development, reduced impact fees and general facility charges per RCW, and harmonize these goals with our Development Regulation update.
- Review multiple scenarios for sub-area plan and development agreements to encourage a mix of uses such as commercial and residential.
- Create a city-sponsored acquisition account for land in the R-4 zone that is suitable for multi-family or cottage housing.
- Make surplus or underutilized land available at reduced or no cost for affordable housing developments.
- Create incentive programs for landlords to keep housing below the market rate, educate on voucher programs.

Goal H-4. Special Needs. Provide housing options for special needs populations, including independent living for seniors, assisted living, memory care, drug & alcohol rehab and mental health facilities.

Policy H-4.1. Provide accommodation throughout the city for housing for people with special needs and avoid concentrations of such housing.

- Partnership with Housing Authority and Anacortes Family Center.

Policy H-4.2. Encourage the development of senior-friendly housing opportunities, particularly in areas near services and amenities.

- Provide advocacy to SCOG and SKAT about the particular needs of seniors in our community.

Special Needs Housing includes homes suitable for and occupied by people with one or more limitations, such as a physical or mental disability, long-term illness, or alcohol or drug issues. Examples include adult family homes, assisted living facilities, and group homes for people with developmental disabilities.

Policy H-4.3. Promote a range of housing types for seniors; e.g., adult family homes, skilled nursing facilities, assisted living, and independent living communities.

- Determine inclusionary zoning.

Policy H-4.4. Support ways for older adults and people with disabilities to remain in the community as their housing needs change by encouraging universal design or retrofitting homes for lifetime use.

- Work with Home Owner Associations (HOA's) to encourage updating bylaws to allow ADUs to accommodate live-in caretakers.

Policy H-4.5. Promote the provision of support services, including transportation options, to allow seniors and those with special needs to remain in their own homes or non-institutional settings.

- Support agencies and programs that enable seniors to 'age in place.'

Policy H-4.6. Support public and private housing and services for people who are homeless.

- Support and collaborate on Skagit County's Permanent Supportive Housing initiative.

Goal H-5. Regional Collaboration. Actively participate and coordinate with other agencies in efforts to meet regional housing needs.

Policy H-5.1. Encourage local and regional affiliations and alliances to provide affordable housing.

- Partnerships to develop key community assets - work with Anacortes Housing Authority and Anacortes Family Center.

- Partner with Shannon Point and the Marine Tech Center to provide student housing opportunities.
- Partner with local employers to create work-force housing.

Policy H-5.2. Explore local and regional funding options to support development of housing for low- and moderate-income households.

- Skagit HOME Consortium, CDBG options – leverage multiple year awards for city-sponsored development or partnership opportunity.

Policy H-5.3. Work with other jurisdictions and health and social service organizations to develop a coordinated, regional approach to homelessness.

- Partner with Skagit County in the “Building a Skagit County Housing Affordability Strategy.”
- Advocate for shared planning efforts with state and federal leaders - include in annual Legislative Priorities.

Goal H-6. Monitoring. Implement Housing Element goals in a manner that is efficient and transparent.

Policy H-6.1. Evaluate and report on how the goals and policies of this Housing Element are being achieved.

- Work with housing providers and reach out to residents in need to determine whether goals are being met and if not, why.
- Evaluate annually which strategies have been employed and how successful they have been, how many new units have been created and how many existing units have been retained.

Policy H-6.2. Monitor housing supply, type and affordability, including progress toward meeting a proportionate share of the countywide need for affordable housing for very low-, low-, and moderate-income households.

Policy H-6.3. Monitor local data and routinely reassess and adjust policies, strategies and regulations to improve effectiveness of programs to meet local housing needs

- Determine goals for number and type of units to be created annually. Greatest need is single bedroom and studio apartments.

WHERE DO WE FIND THAT FUNDING?

Building housing affordable to low income households requires public subsidy, often from a number of local, state, and federal sources. There are a number of strategies Anacortes can pursue to dedicate local funding toward affordable housing, including:

- Consider a housing levy to provide ongoing funding for affordable housing.
- Offer developers incentives such as increased height or floor area ratio in exchange for fees to support affordable housing.
- Leverage regional, state and federal grants such as the Skagit HOME Consortium and Community Development Block Grant program.
- Look for private investors and those willing to participate in a federal tax-credit program.
- Leverage or sell city-held land to create housing projects in the R-3 and R-4 zones.
- Utilize non-cash subsidies, such as credit enhancements and city bonding.

- Make surplus or underutilized city land available at reduced or no cost for affordable housing developments.
- Create a revolving housing fund to support 4% tax credit projects.
- Explore ways to increase usage of HUD vouchers (HOME Consortium).
- Continue to prioritize affordable housing projects for expedited development review and permitting.

REGULATIONS

The city's regulatory role is to eliminate barriers to the development of affordable housing, and encourage its production. The city's challenge is to find the right balance between regulations that ensure quality development without discouraging affordable housing. Staff will consistently update these regulations to ensure there are as few barriers as possible to providing high quality affordable housing. New regulatory options to stimulate affordable housing production include:

- Develop parking regulations specific to affordable housing, with the possibility of reducing parking requirements for certain types of development.
- Be flexible with development standards to promote infill by allowing alternatives such as narrower streets, modified parking requirements, one-way streets, and/or low-speed streets to meet those standards where full compliance with standards is not feasible or desirable. (Policy T-2.28 – 2016 Comp Plan)
- Encourage energy efficiency and other measures of sustainability in new and preserved housing to reduce costs for residents.
- Fee Reductions or Waivers. Consider reducing or waiving fees for housing developments that will house individuals making 80% or less AMI at the City Council's discretion.
- Offer development incentives and/or fee reductions such as increased height, floor area ratio if tied to affordable housing development or payment of a fee-in-lieu to an affordable housing fund.
- Inclusionary zoning – require a given share of new construction is set aside to be affordable for low to moderate income households in exchange for development incentives.
- Develop a Multi-family Tax Exemption (MFTE) to stimulate affordable housing production. Washington state law authorizes this program, which offers a limited 12-year tax exemption from ad valorem property taxation if 20% of the housing is affordable.

ADDENDUM

This Addendum will be updated annually to set the goals for the particular year. The progress and accomplishments for the goals set in this Strategic Plan will be reviewed annually by the Housing Affordability and Community Services City Council Committee

(Committee members will be appointed each year)

GOALS FOR 2017-2018

1. Develop and Approve Strategic Plan.
2. Development Regulations – Inclusionary Zoning (IZ) regulations/In-Lieu Fees, height density bonuses, fee waivers, MFTE.
3. Create a matrix to measure accomplishments and monitor number of available affordable units.
4. Explore creation of an “affordable housing tax” assessed on short term rentals.
5. Assignment of management for affordable housing projects to ensure affordability.
6. Development of Homeless Strategic Plan Addendum.
7. Explore opportunities for a permanent supportive housing facility housing 25-30 individuals.

DEFINITIONS/ABBREVIATIONS

4% Tax Credit Projects: The 4% credit is typically claimed for rehabilitated housing and new construction that is financed with tax-exempt bonds. Like the 9% credit, the 4% credit is claimed annually over a 10- year credit period. The actual credit rate fluctuates around 4%, but is set by the Treasury to deliver a subsidy equal to 30% of a project's qualified basis in present value terms.

Accessory Dwelling Unit (ADU): An accessory dwelling unit or detached accessory dwelling unit (sometimes called a mother-in-law apartment) is a separate living space within a house or on the same property as an existing house.

Adult Family Homes: residential homes licensed to care for up to six non-related residents. They provide room, board, laundry, necessary supervision, and necessary help with activities of daily living, personal care, and social services.

Area Median Income (AMI) - the household income for the median — or middle — household in a region.

Assisted Living Facilities: a system of housing and limited care that is designed for senior citizens who need some assistance with daily activities but do not require care in a nursing home.

CDBG: Community Development Block Grant — a HUD program. The Community Development Block Grant (CDBG) program is a flexible program that provides communities with resources to address a wide range of unique community development needs. The CDBG program provides annual grants on a formula basis to 1209 general units of local government (entitlement communities) and States. The City of Anacortes is an entitlement community which allows it to received CDBG funding. The CDBG entitlement program allocates annual grants to larger cities and urban counties to develop viable communities by providing decent housing, a suitable living environment, and opportunities to expand economic opportunities, principally for low- and moderate-income persons.

CHAS - Comprehensive Housing Affordability Strategy (by HUD).

HOME Consortium - The HUD HOME Investment Partnerships Program (HOME) provides formula grants to States and localities that communities use - often in partnership with local nonprofit groups - to fund a wide range of activities including building, buying, and/or rehabilitating affordable housing for rent or homeownership or providing direct rental assistance to low-income people. HOME is the largest Federal block grant to state and local governments designed exclusively to create affordable housing for low-income households. Anacortes is a participant in the Skagit HOME Consortium.

Inclusionary Zoning - also known as inclusionary housing, is an American term which refers to municipal and county planning ordinances that require a given share of new construction to be affordable by people with low to moderate incomes.

Multi-family tax exemption (MFTE) – provides a tax exemption on new multifamily buildings in exchange for setting aside at least 20% of the homes as income and rent restricted. The value of eligible multifamily housing improvements is exempted from property taxes for 8 or 12 years. Only multiple unit projects with 4 or more units are eligible for either the 8 or 12 year exemption, and only property owners who commit to renting or selling at least 20% of units as affordable housing units to low and moderate income households

are eligible for a 12 year exemption. If the property use changes in a manner inconsistent with program requirements before the 8 or 12 year exemption ends, back taxes are recovered based on the difference between the taxes paid and the taxes that would have been paid without the tax exemption. (MRSC)



City Council Agenda Bill

Meeting Date: 11/27/2017

Agenda Item: Item 7e

Subject: Update to Transportation Impact Fee

Staff Contact: Fred Buckenmeyer

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

Action Type	
X	Ordinance No. 3011
	Code Revision?
	Resolution No.
	Contract
	Public Hearing
	Staff Report

Summary Statement: In an effort to meet concurrency over the next 20 years this proposed ordinance will set in place a \$2,641.40 per peak hour trip Transportation Impact Fee as well as an annual inflator tied to the Construction Cost Index (CCI) published by Engineering News and Record.

Background: The Transportation Element of the 2016 Comprehensive Plan shows 20-year transportation related project funding needs related to concurrency. The proposed impact fee of \$2,641.40 per peak hour trip was calculated using the cost of necessary traffic improvements to accommodate projected growth over the next 20 years, and dividing that by projected PM peak hour trips caused by new development. That total was then multiplied by 90% to satisfy RCW 82.02.050 which does not allow jurisdictions to charge 100% of the cost of impacts to an impact fee.

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: Council approved 2016 Comprehensive Plan which included methodology of impact fee but not the actual fee itself.

Competing Viewpoints Considered: Viewpoints were considered as part of the Comprehensive Plan process.

Recommended Motion: Approve Ordinance #3011 which raises the Transportation Impact Fee to \$2,641.40 along with an annual January 1st inflator tied to the CCI.

Alternative Actions: To not approve the ordinance and keep the old impact fee of \$900 per peak hour trip in place.

Attachments: Exhibit A which explains methodology used to calculate the impact fee.

EXHIBIT A

Transportation Impact Fee Rate Update

The updated trip growth and associated transportation improvement projects needs were used to update the City's traffic impact fee rate. The basis and methodology for the City's impact fee rate are described in the TSI memo dated January 8, 2016.

Citywide trip growth in this analysis reflects the updated household growth allocation of 2,650. This results in total forecasted PM peak hour trip growth of 5,190 trips (i.e. trip origins plus destinations).

The total cost of growth-related improvement projects to meet City intersection and segment LOS standards is \$15,232,100.

Impact fees are to be updated based on project cost and forecasted PM peak hour trip growth, assigning 90 percent of project cost responsibility to growth and 10 percent to other causes besides growth and development. The resulting impact fee calculation is therefore:

$\$15,232,100 \div 5,190 \text{ new PM peak hour trips} = \text{a total of } \$2,934.89 \text{ per PM peak hour trip}$

$90\% \text{ of } \$2,934.89 = \mathbf{\$2,641.40}$

**City of Anacortes
Ordinance No. 3011**

**An Ordinance of the City of Anacortes, Washington, Amending
Exhibit A of Ordinance No. 2277 (Transportation Impact Fees)**

WHEREAS, the City of Anacortes adopted a Transportation Impact Fee Ordinance, Ordinance No. 2277, on June 7, 1993, which provided explanation of process, references to applicable RCW's, definitions, service area definitions, disposition of revenues, refunds, and appeals; and,

WHEREAS, the City adopted a Traffic Impact Fee for "Streets and Roads" of \$400 per peak hour trip, with a five year schedule of impact fee increases, pursuant to the Transportation Plan (2000) by Ordinance No. 2543 and this plan included new capital facility needs and associated, new impact fee needs; and,

WHEREAS, the impact fee from Ordinance No. 2543 increased until it reached \$900 in 2004 and has not been raised since; and,

WHEREAS, the City chose not to implement the new fee of \$1,100, or the recommended annual increase using the CCI as a basis, calculated as part of the City of Anacortes 2007 Transportation Plan; and,

WHEREAS, the City has adopted a new transportation plan (2016) by ordinance No. 2982 which includes an updated list of 20-year Transportation Improvement Projects, and associated 20-year financial needs; and,

WHEREAS, a memo from Transportation Solutions, Inc. (TSI) dated, May 5, 2016 explains in detail Growth Forecasts, Transportation Levels of Service, 20-year Transportation Deficiencies, Recommended Transportation Improvement Projects, and a recommended Impact Fee rate for certain types of development, and Council wishes to adopt their analysis recommendations; and,

WHEREAS, as it is desired to keep the impact fee adjusted to inflation, the City Council wishes to adopt their analysis recommendations, the City will implement an annual increase of the fee using the Engineering News Record Construction Cost Index (CCI) as a basis for the increase;

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

- Section 1. Ordinance No. 2277 is hereby amended to include the new Exhibit A. Exhibit A, attached hereto, will replace any previously adopted exhibits to Ordinance 2277

Section 2. The Finance Director shall use the CCI published by the *Engineering News Record*, to calculate annual inflation adjustments in the impact fee rates. The traffic impact fees shall not be adjusted for inflation should the CCI remain unchanged or decrease in value.

Section 3. This ordinance shall take effect on January 1, 2018, and after its passage, approval and publication in the manner required by law.

PASSED AND APPROVED this ___ day of ____, 2017.

CITY OF ANACORTES:

Laurie Gere, Mayor

ATTEST:

Steve Hoglund, City Clerk-Treasurer

APPROVED AS TO FORM:

Darcy Swetnam, WSBA #40530
City Attorney



City Council Agenda Bill

Meeting Date: 11/27/2017

Agenda Item: 7f

Subject: Refunding of 2007 utility revenue bonds

Staff Contact: Steve Hoglund

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

Action Type	
x	Ordinance No. 3015
	Code Revision?
	Resolution No.
	Contract
	Public Hearing
	Staff Report

Summary Statement: The City desires to refund the 2007 Water Utility bond, which is estimated to result in interest savings of around \$490,000 in net present dollars.

Background: The 2007 water revenue bond becomes callable on December 1, 2017. Interest rates are such that significant savings can be obtained in refunding the existing bond at current market rates.

Budget Impact	
Amount Budgeted	
Budget Account (BARS)	
Proposed Expenditure	\$7.2M
Budget Amendment Required?	No
Revenue Source	Utility fees

Proposed Contract	
Contractor	
Amount	
Start Date	
End Date	

Previous Council/Committee Action: Ordinance 2763 authorized May 21, 2007

Competing Viewpoints Considered: Do not authorize refunding, continue paying higher interest rate on existing bond.

Recommended Motion: I move to adopt Ordinance 3015 authorizing the refunding of the 2007 Anacortes Utility System Revenue bonds.

Alternative Actions: Do not adopt refunding ordinance

Attachments (listed in order presented): Slide presentation on refunding opportunity, draft Ordinance 3015

2007 Utility Bond Refinancing Opportunity

- In 2007 the City of Anacortes Water Utility issued bonds to pay for the replacement of 2 aging sections (segments 5 and 6) of the 36 inch water transmission main.
- The bond was on a 20 year term, and becomes refundable (which is like refinancing a personal loan) December 1, 2017.
- The original bond was for \$13.4M, with an average interest cost of 4.35%.
- The remaining balance is \$7.2M.

2007 Utility Bond Refinancing Involved Parties

- The City has been working with **PFM** (Public Financial Management) on this debt issue, the staff of whom have served as the City's Financial Advisors for almost 10 years on various financing issues.
- The City has also been working with the law firm **SYCR** (Stradling, Yocca, Carlson & Rauth) on this refunding issue. The attorney we are working with has been the bond counsel for the City of Anacortes for over 10 years.

2007 Utility Bond Refunding Savings

- Because of the smaller size and short term of this refunding, a direct bank placement is being arranged. A direct bank placement will result in lower fees and a lower interest rate.
- The refunded balance is expected to have an interest cost of around 2.4%, compared to the existing interest rate of 4.35%
- The refinanced balance will continue the same term as the existing debt, with a payoff in December 2026.
- Expected interest cost savings is \$490,000.

2007 Utility Bond Refinancing Schedule

Date	Event	Responsibility
11/17	• Draft Request for Proposals ("RFP") distributed	PFM
11/17	• Financing kick-off call (9:00 a.m.)	All Parties
11/20	• Comments due on draft RFP	All Parties
11/21	• RFP distributed to banks	PFM
11/21	• Draft Bond Ordinance distributed	SYCR
11/23-24	• <i>THANKSGIVING HOLIDAY</i>	
Wk of 11/27	• Tax Due Diligence Call	City/SYCR
11/28	• Comments due on Draft Bond Ordinance	All Parties
11/30	• Finalize Bond Ordinance for City Council	SYCR
12/4	• RFP responses due (12:00 p.m.)	City/PFM
12/4	• City Council to consider Bond Ordinance (6:00 p.m.)	Council/City/SYCR/PFM
12/5	• Discuss RFP Responses	City/PFM/SYCR
12/6	• Lender selected	City/PFM
12/11	• Draft closing documents distributed	SYCR
12/15	• Comments due on draft closing documents	All Parties
By 12/22	• Closing documents prepared, reviewed, and completed	SYCR
12/25	• <i>CHRISTMAS DAY</i>	
12/28	• Bond Closing – funds delivered to Escrow Agent	All Parties

2007 Utility Bond Ordinance

- The refunding is required to be authorized by ordinance.
- In “the old days” the ordinance had to be authorized after the bond issue was completed.
- A legislative change was made several years ago that now allows the ordinance to be authorized ahead of the bond issue.
- This allows more flexibility (and higher comfort level) in the timing of the issue.
- The draft ordinance included in tonight’s packet will come back December 5th for action.
- We have asked the Financial Advisor and Bond Attorney to be at that meeting.

CITY OF ANACORTES, WASHINGTON

ORDINANCE NO. 3015

AN ORDINANCE relating to the combined utility system of the City; providing for the issuance of its not to exceed [\$7,500,000] principal amount Utility System Revenue Bond, 2017 (New Parity Lien) to provide the funds with which to carry out a current refunding of the City's outstanding Utility System Improvement and Refunding Revenue Bonds, 2007 (Water System Segments 5 & 6) and to pay the administrative costs of the refunding and the costs of issuance of the Bond; establishing a new Parity Obligation lien position and providing that the Bond will be issued on basis subordinate to the outstanding Senior Lien Bonds and on a parity with future combined utility revenue bonds of the City, and closing such senior lien; appointing the City's designated representative to approve the Bond Sale Terms and establishing parameters for certain of those Bond Sale Terms; authorizing the sale to a direct purchaser to be selected by the City's designated representative; and providing for other related matters.

Passed December __, 2017

This document prepared by

STRADLING YOCCA CARLSON & RAUTH, a Professional Corporation
999 Third Avenue, Suite 3610 | Seattle, Washington
www.sycr.com | 206.829.3000

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CITY OF ANACORTES, WASHINGTON

ORDINANCE NO. 3015

AN ORDINANCE relating to the combined utility system of the City; providing for the issuance of its not to exceed [\$7,500,000] principal amount Utility System Revenue Bond, 2017 (New Parity Lien) to provide the funds with which to carry out a current refunding of the City's outstanding Utility System Improvement and Refunding Revenue Bonds, 2007 (Water System Segments 5 & 6) and to pay the administrative costs of the refunding and the costs of issuance of the Bond; establishing a new Parity Obligation lien position and providing that the Bond will be issued on basis subordinate to the outstanding Senior Lien Bonds and on a parity with future combined utility revenue bonds of the City, and closing such senior lien; appointing the City's designated representative to approve the Bond Sale Terms and establishing parameters for certain of those Bond Sale Terms; authorizing the sale to a direct purchaser to be selected by the City's designated representative; and providing for other related matters.

NOW THEREFORE, the City Council of the City of Anacortes, Washington (the "City"), do ordain as follows:

Section 1. Recitals and Findings. The City Council makes the findings and determinations set forth below. Capitalized terms that are not defined have the meanings given in Section 2 of this ordinance.

1.1 **Utility System.** The City of Anacortes (the "City") now owns, operates and maintains a water supply and distribution system, a storm drainage system, garbage utility, and a sanitary sewage system. Pursuant to Ordinance No. 2763, passed and approved on May 21, 2007, these utilities were combined into a combined utility system (the "Utility System"), pursuant to RCW 35.67.320.

1.2 **Outstanding Senior Lien Bonds.** Pursuant to Ordinance Nos. 2763, 2842 and 2882 (collectively, the "Senior Lien Bond Ordinances"), the City previously issued its 2007 Senior Lien Bonds, its 2010 Senior Lien Bonds and its 2012 Senior Lien Bonds (each as defined below, and collectively referred to as the "Senior Lien Bonds") which constitute a lien and charge upon the Net Revenue of the Utility System (and certain ULID assessments pledged to payment of such Senior Lien Bonds, if any) prior and superior to any other charges whatsoever, and reserved the right to issue additional Utility System revenue bonds on a parity of lien under certain conditions set forth in those ordinances.

1.3 **Closing of Senior Lien; Creation of New Parity Obligation Lien.** The City now desires to close the lien established pursuant to the Senior Lien Bond Ordinances, to revoke the authority to issue additional Senior Lien Bonds, and to establish a new lien for Parity Obligations, as

set forth in this ordinance, which will constitute a lien and charge upon the Net Revenue subordinate to the lien of the Senior Lien Bonds but prior and superior to any other charges whatsoever, and will constitute a first priority lien and charge upon any Pledged ULID Assessments.

1.4 Findings With Respect to the Refunding of the 2007 Senior Lien Bonds. Pursuant to the 2007 Senior Lien Bond Ordinance, the City previously issued Utility System Improvement and Refunding Bonds, 2007 (Water System Segments 5 & 6) (the “2007 Senior Lien Bonds”) in the original aggregate principal amount \$13,400,000, for the purposes of (1) paying a portion of the costs of the Plan of Additions identified therein; (2) carrying out an advance refunding of its then-outstanding Water Revenue Bonds, 2002; (3) carrying out an advance refunding of its then-outstanding Water Revenue Bonds, 2003; and (4) paying the costs of issuance and administrative costs of the refunding. In the 2007 Senior Lien Bond Ordinance, the City reserved the right to redeem the 2007 Senior Lien Bonds maturing on and after December 1, 2018 prior to their maturity at any time on or after December 1, 2017, at a price of par plus accrued interest to the date fixed for redemption.

1.5 Refunding Plan. Pursuant to chapter 39.53 RCW and other applicable State law, the City is authorized to carry out the Refunding Plan, and after due consideration, it appears to the City Council that, in order to establish new covenants and to achieve an overall debt service savings, it is in the best interest of the City and its ratepayers to issue and sell the combined utility system revenue bonds authorized in this ordinance, in order to refund the outstanding 2007 Senior Lien Bonds by carrying out the Refunding Plan (as defined herein) and to establish a new Parity Obligation lien position with new covenants to be effective following the delivery of the Bond and the carrying out of that refunding. Further, to effect that refunding in the manner most advantageous to the City, the Council finds it necessary and advisable to purchase certain Acquired Obligations (as defined below), bearing interest and maturing at such time or times as necessary to accomplish the refunding, out of a portion of the proceeds of the Bond and other money of the City.

1.6 Issuance of the Bond. For the purpose of providing the funds necessary to carry out the Refunding Plan and to pay the administrative costs and costs of issuance, the City Council finds that it is in the best interests of the City and its ratepayers to issue and sell the Bond to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the City’s Designated Representative consistent with this ordinance.

Section 2. Definitions. As used in this ordinance the following words shall have the following meanings:

“2007 Senior Lien Bond Ordinance” means Ordinance No. 2763, passed on May 21, 2007, authorizing the issuance of the 2007 Senior Lien Bonds.

“2007 Senior Lien Bonds” means the City’s Utility System Improvement and Refunding Bonds, 2007 (Water System Segments 5 & 6), originally issued in the aggregate principal amount \$13,400,000 pursuant to the 2007 Senior Lien Bond Ordinance.

“2010 Senior Lien Bond Ordinance” means Ordinance No. 2842, passed on November 10, 2010, authorizing the issuance of the 2010 Senior Lien Bonds.

“2010 Senior Lien Bonds” means the City’s Utility System Improvement Revenue Bonds, 2010 (Taxable Build America Bonds – Direct Payment), issued in the original aggregate principal amount of \$44,300,000, pursuant to the 2010 Senior Lien Bond Ordinance.

“2012 Senior Lien Bond Ordinance” means Ordinance No. 2882, passed on July 2, 2012, authorizing the issuance of the 2012 Senior Lien Bonds.

“2012 Senior Lien Bonds” means the City’s Utility System Revenue Bonds, 2012, issued in the original aggregate principal amount of \$12,320,000, pursuant to the 2012 Senior Lien Bond Ordinance.

“Acquired Obligations” means those United States Treasury Certificates of Indebtedness, Notes, and Bonds – State and Local Government Series or other Government Obligations, as identified in the Refunding Trust Agreement, which are purchased to accomplish the refunding of the Refundable Bonds as authorized by this ordinance.

“Adjusted Net Revenue” means Net Revenue, adjusted by adding (a) any amount on deposit in the Principal and Interest Account of the Senior Bond Fund and the Parity Debt Service Account on the last business day prior to the commencement of that calendar year, or (b) for current year calculations, the amount on deposit in such accounts as of a date not more than 30 days prior to the date of calculation.

“Annual Debt Service” for any calendar year means the sum of the amounts required in such calendar year to pay (a) the interest due in such calendar year on all Parity Obligations (and/or Senior Lien Bonds, as applicable) then outstanding, excluding interest to be paid from the proceeds of the sale of Parity Obligations or other bonds; (b) the principal of all Parity Obligations (and/or Senior Lien Bonds, as applicable) that are Serial Bonds coming due in such calendar year; and (c) the mandatory redemption payments scheduled for such calendar year in respect of Parity Obligations (and/or Senior Lien Bonds, as applicable) that are Term Bonds. For purposes of calculating and determining compliance with the Coverage Requirement, the Reserve Requirement and the conditions for the issuance of Future Parity Obligations, the following shall apply: (i) Annual Debt Service shall generally be calculated on a calendar year basis, beginning with the calendar year following the date of calculation; (ii) Annual Debt Service shall be reduced by the amount of all Tax Credit Subsidy Payments that are scheduled to be received by the City in respect of Tax Credit Subsidy Bonds; (iii) Annual Debt Service shall be reduced by the amount of Pledged ULID Assessments due in that calendar year and not delinquent; and (iv) Annual Debt Service shall be reduced by any amount provided to be paid from proceeds of bonds (including amounts in a refunding or defeasance escrow account), and by earnings from investments in the Senior Reserve Account and in any Parity Reserve Account.

“Authorized Denomination” means \$5,000 or any integral multiple thereof within a maturity.

“Average Annual Debt Service” means, as of its date of calculation, the sum of Annual Debt Service for all calendar years during which the applicable bonds are scheduled to remain outstanding, divided by the number of those calendar years (without regard to bond years).

“Beneficial Owner” means the owner of any beneficial interest in a Bond.

“Bond Counsel” means Stradling Yocca Carlson & Rauth, a Professional Corporation, or any firm of lawyers nationally recognized and accepted as bond counsel and so engaged by the City for that purpose.

“Bond Purchase Contract” means an offer to purchase the Bond presented by the Purchaser and accepted by the Designated Representative, acting on behalf of the City, setting forth certain terms and conditions of the issuance, sale and delivery of the Bond. A Bond Purchase Contract may be in the form of a direct placement agreement, continuing covenant agreement or other similar form of agreement with a direct purchaser of the Bond. In the case of a competitive sale, the winning bidder’s bid, together with the official notice of sale and a Pricing Certificate confirming the Bond Sale Terms, shall comprise the Bond Purchase Contract.

“Bond Register” means the books or records maintained by the Bond Registrar on which are recorded the names and addresses of the Registered Owner of each of the Parity Obligations.

“Bond Registrar” means, as determined by the City’s Designated Representative, the City’s Finance Director, the Fiscal Agent, or another agent qualified to serve as registrar and to maintain the Bond Register in accordance with the Registration Ordinance.

“Bond Sale Terms” means the terms and conditions for the sale of the Bond approved by the City’s Designated Representative consistent with the parameters set forth in Exhibit A, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining the interest rate or rates), payment dates, final maturity, redemption rights, price and other terms, conditions or covenants. In connection with a negotiated sale or private placement, the Bond Sale Terms shall be set forth in a Bond Purchase Contract; in connection with a competitive sale, the Bond Sale Terms shall be memorialized in a Pricing Certificate.

“Bond” means the not to exceed [\$7,500,000] principal amount Utility System Revenue Refunding Bond, 2017 (Parity Obligation Lien), authorized to be issued by this ordinance.

“Book-Entry Form” means a fully registered form in which physical bond certificates are registered only in the name of the Securities Depository (or its nominee), as Registered Owner, with the physical bond certificates held by and immobilized in the custody of the Securities Depository (or its designee), where the system for recording and identifying the transfer of ownership interest of the Beneficial Owners in those bonds is neither maintained by nor the responsibility of the City or the Bond Registrar.

“City” means the City of Anacortes, Washington, a code city duly organized and existing under the laws of the State.

“City Contribution” means legally available money of the City (from any source other than proceeds of sale of the Bond) that is allocated to carrying out the Refunding Plan.

“City Council” means the City Council of the City.

“Code” means the Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

“Common Reserve Bonds” means any series of Future Parity Obligations that may be designated by the City as a Common Reserve Bond, secured by the Common Reserve Account. The Bond is not designated as a Common Reserve Bond.

“Common Reserve Account” means an account to serve as a common reserve for all Common Reserve Bonds, which the Finance Director is authorized to create and maintain within the Utility System Bond Fund for the purpose of securing Future Parity Obligations that are designated as Common Reserve Bonds. The Common Reserve Account is a Parity Reserve Account.

“Contract Resource Obligation” means an obligation of the City that is designated as a Contract Resource Obligation and is entered into in accordance with Section 18.

“Coverage Requirement” means that Adjusted Net Revenue in each calendar year must be equal to at least [1.25] times the Average Annual Debt Service on all then-outstanding Senior Lien Bonds and Parity Obligations.

“DTC” means The Depository Trust Company, New York, New York, or its nominee.

“Designated Representative” means the officer or employee of the City appointed in Section 4 of this ordinance to serve as the City’s designated representative in accordance with RCW 39.46.040(2) for purposes of accepting, on behalf of the City, an offer to purchase the Bond on Bond Sale Terms consistent with this ordinance and the parameters set forth herein.

“Event of Default” shall have the meaning assigned to that term in Section 22.

“Finance Director” means the person who holds the office or has the official responsibilities of Treasurer of the City or successor office.

“Fiscal Agent” means the fiscal agent of the State, as the same may be designated by the State from time to time.

“Future Parity Obligation Ordinance” means any ordinance passed by the City Council providing for the issuance and sale of a series of Future Parity Obligations, and any other ordinance amending or supplementing the provisions of any such ordinance.

“Future Parity Obligations” means all revenue bonds and other obligations of the City for borrowed money (including, without limitation, financing leases) issued or incurred after the date of the issuance of the Bond authorized by this ordinance, the payment of which constitutes a lien and charge on the Net Revenue and Pledged ULID Assessments equal in rank with the lien and charge upon such revenue and assessments required to be paid into the Parity Obligation Debt Service Account to pay and secure the payment of the principal of and interest on the Bond and other outstanding Parity Obligations.

“Government Obligations” means, unless otherwise limited in the Bond Purchase Contract, those obligations described under the definition of government obligations in RCW 39.53.010(4), as it now reads or hereafter may be amended, and which are otherwise lawful investments for the City at the time of such investment.

“Gross Revenue” means all of the earnings and revenues received by the City from the maintenance and operation of the Utility System from any source whatsoever, including but not

limited to revenues from the sale, lease or furnishing of commodities, services, properties or facilities; all earnings from the investment of money in the Utility System Bond Fund; earnings from the investment of money in any maintenance fund or similar fund; all connection and capital improvement charges collected for the purpose of defraying the cost of capital facilities of the Utility System; and withdrawals from the Rate Stabilization Fund. However, the Gross Revenue shall not include: (a) revenues from general ad valorem taxes; (b) principal proceeds of Parity Obligations or any other borrowings, or earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the Utility System (until commingled with other earnings and revenues included in the Gross Revenue) or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (c) income and revenue which may not legally be pledged for revenue bond debt service; (d) improvement district assessments; (e) federal or state grants, and gifts from any source, allocated to capital projects; (f) payments under bond insurance or other credit enhancement policy or device; (g) insurance or condemnation proceeds used for the replacement of capital projects or equipment; (h) proceeds from the sale of System property; (i) earnings in any construction fund or bond redemption fund; (j) deposits to the Rate Stabilization Fund; or (k) revenue from any Separate System.

“Independent Utility Consultant” means a professional consultant experienced with municipal utilities of comparable size and character to the Utility System.

“Issue Date” means the date of initial delivery of the Bond to the Purchaser.

“Letter of Representations” means the Blanket Issuer Letter of Representations dated December 8, 1997, between the City and DTC and any successor or substitute letter relating to the operational procedures of the Securities Depository.

“MSRB” means the Municipal Securities Rulemaking Board.

“Maximum Annual Debt Service” means, as of the date of calculation, the maximum amount of Annual Debt Service that will mature or come due in the current calendar year or any future calendar year with respect to the relevant bonds.

“Net Revenue” for any calendar year means the Gross Revenue for that calendar year less Operations and Maintenance Costs for that calendar year plus any withdrawals from the Rate Stabilization Fund made in accordance with Section 19 of this ordinance. In calculating Net Revenue, the City shall not take into account any non-cash gains or losses with respect to any real or personal property, investment or agreement that it may be required to recognize under generally accepted accounting principles, such as unrealized mark-to-market gains and losses.

“Operations and Maintenance Costs” means all reasonable expenses incurred by the City in causing the Utility System to be operated and maintained in good repair, working order and condition, including without limitation payments of premiums for insurance on the Utility System; costs incurred in connection with the acquisition of water or the securing of water rights; payments to any public or private entity for water service, sewage treatment and disposal service or other utility service in the event that the City combines such service into the combined utility system and enters into a contract for such service, including pro-rata budget allocations or charges for the City’s administration expenses where those represent a reasonable distribution and share of actual costs; and any State-imposed taxes. Operations and Maintenance Costs shall exclude depreciation, amortization or other similar recognitions of non-cash expense items made for accounting purposes only; taxes

levied or imposed by the City; payments-in-lieu-of-taxes paid to the City; capital additions and capital replacements to the Utility System.

“Owner” means, without distinction, the Registered Owner and the Beneficial Owner.

“Parity Certificate” means a certificate delivered pursuant to Exhibit B for purposes of satisfying the Parity Conditions in connection with the issuance of Future Parity Obligations.

“Parity Conditions” means those conditions for the issuance of Future Parity Obligations, set forth in Exhibit B to this ordinance.

“Parity Obligation Debt Service Account” means that special fund or account created pursuant to Section 14 of this ordinance, within the previously established Utility System Bond Fund, to provide for the payment of principal of and interest on the Parity Obligations.

“Parity Obligations” means the Bond and any Future Parity Obligations.

“Parity Reserve Account” means any account within the Utility System Bond Fund that may be created in the future as a debt service reserve account securing payment of the principal of and/or interest on one or more series of Parity Obligations. The Common Reserve Account (if any) is a Parity Reserve Account.

“Permitted Investments” means investments that are legal investments for the City at the time of such investment.

“Pledged ULID Assessments” means all utility local improvement district assessments and installments thereof (including interest and penalties on assessments) collected in respect of a ULID created to finance improvements to the Utility System, which assessments are pledged to the payment of Parity Obligations.

“Pricing Certificate” means a certificate executed by the City’s Designated Representative as of the pricing date confirming the Bond Sale Terms for the sale of the Bond to the Purchaser, in accordance with the parameters set forth in Exhibit A.

“Purchaser” means such corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement, or underwriter in a negotiated sale.

“Rate Stabilization Fund” means the fund described in Section 19 of this ordinance.

“Rating Agency” means Moody’s Investors Service Inc., Standard & Poor’s, Fitch, the recognized successors of any of the foregoing, or any other nationally-recognized securities rating agency or agencies then maintain a rating on any of the City’s then-outstanding Utility System Revenue Bonds.

“Redemption Date” means the date or dates as set forth in the Refunding Plan for the call, payment and redemption of the Refundable Bond.

“Record Date” means, unless otherwise defined in the Bond Purchase Contract, in the case of each interest or principal payment date, the Bond Registrar’s close of business on the 15th day of the

month preceding the interest or principal payment date. With regard to redemption of the Bond prior to its maturity, the Record Date shall mean the Bond Registrar's close of business on the day prior to the date on which the Bond Registrar sends the notice of redemption to the Registered Owner of the Bond.

"Refundable Bonds" means the following currently outstanding maturities of the 2007 Senior Lien Bonds, the current refunding of which is authorized in this ordinance:

Maturity (Dec. 1)	Principal Amounts	Interest Rates	Maturity (Dec. 1)	Principal Amounts	Interest Rates
2018	\$690,000	4.000%	2022*	\$1,600,000	4.450%
2019	725,000	4.000	2024*	1,335,000	4.250
2020	750,000	4.125	2026*	1,450,000	4.375

*Term Bonds

"Refunding Plan" means the following plan for the current refunding of the Refundable Bonds, as it may be further detailed in the Refunding Trust Agreement:

(a) The deposit with the Refunding Trustee of proceeds of the sale of the Bond allocated to the Refunding Plan, together with the City Contribution (if any), in an amount sufficient to acquire the Acquired Obligations (if any), and establish a beginning cash balance;

(b) The purchase by the Refunding Trustee of the maturing principal of and interest on the Acquired Obligations and the application of such amounts, together with any other cash balance held by it on the Redemption Date, to the call payment and redemption of the Refundable Bonds at a price equal to 100% of the principal amount to be redeemed plus accrued interest to that date; and

(c) At the direction of the City's Designated Representative, the payment of the costs of issuing the Bond and the costs of carrying out the foregoing elements of the Refunding Plan.

"Refunding Trust Agreement" means a refunding trust agreement between the City and the Refunding Trustee providing for the carrying out of the 2007 Refunding Plan.

"Refunding Trustee" means the trustee, or any successor trustee, selected by the Designated Representative to serve as refunding trustee pursuant to Section 11.

"Registered Owner" means the person in whose name a Bond is registered on the Bond Register. If the Bond is in Book-Entry Form under the Letter of Representations, Registered Owner shall mean the Securities Depository.

"Registration Ordinance" means Ordinance No. 1944 establishing a system of registration for the City's bonds and other obligations.

"Reserve Requirement" means (a) for the Bond, zero dollars; (b) for any Future Parity Obligations that are designated as Common Reserve Bonds, an incremental amount to be added to the Common Reserve Account, determined as set forth in the Future Parity Obligation Ordinance, provided that the sum of the Reserve Requirements for all Common Reserve Bonds may not exceed

the maximum dollar amount permitted by the Code to be allocated to a debt service reserve fund from tax-exempt or tax-advantaged bond proceeds, without requiring such amounts to be invested at a restricted yield; and (c) for any Future Parity Obligations other than those designated as Common Reserve Bonds, an amount determined as set forth in the ordinance authorizing such series of Future Parity Obligations, which amount may be zero.

“Reserve Security” means any bond insurance, security, letter of credit, guaranty, surety bond or similar credit enhancement device providing for or securing the payment of all or part of the principal of and interest on the Parity Obligations, issued by an institution which has been assigned a credit rating at the time of issuance of the Reserve Security that is in one of the two highest rating categories of [at least one/two] Rating Agencies, without regard to any gradations within a rating category.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934, as amended.

“SEC” means the United States Securities and Exchange Commission.

“Securities Depository” means DTC, any successor thereto, any substitute securities depository selected by the City (or the nominee of any of the foregoing). Any successor or substitute Securities Depository must be qualified under applicable laws and regulations to provide the services proposed to be provided by it.

“Senior Lien Debt Service Account” means the Principal and Interest Account within the Utility System Bond Fund, originally created for the purpose of paying and securing the principal of and interest on the City’s Senior Lien Bonds.

“Senior Lien Bonds” means the 2007 Senior Lien Bonds, the 2010 Senior Lien Bonds and the 2012 Senior Lien Bonds.

“Senior Lien Reserve Account” means the account of that name created in the Utility System Bond Fund.

“Separate System” means any water supply, sewage collection or treatment, stormwater or other utility service or facilities that may be created, acquired or constructed by the City as provided in Section 17 of this ordinance.

“Serial Bonds” means obligations maturing in specified years, which are not designated as Term Bonds and for which no mandatory redemption installments are scheduled.

“Significant Wholesale Customer” means any person, firm, corporation or municipal corporation under any executed contract for water or other utility service, the revenue from which contract comprises 10% or more of the Gross Revenue of the Utility System.

“State” means the State of Washington.

“State Auditor” means the office of the Auditor of the State or such other department or office of the State authorized and directed by State law to make audits.

“Tax Credit Subsidy Bond” means any bond that is designated by the City as a “build America bond” or other similar type of tax credit bond pursuant to the Code, and which is further designated as a “qualified bond” under Section 6431 of the Code (or a similar section of the Code), and with respect to which the City is eligible to receive a Tax Credit Subsidy Payment.

“Tax Credit Subsidy Payment” means the amounts which the City expects to receive as a tax credit payable by the United States Treasury to the City under Section 6431 of the Code (or a similar section of the Code), in respect of any bonds issued as Tax Credit Subsidy Bonds.

“Term Bond” means a Utility System Revenue Obligation that is subject to mandatory redemption prior to its scheduled maturity date or dates in mandatory redemption installments set forth in the Bond Purchase Contract or Pricing Certificate.

“ULID” means utility local improvement district.

“Utility System” or ***“System”*** means (a) the water supply and distribution system of the City, as it now exists and including all additions, betterments and extensions at any time made; (b) the sanitary sewage collection, treatment and disposal system, septic inspection and maintenance system of the City; (c) any storm and surface water drainage system of the City; (d) any garbage and refuse collection and disposal system; and (e) any other system or utility that may lawfully be combined with the foregoing. The Utility System shall not include any Separate System of the City.

“Utility System Bond Fund” means the special fund known as the Utility System Bond Fund, created pursuant to Section 10 of Ordinance No. 2763, passed on May 21, 2007, for the purpose of paying and securing the obligations of the Utility System of the City.

“Utility System Revenue Obligations” means the Senior Lien Bonds, the Parity Obligations (including the Bond), and any other obligations that may be authorized in the future that are made payable solely from accounts within the Utility System Bond Fund.

Section 3. Authorization of the Bond; Finding of Sufficiency of Gross Revenue.

3.1 **The Bond.** The City is authorized to issue the Bond in a principal amount not to exceed [\$7,500,000], for the purpose of providing the funds to carry out a current refunding of the City’s outstanding Utility System Improvement and Refunding Revenue Bonds, 2007 (Water System Segments 5 & 6) and to pay the administrative costs of the refunding and the costs of issuance of the Bond.

3.2 **Sufficiency of Gross Revenue and Due Regard.** The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the Utility System at the rates to be charged for services from the Utility System will be more than sufficient to meet all Operations and Maintenance Costs and to permit the setting aside out of the Gross Revenue, into the Utility System Bond Fund, of amounts sufficient to pay the principal of and interest on the Outstanding Senior Lien Bonds and the Bond, when due. The City Council finds that, in creating the Utility System Bond Fund and in fixing the amounts to be paid into it in accordance with the Senior Lien Bond Ordinances and the parameters for the Bond Sale Terms set forth in this ordinance, the City Council has exercised due regard for the costs of operation and maintenance of the Utility System (the “Operations and Maintenance Costs”), and has not obligated the City to set

aside and pay into the Utility System Bond Funds a greater amount of Gross Revenue of the Utility System than in its judgment will be available over above such Operations and Maintenance Costs.

Section 4. Appointment of Designated Representative; Manner of Sale of the Bond.

For purposes of this ordinance, the [Finance Director] is appointed and authorized to act as the City's Designated Representative pursuant to RCW 39.46.040(2), to conduct the sale of the Bond in the manner and upon the terms deemed most advantageous to the City, and to approve the Bond Sale Terms, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 5. Bond Registrar; Registration and Transfer of Bond.

5.1 Registration of the Bond; Bond Registrar. The Bond shall be issued only in registered form as to both principal and interest and shall be recorded on the Bond Register. The Fiscal Agent is appointed to act as Bond Registrar for each Series of the Bonds, unless otherwise determined by the Director of Finance.

5.2 Transfer and Exchange. The Bond Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bond, which shall be open to inspection by the City at all times. The Bond Register shall contain the name and mailing address of the Registered Owner of the Bond and the principal amount of the Bond held by the Registered Owner. The Bond Registrar is authorized, on behalf of the City, to authenticate and deliver a Bond that is transferred or exchanged in accordance with the provisions of the Bond and this ordinance, to serve as the City's paying agent for the Bond and to carry out all of the Bond Registrar's powers and duties under this ordinance and the Registration Ordinance.

The Bond Registrar shall be responsible for its representations contained in the Bond Registrar's Certificate of Authentication on the Bond. The Bond Registrar may become an Owner of Bond with the same rights it would have if it were not the Bond Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

If the Bond is surrendered to the Bond Registrar, it may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same interest rate, maturity and series. The Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Bond Registrar. Any exchange or transfer shall be without cost to the owner or transferee. The Bond Registrar shall not be obligated to exchange or transfer any Bond during the 15 days preceding any principal payment or redemption date.

5.3 Securities Depository; Book-Entry Only Form. The Designated Representative may appoint a Securities Depository for the Bond, in accordance with the Bond Sale Terms and the Bond Purchase Contract. If the Bond is to be issued in Book-Entry Form, DTC shall be appointed as initial Securities Depository and the Bond initially shall be registered in the name of Cede& Co., as the nominee of DTC. The Bond so registered shall be held fully immobilized in Book-Entry Form by the Securities Depository in accordance with the provisions of the Letter of Representations. Neither the City nor the Bond Registrar shall have any responsibility or obligation to DTC participants or the persons for whom they act as nominees with respect to the Bond regarding accuracy of any records maintained by DTC or DTC participants of any amount in respect of principal of or interest on the

Bond, or any notice which is permitted or required to be given to Registered Owners hereunder (except such notice as is required to be given by the Bond Registrar to DTC). For so long as the Bond is held in Book-Entry Form, DTC, its nominee or its successor depository shall be deemed to be the Registered Owner for all purposes hereunder and all references to Registered Owner shall mean DTC, its nominee or successor depository and shall not mean the Beneficial Owner. Registered ownership of such Bond, or any portions thereof, may not thereafter be transferred except: (i) to any successor of DTC or its nominee, if that successor shall be qualified under any applicable laws to provide the services proposed to be provided by it; (ii) to any substitute depository appointed by the City or such substitute depository's successor; or (iii) to any person if the Bond is no longer held in Book-Entry Form. Upon the resignation of the Securities Depository from its functions as depository, or upon a determination by the Finance Director to discontinue utilizing the then-current Securities Depository, the Finance Director may appoint a substitute Securities Depository. If the Securities Depository resigns from its functions as depository and no substitute Securities Depository can be obtained, or if the Director of Finance determines not to utilize a Securities Depository, then the Bonds shall no longer be held in Book-Entry Form and ownership may be transferred only as provided herein. Nothing herein shall prevent the Bond Sale Terms from providing that the Bond shall be issued in certificated form without utilizing a Securities Depository, and that the Bond shall be registered as of its Issue Date in the name of the Registered Owner thereof, in which case ownership may be transferred only as provided herein.

5.4 Lost or Stolen Bond. In case the Bond shall be lost, stolen or destroyed, the Bond Registrar may authenticate and deliver a new bond or bonds of like amount, date, tenor, and effect to the Registered Owner thereof upon the Registered Owner paying the expenses and charges of the City in connection therewith and upon filing with the Bond Registrar evidence satisfactory to the Bond Registrar that such bond or bonds were actually lost, stolen or destroyed and of Registered Ownership thereof, and upon furnishing the City with indemnity satisfactory to both.

Section 6. Form and Execution of the Bond. The Bond shall be prepared in a form consistent with the provisions of this ordinance and State law and shall be signed by the Mayor and City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. Only a Bond bearing a certificate of authentication in substantially the following form, manually signed by the Bond Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "This Bond is the fully registered City of Anacortes, Washington, Utility System Improvement Revenue Bond, 2017 (New Parity Lien), described in [this ordinance]." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance. If any officer whose manual or facsimile signature appears on the Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated or delivered by the Bond Registrar or issued by the City, the Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. The Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on the date of issuance of the Bond.

Section 7. Payment of the Bond; Failure to Pay.

7.1 **Payment.** The Bond shall be payable in lawful money of the United States of America on the dates and in the amounts as provided in the Pricing Certificate. Principal of and interest on each Bond issued as a Parity Obligation shall be payable solely out of the Parity Obligation Debt Service Account and shall not be a general obligation of the City.

7.2 **Bond Held in Book-Entry Form.** If the Bond is held in Book-Entry Form, principal of and interest shall be payable in the manner set forth in the Letter of Representations.

7.3 **Bond Not Held in Book-Entry Form.** If the Bond is not in Book-Entry Form, interest shall be payable either by electronic transfer on the interest payment date, or by check or draft of the Bond Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. However, the City is not required to make electronic transfers except pursuant to a request by the Registered Owner in writing received at least ten days prior to the Record Date and at the sole expense of the Registered Owner. Principal shall be payable upon presentation and surrender of the Bond by the Registered Owner to the Bond Registrar.

7.4 **Failure to Pay the Bond.** If the Bond is not paid when properly presented at its maturity or date fixed for redemption, the City shall be obligated to pay, solely from the Parity Obligation Debt Service Account, interest on the Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption until the Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Utility System Bond Fund and the Bond has been called for payment by giving notice of that call to the Registered Owner. The Bond is not subject to acceleration under any circumstances.

Section 8. Redemption and Purchase Provisions.

8.1 **Optional Redemption.** The Bond shall be subject to redemption at the option of the City on terms acceptable to the Designated Representative, as set forth in the Pricing Certificate, consistent with the parameters set forth in Exhibit A.

8.2 **Mandatory Redemption.** The Designated Representative may designate the Bond as a Term Bond in the Pricing Certificate. If not redeemed or purchased at the City's option prior to maturity, a Term Bond must be redeemed, at a price equal to one hundred percent of the principal amount to be redeemed plus accrued interest, on the dates and in the years and mandatory redemption installments as set forth in the Pricing Certificate. If the City optionally redeems, defeases or purchases a Term Bond prior to maturity, the principal amount of that Term Bond that is so redeemed, defeased or purchased (irrespective of its redemption or purchase price) shall be credited against one or more remaining scheduled mandatory redemption installments in the manner as directed by the Finance Director. In the absence of direction by the Finance Director, credit shall be allocated to the remaining installments for that Term Bond on a *pro rata* basis.

8.3 **Partial Redemption; Selection of Bonds for Redemption.** Portions of the principal amount of the Bond, in any Authorized Denomination, may be redeemed prior to maturity. If less than all of the outstanding principal of the Bond is to be optionally redeemed prior to maturity, unless otherwise set forth in the Bond Purchase Contract, the portion to be redeemed shall be selected for redemption randomly within such maturity in such manner as the Bond Registrar shall determine. If

the Bond is held in Book-Entry Form, selection of portions of the Bond for redemption shall be in accordance with the Letter of Representations and the Bond Registrar shall select all other portions to be redeemed randomly in such manner as the Bond Registrar shall determine. If less than all of the principal amount of the Bond is redeemed, upon surrender of the Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same interest rate and maturity in any Authorized Denomination in the aggregate principal amount remaining unredeemed.

8.4 Notice of Redemption. If the Bond is held in Book-Entry Form, notice of redemption of shall be given in accordance with the Letter of Representations. Otherwise, unless waived by the Registered Owner or unless otherwise provided in the Bond Purchase Contract, notice shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption by first-class mail, postage prepaid, to the Registered Owner of the Bond (or portion thereof to be redeemed) at the address appearing on the Bond Register at the time the Bond Registrar prepares the notice, and the requirements of this sentence shall be deemed to have been fulfilled when notice has been mailed as so provided, whether or not it is actually received by any Owner of the Bond. In addition, the redemption notice shall be mailed or sent electronically within the same period to the MSRB (if required), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption of the Bond. If notice of redemption is given as provided in this ordinance and is not rescinded (as provided in Section 8.5), the Bond (or portion thereof subject to redemption) shall become due on the date fixed for redemption. Interest on the Bond (or portion thereof) shall cease to accrue on the date fixed for redemption unless the Bond (or portion thereof) is not paid when properly presented.

8.5 Rescission of Optional Redemption Notice. Unless otherwise provided in the Bond Purchase Contract, in the case of an optional redemption, the notice of redemption may state that the City retains the right to rescind the redemption notice and the related optional redemption of Bond by giving a notice of rescission to the affected Registered Owners at any time on or prior to the scheduled optional redemption date. Any notice of optional redemption that is so rescinded shall be of no effect, and the Bond (or portion thereof for which the notice of optional redemption has been rescinded) shall remain outstanding.

8.6 Purchase by City. The City reserves the right and option to purchase the Bond at any time at any price acceptable to the City plus accrued interest to the date of purchase.

Section 9. Refunding or Defeasance of the Bond. The City may issue refunding bonds pursuant to the laws of the State or use money available from any other lawful source to pay when due the principal of and interest on those Parity Obligations, or any portion thereof included in a refunding or defeasance plan (the "Defeased Bonds"), and to redeem and retire, refund or defease such Defeased Bonds and to pay the costs of such refunding or defeasance. If the City deposits irrevocably with an escrow agent money and/or Government Obligations sufficient in amount, together with the earnings thereon, are sufficient to pay the principal of and premium, if any, on the Defeased Bonds, together with all interest accruing thereon to the due date or redemption date, and pays or makes provision for payment of all fees, costs and expenses of that escrow agent due or to become due with respect to the Defeased Bonds, all liability of the City and the Utility System with respect to the Defeased Bonds shall cease, the Defeased Bonds shall be deemed not to be outstanding hereunder and the registered owners of the Defeased Bonds shall be restricted exclusively to the money or Government Obligations so deposited, together with any earnings thereon, for any claim of

whatsoever nature with respect to the Defeased Bonds, and that escrow agent shall hold that money, Government Obligations and earnings in trust exclusively for those registered owners and that money, Government Obligations and earnings shall not secure any other Parity Obligations under this ordinance. After establishing such an escrow account, the City may apply any money in any other fund or account established for the payment or redemption of the Defeased Bonds to any lawful purposes as it shall determine, subject only to the rights of the owners of any other Parity Obligations then outstanding. Defeased Bonds shall be excluded from computation of the Coverage Requirements and other covenants under this ordinance.

Section 10. Deposit of Bond Proceeds.

10.1 **Deposit to Refunding Escrow.** On the Issue Date, the City shall cause the proceeds of the Bonds allocated to carrying out the Refunding Plan to be deposited with the Refunding Trustee and used to carry out the Refunding Plan in accordance with Section 11 and the Refunding Trust Agreement.

10.2 **Costs of Issuance.** The portion of the proceeds allocable to payment of costs related to the sale, issuance and delivery of the Bond may be transferred to the Refunding Trustee to be used to pay such costs in accordance with an executed Refunding Trust Agreement, or may be retained by the City to be used to pay such costs directly, as the Finance Director may determine is most convenient.

10.3 **Remaining Proceeds (if any).** The proceeds of the Bonds remaining after the City makes all deposits described in this section shall be deposited into the Parity Obligation Debt Service Account to pay interest on the Bond on the next interest payment date.

Section 11. Refunding of the Refundable Bonds.

11.1 **Appointment of the Refunding Trustee; Selection of Refundable Bonds.** The Finance Director is authorized and directed to appoint a the Refunding Trustee in accordance with chapter 39.53 RCW, and the Designated Representative is authorized to execute on behalf of the City a Refunding Trust Agreement providing for the carrying out of the Refunding Plan, as defined herein and as further detailed therein.

11.2 **Use of Bond Proceeds for Refunding Plan; Acquisition of Acquired Obligations.** On the Issue Date, proceeds of the sale of the Bonds allocated to carrying out the Refunding Plan (together with any City Contribution) shall be deposited with the Refunding Trustee and used to discharge the obligations of the City relating to the Refundable Bonds by carrying out that Refunding Plan in accordance with the Refunding Trust Agreement. The Acquired Obligations (if any) shall be listed and more particularly described in an exhibit attached to the Refunding Trust Agreement, shall conform to the requirements of the 2007 Senior Lien Bond Ordinance, and are subject to substitution as set forth below. Any Bond proceeds or other money deposited with the Refunding Trustee not needed to carry out the Refunding Plan (or to pay administrative costs and costs of issuance) shall be returned to the City for deposit in the Bond Fund to pay interest on the Bonds on the next upcoming interest payment date.

11.3 **Substitution of Acquired Obligations.** The City reserves the right at any time to substitute cash or other Government Obligations conforming to the requirements of the 2007 Senior Lien Bond Ordinance ("Substitute Obligations") for any of the Acquired Obligations if the City

obtains, (a) an opinion of Bond Counsel to the effect that the interest on the Bond and the Refundable Bonds will remain excluded from gross income for federal income tax purposes under Sections 103, 148 and 149(d) of the Code, and (b) a verification by a nationally recognized independent certified public accounting firm that such substitution will not impair the timely payment of the amounts required to be paid by the Refunding Plan. Any surplus money resulting from the sale, transfer, other disposition or redemption of the Acquired Obligations and the substitutions therefor shall be released from the trust estate and transferred to the City to be used for any lawful City purpose.

11.4 Refunding Trust Agreement; Administration of Refunding Plan. The Designated Representative is authorized to execute a Refunding Trust Agreement setting forth the duties, obligations and responsibilities of the Refunding Trustee in connection with the carrying out of the Refunding Plan. The Refunding Trust Agreement may, among other things, authorize and direct the Refunding Trustee to purchase the Acquired Obligations (or Substitute Obligations) and shall direct the Refunding Trustee to make the payments required to be made by the Refunding Plan. The money deposited with the Refunding Trustee (and Acquired Obligations or Substitute Obligations acquired therewith) and any income therefrom shall be held irrevocably, invested and applied in accordance with the provisions of the applicable 2007 Senior Lien Bond Ordinance, this ordinance, chapter 39.53 RCW and other applicable State law. All administrative costs (including without limitation all necessary and proper fees, compensation and expenses of the Refunding Trustee for the Bonds and all other costs incidental to the setting up of the escrow to accomplish the Refunding Plan) and costs of issuance of the Bonds may be paid out of the amounts deposited with the Refunding Trustee or other available money of the City, in accordance with the Refunding Trust Agreement.

11.5 Call for Redemption of the Refundable Bonds. The Finance Director is authorized to take all action necessary to call the Refundable Bonds for redemption on the Redemption Date in accordance with the 2007 Senior Lien Bond Ordinance and this ordinance. Such call for redemption shall identify the Refundable Bonds, the maturity dates, the Redemption Date and redemption price (expressed as a percentage of par, plus accrued interest), and shall be irrevocable after the Bond is delivered to the Purchaser. The Finance Director is authorized and directed to give or cause to be given such notices as may be required, at the times and in the manner required pursuant to the applicable 2007 Senior Lien Bond Ordinance, and to take all other actions necessary to effect the redemption of the Refundable Bonds on the Redemption Date.

11.6 Refunding Conditions and Findings Required. The City Council finds and determines that upon the findings made by the Designated Representative pursuant to this subsection, the Refunding Plan will discharge and satisfy the obligations, pledges, charges, trusts, covenants and agreements of the City under the 2007 Senior Lien Bond Ordinance as to the Refundable Bonds, and the Refundable Bonds shall no longer be deemed to be outstanding under the 2007 Senior Lien Bond Ordinance immediately upon the deposit of the money specified in the Refunding Plan with the Refunding Trustee. Prior to approving the sale of the Bond, the Designated Representative must determine in writing that, in his or her judgment, each of the following conditions are met:

(a) The Redemption Date is the earliest practical date on which the Refundable Bonds may be called for redemption.

(b) The savings that will be effected (as measured by the difference between the principal and interest cost over the life of the Bond and the principal and interest cost over the life of the Refundable Bonds but for such refunding) shall be equal to at least the percentage savings set forth in Exhibit A. In making such determination, the Designated Representative shall give

consideration to the fixed maturities (and scheduled mandatory principal redemptions) of the Bond and the Refundable Bonds, the costs of issuance of the Bond and the known earned income from the investment of the proceeds of the issuance and sale of the Bond pending payment and redemption of the Refundable Bonds.

(c) The Refunding Plan to be effected by the issuance and sale of the Bonds will provide sufficient funds to discharge and satisfy the obligations of the City under the 2007 Senior Lien Bond Ordinance. In making such determination, the Designated Representative may rely upon a certification of the City's financial advisor or an independent verification agent.

Section 12. Security for the Bond.

12.1 Pledge of Net Revenue and Pledged ULID Assessments. The Bond shall be a special limited obligation of the City payable from and secured solely by the Net Revenue and all Pledged ULID Assessments (if any) and money in the Parity Obligation Debt Service Account and any subaccounts created therein. The Bond is not secured by any amounts in a Parity Reserve Account or other debt service reserve account. The Net Revenue and Pledged ULID Assessments (if any) are pledged to make the payments into the Parity Obligation Debt Service Account required by this ordinance. This pledge constitutes a charge and lien upon such Net Revenue that is subordinate to the lien and charge in respect of the Senior Lien Bonds, and is prior and superior to all other liens and charges whatsoever, and constitutes a first priority charge and lien upon the Pledged ULID Assessments. The Bond shall not constitute a general obligation of the City, the State or any political subdivision of the State or a charge upon any general fund or upon any money or other property of the City, the State or any political subdivision of the State not specifically pledged by this ordinance.

12.2 Parity Obligation Lien Established. The Bond shall be issued on parity of lien with any Future Parity Obligations, without regard to date of issuance or authorization and without preference or priority of right or lien.

12.3 No Additional Senior Lien Bonds; Future Parity Obligations. The City covenants that, for as long as any Parity Obligations remain outstanding, it will not issue any additional Senior Lien Bonds or any other revenue obligations (or create any special fund or account therefor), which will have any priority over or which will rank on a parity with the payments required in respect of the payments required in respect of the Parity Obligations, and that it will issue Future Parity Obligations only accordance with the Parity Conditions. Nothing in this ordinance prevents the City from issuing revenue bonds or other obligations which are a charge or lien upon Net Revenue subordinate to the payments required to be made from Net Revenue into the Parity Obligation Debt Service Account and the subaccounts therein.

Section 13. Flow of Funds; Priority of Expenditure of Gross Revenue. The Gross Revenue shall be deposited as received in the combined Utility System Funds created for each component utility, and used for the following purposes only and applied in the following order of priority:

13.1 To pay the Operations and Maintenance Costs;

13.2 To make all payments into the Senior Lien Bond Principal and Interest Account required to be made in order to pay the interest on and principal of all Senior Lien Bonds when due;

13.3 To make all payments required to be made into the Senior Lien Reserve Account, all payments required to be made under any agreement relating to the provision of Reserve Security, and all payments required to be made under any reimbursement agreement with a Reserve Security provider that requires those payments to be made on a parity with the payments required to be made into the Senior Lien Reserve Account;

13.4 To make all payments required to be made into the Parity Obligation Debt Service Account in respect of the interest on and principal of all Parity Obligations when due;

13.5 To make all payments required to be made into any Parity Reserve Account and to make payments due under any reimbursement agreement with the provider of a Reserve Security that requires those payments to be made on a parity with the payments to be made into a Parity Reserve Account;

13.6 To make when due the required payments to be made into any revenue bond, note warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay and secure the payment of any revenue bonds, warrants, notes or other obligations of the Utility System having a charge upon the Net Revenue junior and inferior to the charge thereon for the payment of the principal of and premium (if any), and interest on the Senior Lien Bonds and the Parity Obligations, in any priority not inconsistent with this ordinance, that the City may hereafter establish by ordinance; and

13.7 Without priority, to any of the following purposes: to retire by redemption or purchase any outstanding revenue bonds or revenue obligations of the Utility System; to make necessary additions, betterments, improvements, repairs, extensions, and replacements of the Utility System; to pay City taxes or other payments in lieu of taxes payable from Gross Revenue; to make deposits to the Rate Stabilization Account; or for any other lawful purpose of the Utility System.

Section 14. The Utility System Bond Fund; Parity Obligation Debt Service Account Created. The Utility System Bond Fund was previously created within the City treasury by the Ordinance No. 2763, passed on May 21, 2007 (authorizing the issuance of the 2007 Senior Lien Bonds) for the payment of the principal of and interest on Utility System Revenue Bonds, consisting of a principal and interest account (the "Senior Lien Bond Principal and Interest Account") and a debt service reserve account (the "Senior Reserve Account").

14.1 Parity Obligation Debt Service Account Created. For the sole purpose of paying and securing payment of the Bond and any Future Parity Obligations, the Finance Director is hereby authorized and directed to create in the Utility System Bond Fund, a Parity Obligation Debt Service Account. The Finance Director may create additional sinking fund accounts or other subaccounts in the Parity Obligation Debt Service Account to pay or secure the payment of Future Parity Obligations, so long as the maintenance of such accounts does not conflict with the rights of the owners of Parity Obligations or the Senior Lien Bonds. The Finance Director may create Parity Reserve Accounts within the Utility System Bond Fund to additionally secure payment of Future Parity Obligations, in accordance with the ordinances authorizing their issuance.

14.2 Required Payments into the Parity Obligation Debt Service Account. So long as any Parity Obligation remains outstanding, the City obligates and binds itself to set aside and pay into the Parity Obligation Debt Service Account all Pledged ULID Assessments and, out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely, on or before each

debt service payment date an amount which, together with Pledged ULID Assessments and other money on deposit therein, will be sufficient to pay the principal of and interest on the Parity Obligations (including the Bond) coming due and payable on such debt service payment date, including mandatory redemption amounts due on that date with respect to any Parity Obligation that is a Term Bond.

14.3 Failure to Deposit Money in the Parity Obligation Debt Service Account. If the City fails to set aside and pay into the Parity Obligation Debt Service Account the amounts set forth above, the Registered Owner of an outstanding Parity Obligation may bring action against the City and compel the setting aside and payment.

14.4 Investment of Money in Parity Obligation Debt Service Account and Parity Reserve Account(s) (if any). All money in the Parity Obligation Debt Service Account and any Parity Reserve Account may be kept in cash or invested in Permitted Investments maturing not later than the date when needed (for investments in the Parity Obligation Debt Service Account) or the last maturity of any outstanding Parity Obligations (for investments in the Parity Reserve Account). In no event shall any money in the Parity Obligation Debt Service Account, any Parity Reserve Account or any other money reasonably expected to be used to pay principal of and/or interest on the Parity Obligations be invested at a yield which would cause any Series issued as Tax-Exempt Bonds or Tax Credit Subsidy Bonds to be arbitrage bonds within the meaning of Section 148 of the Code. Income from investments in the Parity Obligation Debt Service Account shall be deposited in that account. Income from investments in any Parity Reserve Account shall be retained in that account until the amount therein is equal to the Reserve Requirement for all Parity Obligations secured by that account, and thereafter shall be deposited in the Parity Obligation Debt Service Account. Notwithstanding the provisions for deposit or retention of earnings in the Parity Obligation Debt Service Account or Parity Reserve Account, any earnings which are subject to a federal tax or rebate requirement may be withdrawn from such account for deposit in a separate fund or account for that purpose. If no longer required for such rebate, money in that separate fund or account shall be returned to the Parity Obligation Debt Service Account or Parity Reserve Account, as applicable.

Section 15. Covenants. The City covenants and agrees with the Owner of the Bond, as follows:

15.1 Maintenance and Operation. The City will pay all Operations and Maintenance Costs and will at all times maintain and keep the Utility System in good repair, working order and condition, and also will at all times operate such utility and the business in connection therewith in an efficient manner and at a reasonable cost.

15.2 Rates and Charges.

(a) **Debt Service Coverage.** The City will establish, maintain, revise as necessary, and collect such rates and charges for the services furnished by the Utility System (including those furnished under contract with wholesale customers) sufficient to produce Net Revenue that meets or exceeds the Coverage Requirement.

(b) **Significant Wholesale Customer Contracts.** The City will not reduce any rate or charge for services of the Utility System as is now established by the existing rate ordinance or ordinances of the City, or any contract with a Significant Wholesale Customer, if such change would substantially reduce the annual Net Revenue below that which would have been obtained

before such change unless the City has on file a certificate from an Independent Utility Consultant, stating that after such change, the Net Revenue will remain sufficient to comply with all the covenants and requirements of this ordinance, including the Coverage Requirement.

(c) **No Free Service.** Except to aid the poor or infirm, to provide for resource conservation or to provide for the proper handling of hazardous materials, the City will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the Utility System free of charge to any person, firm or corporation, public or private, other than the City, so long as any Utility System Revenue Bond remain outstanding.

15.3 Pledged ULID Assessments. The City will collect promptly all Pledged ULID Assessments (if any). Such assessments may be used to pay the principal or interest on any Parity Obligations without those assessments being particularly allocated to the payment of principal of or interest on any particular series of Parity Obligations.

15.4 Restrictions on Sale or Disposition of Utility System. The City will not sell, lease, mortgage or in any manner encumber or dispose of all the property of the Utility System unless provision is made for payment into the Utility System Bond Fund of a sum sufficient to pay the principal of and interest on all then-outstanding Utility System Revenue Bonds. Furthermore, it will not sell, lease, mortgage, or in any manner encumber or dispose of any part of the property of the Utility System that is used, useful and material to its operation, unless provision is made (a) for the replacement of that portion of the Utility System, or (b) for the payment into the Utility System Bond Fund of an amount bearing the same ratio to the principal amount of then-outstanding Utility System Revenue Bonds as the amount of Net Revenue available for debt service derived during the preceding 12 month period from that portion of the Utility System bears to the total Net Revenue available for debt service for such bonds for the same period. Any such money so paid into the Utility System Bond Fund shall be used to retire Utility System Revenue Bonds at the earliest possible date and may be invested to the same extent and in the same manner as provided for the investment of money in the Utility System Bond Fund until so used.

15.5 Books and Accounts. The City will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the Utility System. Upon request of any Registered Owner of a Utility System Revenue Bond, it also will furnish a copy of the most recently completed audit of the City's accounts by the State Auditor of Washington, or such other audit as is authorized by law in lieu thereof.

15.6 Insurance. The City will at all times carry fire and such other forms of insurance on such of the buildings, equipment, facilities and properties of the Utility System as are ordinarily carried on such buildings, equipment, facilities, and properties by utilities engaged in the operation of similar utility systems to the full insurable value thereof, and also will carry adequate public liability insurance (and war risk insurance if available at reasonable rates) at all times. The premiums on such insurance policies are declared to be a normal part of Operations and Maintenance Costs.

Section 16. Future Parity Obligations. The City reserves the right to issue Future Parity Obligations if the Parity Conditions are met and complied with at the time of the issuance of those Future Parity Obligations. If Future Parity Obligations are being issued for the sole purpose of refunding Utility System Revenue Bonds (including costs of issuance and providing for the Reserve Requirement, if any), no Parity Certificate is required if, as result of the issuance of those Future Parity Obligations, (a) the Annual Debt Service on the Future Parity Obligations to be issued is not

increased by more than \$5,000 over the Annual Debt Service for that year of the Utility System Revenue Bonds being refunded, and (b) the final maturity of the Future Parity Obligations will not extend more than one year longer than the Utility System Revenue Bonds being refunded.

Nothing in this ordinance shall prevent the City from issuing Future Parity Obligations to refund maturing Utility System Revenue Bonds then outstanding, money for the payment of which is not otherwise available. Furthermore, nothing in this ordinance shall prevent the City from issuing revenue bonds or other obligations that are a charge upon the Gross Revenue of the Utility System subordinate to the payments required to be made into the Utility System Bond Fund for the payment of the Utility System Revenue Bonds, or from pledging the payment of ULID assessments into a bond redemption fund created for the payment of the principal of and interest on those subordinate bonds or obligations if such ULID assessments are levied for improvements constructed from the proceeds of those subordinate bonds.

Section 17. Separate Utility Systems. The City may create, acquire, construct, finance, own and operate one or more additional systems for water supply, sewer service, water, sewage or stormwater transmission, treatment or other commodity or utility service. The revenue of that Separate System, and any ULID assessments payable solely with respect to improvements to a Separate System, shall not be included in the Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand the Separate System. The Net Revenue may be pledged to the payment of any obligations issued to finance a Separate System only on a basis subordinate to the lien of the Parity Obligations.

Section 18. Contract Resource Obligations. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed or improved by the use of payments under such Contract Resource Obligations, of any water, wastewater, stormwater, solid waste or other utility commodity or service relating to the Utility System, as follows:

18.1 The City may determine that, and may agree under a Contract Resource Obligation to provide that, all payments under that Contract Resource Obligation (including payments prior to the time that water, wastewater, stormwater, solid waste or other utility service is being provided, or during a suspension or after termination of supply or service) shall be a Maintenance and Operation Expense if the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such a Contract Resource Obligation is entered into:

(a) No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the Waterworks Utility; and

(b) There is on file a certificate of an independent licensed professional engineer or engineering firm stating that in his, her or its professional opinion: (i) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the supply or transmission rendered; (ii) the source of any new supply, and any facilities to be constructed to provide the supply or transmission, are sound from a water or other commodity supply or transmission planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide supply, transmission or service no later than a date set forth in the independent licensed professional engineer's certification; and (iii) the Net Revenue of the Utility System will be sufficient to meet the Coverage Requirement for each of the five Fiscal

Years following the Fiscal Year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue (A) takes into account the adjustments to Gross Revenue permitted in the Parity Certificate, and (B) adjusts the Operating and Maintenance Costs by the independent licensed professional engineer's estimate of the payments to be made in accordance with the Contract Resource Obligation.

18.2 Nothing in this section shall prevent the City from entering into other agreements for the acquisition of water supply, transmission or other commodity or service relating to the Waterworks Utility from existing facilities and from treating those payments as an Operating and Maintenance Cost.

18.3 Nothing in this section shall prevent the City from entering into other agreements for the acquisition of water, wastewater, stormwater, solid waste or other utility commodity or service relating to the Utility System from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting a lien and charge on the Net Revenue subordinate to that of the Parity Obligations.

Section 19. Rate Stabilization Fund. There has been previously created and established in the City treasury, a Rate Stabilization Fund. The City may at any time, as determined by the Finance Director and consistent with Section 13 of this ordinance, deposit into the Rate Stabilization Fund amounts from Gross Revenue and any other money received by the Utility System and available to be used for that purpose, excluding principal proceeds of any Future Parity Obligations. No deposit shall be made into the Rate Stabilization Fund to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the relevant calendar year.

The Finance Director may at any time, upon authorization by ordinance withdraw money from the Rate Stabilization Fund for inclusion in the Net Revenue for the current fiscal year of the Utility System, except that the total amount withdrawn from the Rate Stabilization Fund in any calendar year may not exceed the total debt service of the Utility System Revenue Bonds in that year. Such deposits or withdrawals may be made up to and including the date 90 days after the end of the calendar year for which the deposit or withdrawal will be reflected in the calculation of Net Revenue.

Earnings from investments in the Rate Stabilization Fund shall be deposited in that fund and shall not be included as Net Revenue unless and until withdrawn from that fund as provided in this section. The Finance Director may also deposit earnings from investments in the Rate Stabilization Fund into any System fund as authorized by ordinance, and such deposits shall be included as Net Revenue in the year of deposit.

Section 20. Federal Tax Covenants.

20.1 **Preservation of Tax Exemption for Interest on the Bond.** The City covenants that it will take all actions necessary to prevent interest on the Bond from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bond or other funds of the City treated as proceeds of the Bond at any time during the term of the Bond which will cause interest on the Bond to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirement of Section 148 of the Code is applicable to the Bond, take all actions necessary to comply (or to be treated as having complied) with that requirement in connection with the Bond, including the calculation and payment of any penalties that the City may elect to pay (if any) as an

alternative to calculating rebatable arbitrage, and the payment of any other penalties if required under Section 148 of the Code to prevent interest on the Bond from being included in gross income for federal income tax purposes.

20.2 Post-Issuance Compliance. The Finance Director is authorized and directed to review and update the City's written procedures to facilitate compliance by the City with the covenants in this ordinance and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bond from being included in gross income for federal tax purposes.

Section 21. Amendatory and Supplemental Ordinances. This ordinance may not be supplemented or amended in any respect subsequent to the Issue Date for so long as the Bond remains outstanding, except in accordance with and subject to the provisions of this section.

21.1 Amendments Without Bond Owner Consent. From time to time and at any time, without the consent of or notice to any owners of any Parity Obligation, the City may supplement or amend this ordinance and the related bond documents for any of the purposes set forth in this subsection. Any such supplement or amendment may be passed, adopted, or otherwise approved by the City without requiring the consent of the registered owners of any Parity Obligations, but may become effective only upon receipt by the City of an opinion of Bond Counsel stating that such supplement or amendment is authorized or permitted by this ordinance and, upon the effective date thereof, will be valid and binding upon the City in accordance with its terms, and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the affected Parity Obligations (if applicable). The types of supplements and amendments permitted under this subsection are as follows:

(a) To cure any formal defect, omission, inconsistency, or ambiguity in a manner not adverse to the owners of any Parity Obligations;

(b) To impose upon the Bond Registrar (with its consent) for the benefit of the owners of Parity Obligations any additional rights, remedies, powers, authority, security, liabilities, or duties which may lawfully be granted, conferred, or imposed and which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(c) To add to the covenants and agreements of, and limitations and restrictions upon, the City in the bond documents, other covenants, agreements, limitations and restrictions to be observed by the City which are not contrary to or inconsistent with this ordinance as theretofore in effect;

(d) To confirm, as further assurance, any pledge under (and the subjection to any claim, lien, or pledge created or to be created by) this ordinance on any other money, securities, or funds;

(e) To alter the Authorized Denominations for any Parity Obligations and to make correlative amendments and modifications regarding exchangeability of the Bond for different authorized denominations, redemptions of portions of Bond in particular authorized denominations, and similar amendments and modifications of a technical nature;

(f) To comply with any future federal law or interpretation to preserve the exclusion of the interest on any Parity Obligations issued and sold as Tax-Exempt Bonds from gross income for federal income tax purposes, or to preserve the entitlement of the City to receive applicable Tax Credit Subsidy Payments in respect of any series of Parity Obligations issued and sold as Tax Credit Subsidy Bonds;

(g) To add to the covenants and agreements of (or limitations and restrictions upon) the City, such additional or alternative covenants, agreements, limitations, or restrictions to be observed by the City as the City may determine are necessary or convenient to accommodate a provider of Qualified Insurance or provider of a Reserve Security and which are not materially adverse to the owners of any Parity Obligations; and

(h) To modify, alter, amend or supplement the ordinance and related bond documents in any other respect which is not materially adverse to the owners of the Parity Obligations and which does not involve a change described in subsection 21.3.

21.2 Amendments With Bond Owner Consent. With the consent of registered owners of not less than 60% in aggregate principal amount of the Parity Obligations then outstanding, the City may pass, adopt, or otherwise approve any supplement or amendment (other than amendments requiring unanimous consent as set forth in subsection 21.3) that is deemed necessary or desirable by the City for the purpose of modifying, altering, amending, supplementing, or rescinding, in any particular, any of the terms or provisions contained in any ordinance authorizing the issuance of Parity Obligations or the related bond documents other than those terms and provisions described in subsection 21.3.

21.3 Amendments Prohibited Except Upon Unanimous Consent. Unless approved in writing by or on behalf of the registered owner of each Parity Obligation then outstanding, nothing contained in this section shall permit, or be construed as permitting (a) a change in the times, amounts, or currency of payment of the principal of or interest on any outstanding Parity Obligation, (b) a reduction in the principal amount or redemption price of any outstanding Parity Obligation, (c) a change in the method of determining the rate of interest thereon (other than a conversion to a new interest rate mode in accordance with the applicable ordinance and related documents), (d) a preference or priority of any Parity Obligation over any other Parity Obligation, or (e) a reduction in the percentage of the aggregate principal amount of the then-outstanding Parity Obligations required to effect a change under subsection 21.2.

21.4 Notice to Bond Owners. If at any time the City passes, adopts, or otherwise approves a supplement or amendment for any of the purposes of subsection 21.2 or 21.3, the Bond Registrar shall cause notice of the proposed supplement or amendment to be given by first class mail (a) to all registered owners of the then outstanding Parity Obligations, (b) to each provider of a Reserve Security (if any), and (c) to each Rating Agency then providing a rating on the Parity Obligations. Such notice shall briefly set forth the nature of the proposed supplement or amendment and shall state that a copy is on file at the office of the City Clerk for inspection by all owners of the then outstanding Parity Obligations.

21.5 Effective Date; Consents. Any supplement or amendment, substantially as described in the notice mailed pursuant to subsection 21.4, may go into effect upon delivery to the Bond Registrar of (a) the required consents, in writing, of registered owners of the Parity Obligations, and (b) an opinion of Bond Counsel stating that such supplement or amendment is authorized or

permitted by this ordinance and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on any Tax-Exempt Bonds. Upon the effective date thereof, such supplement or amendment will be valid and binding upon the City in accordance with its terms.

21.6 Effect of Amendment. If registered owners of not less than the percentage of Parity Obligations required by this section shall have consented to and approved such a supplement or amendment, no owner of any Parity Obligation shall have any right (a) to object to the passage, adoption, or approval of such supplement or amendment, (b) to object to any of the terms and provisions contained therein or the operation thereof, (c) in any manner to question the propriety of the passage, adoption, or approval thereof, (d) to enjoin or restrain the City from passing, adopting, or otherwise approving the same, or (e) to enjoin or restrain the City, any authorized official thereof, or the Bond Registrar from taking any action pursuant to the provisions thereof. It shall not be necessary to obtain approval of the particular form of any proposed supplement, but it shall be sufficient if the consent shall approve the substance thereof. Upon the effective date of any supplement or amendment, this ordinance or the related bond document shall be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations of the City and all owners of Parity Obligations then outstanding shall thereafter be determined, exercised, and enforced in accordance with and subject in all respects to such modifications and amendments. All the terms and conditions of any such supplement or amendment shall be deemed to be a part of this ordinance and the bond documents for any and all purposes.

Section 22. Defaults and Remedies.

22.1 Events of Default. Each of the following shall constitute an Event of Default with respect to the Bond:

(a) If a default is made in the payment of the principal of or interest on the Bond when the same shall become due and payable; or

(b) If the City defaults in the observance and performance of any other of the covenants, conditions and agreements on the part of the City set forth in this ordinance or Bond and such default or defaults have continued for a period of six months after the City has received from the Registered Owner of the Bond (or a Bondowners' Trustee for the outstanding Parity Obligations, as defined in subsection 22.3) a written notice specifying and demanding the cure of such default. However, if the default in the observance and performance of any other of the covenants, conditions and agreements is one which cannot be completely remedied within the six months after written notice has been given, it shall not be an Event of Default with respect to the Bond as long as the City has taken active steps within the six months after written notice has been given to remedy the default and is diligently pursuing such remedy.

22.2 No Acceleration. Nothing contained in this section shall, in any event or under any circumstance, be deemed to authorize the acceleration of the maturity of principal on the Parity Obligations, and the remedy of acceleration is expressly denied to the registered owners of the Parity Obligations under any circumstances including, without limitation, upon the occurrence and continuance of an Event of Default.

22.3 Limitations on Remedies. The City reserves the right to issue Future Parity Obligations limiting the remedies of the Owners of Parity Obligations (including the Bond) upon an Event of Default, as follows:

(a) **Bondowners' Trustee.** If Event of Default has occurred and has not been remedied, a bondowners' trustee (the "Bondowners' Trustee") may be appointed by the registered owners of 25% or more in principal amount of the then outstanding Parity Obligations, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Obligations or by their attorneys-in-fact duly authorized and delivered to such Bond Owners' Trustee, notification thereof being given to the City. That appointment shall become effective immediately upon acceptance thereof by the Bond Owners' Trustee. Any Bond Owners' Trustee appointed under the provisions of this subsection shall be a bank or trust company organized under the laws of the State of Washington or the State of New York or a national banking association. The bank or trust company acting as Bond Owners' Trustee may be removed at any time, and a successor Bond Owners' Trustee may be appointed, by the registered owners of a majority in principal amount of the Parity Obligations, by an instrument or concurrent instruments in writing signed and acknowledged by such registered owners of the Parity Obligations or by their attorneys-in-fact duly authorized. The Bond Owners' Trustee may require such security and indemnity as may be reasonable against the costs, expenses and liabilities that may be incurred in the performance of its duties. If, in the sole judgment of the Bond Owners' Trustee, any Event of Default is cured and the Bond Owners' Trustee furnishes to the City a certificate so stating, that Event of Default shall be conclusively deemed to be cured and the City, the Bond Owners' Trustee and the registered owners of the Parity Obligations shall be restored to the same rights and position which they would have held if no Event of Default had occurred. The Bond Owners' Trustee appointed in the manner herein provided, and each successor thereto, is declared to be a trustee for the registered owners of all the Parity Obligations and is empowered to exercise all the rights and powers herein conferred on the Bond Owners' Trustee.

(b) **Suits at Law or in Equity.** Upon the occurrence of an Event of Default and during the continuance thereof, the Bond Owners' Trustee may, and upon the written request of the registered owners of not less than 25% in principal amount of the Parity Obligations outstanding shall, take such steps and institute such suits, actions or other proceedings, all as it may deem appropriate for the protection and enforcement of the rights of the registered owners of the Parity Obligations, to collect any amounts due and owing to or from the City, or to obtain other appropriate relief, and may enforce the specific performance of any covenant, agreement or condition contained in this ordinance or set forth in any of the Parity Obligations. Any action, suit or other proceedings instituted by the Bond Owners' Trustee hereunder shall be brought in its name as the Bond Owners' Trustee and all such rights of action upon or under any of the Parity Obligations or the provisions of this ordinance may be enforced by the Bond Owners' Trustee without the possession of any of those Parity Obligations and without the production of the same at any trial or proceedings relative thereto except where otherwise required by law. Any such suit, action or proceeding instituted by the Bond Owners' Trustee shall be brought for the ratable benefit of all of the registered owners of those Parity Obligations, subject to the provisions of this ordinance. The respective registered owners of the Parity Obligations, by taking and holding the same, shall be conclusively deemed irrevocably to appoint the Bond Owners' Trustee the true and lawful trustee of the respective registered owners of those Parity Obligations, with authority to institute any such action, suit or proceeding; to receive as trustee and deposit in trust any sums becoming distributable on account of those Parity Obligations; to execute any paper or documents for the receipt of money; and to do all acts with respect thereto that the registered owner himself or herself might have done in person. Nothing herein shall be deemed to authorize or empower the Bond Owners' Trustee to consent to accept or adopt, on behalf of any owner of the Parity Obligations, any plan of reorganization or adjustment affecting the Parity Obligations or any right of any registered owner thereof, or to authorize or empower the Bond

Owners' Trustee to vote the claims of the registered owners thereof in any receivership, insolvency, liquidation, bankruptcy, reorganization or other proceeding to which the City is a party.

(c) **Application of Money Collected by Bond Owners' Trustee.** Any money collected by the Bond Owners' Trustee at any time pursuant to this section shall be applied in the following order of priority: (i) to the payment of the charges, expenses, advances and compensation of the Bond Owners' Trustee and the charges, expenses, counsel fees, disbursements and compensation of its agents and attorneys; (ii) to the payment to the persons entitled thereto of all installments of interest then due on the Parity Obligations in the order of maturity of such installments and, if the amount available shall not be sufficient to pay in full any installment or installments maturing on the same date, then to the payment thereof ratably, according to the amounts due thereon to the persons entitled thereto, without any discrimination or preference; and (iii) to the payment to the persons entitled thereto of the unpaid principal amounts of any Parity Obligations which shall have become due (other than Parity Obligations previously called for redemption for the payment of which money is held pursuant to the provisions of the applicable bond documents), whether at maturity or by proceedings for redemption or otherwise, in the order of their due dates and, if the amount available shall not be sufficient to pay in full the principal amounts due on the same date, then to the payment thereof ratably, according to the principal amounts due thereon to the persons entitled thereto, without any discrimination or preference.

(d) **Duties and Obligations of Bond Owners' Trustee.** The Bond Owners' Trustee shall not be liable except for the performance of such duties as are specifically set forth herein. During an Event of Default, the Bond Owners' Trustee shall exercise such of the rights and powers vested in it hereby, and shall use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of his or her own affairs. The Bond Owners' Trustee shall have no liability for any act or omission to act hereunder except for the Bond Owners' Trustee's own negligent action, its own negligent failure to act or its own willful misconduct. The duties and obligations of the Bond Owners' Trustee shall be determined solely by the express provisions of this ordinance, and no implied powers, duties or obligations of the Bond Owners' Trustee shall be read into this ordinance. The Bond Owners' Trustee shall not be required to expend or risk its own funds or otherwise incur individual liability in the performance of any of its duties or in the exercise of any of its rights or powers as the Bond Owners' Trustee, except as may result from its own negligent action, its own negligent failure to act or its own willful misconduct. The Bond Owners' Trustee shall not be bound to recognize any person as a registered owner of any Parity Obligation until his or her title thereto, if disputed, has been established to its reasonable satisfaction. The Bond Owners' Trustee may consult with counsel and the opinion of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel. The Bond Owners' Trustee shall not be answerable for any neglect or default of any person, firm or corporation employed and selected by it with reasonable care.

(e) **Suits by Individual Parity Obligation Owners Restricted.** No owner of any one or more Parity Obligations shall have any right to institute any action, suit or proceeding at law or in equity for the enforcement of same unless: (i) an Event of Default has happened and is continuing; (ii) a Bond Owners' Trustee has been appointed; (iii) such owner previously shall have given to the Bond Owners' Trustee written notice of the Event of Default on account of which such suit, action or proceeding is to be instituted; (iv) the registered owners of 25% in principal amount of the Parity Obligations, after the occurrence of such Event of Default, have made written request of the Bond Owners' Trustee and have afforded the Bond Owners' Trustee a reasonable opportunity to

institute such suit, action or proceeding; (v) there have been offered to the Bond Owners' Trustee security and indemnity satisfactory to it against the costs, expenses and liabilities to be incurred therein or thereby; and (vi) the Bond Owners' Trustee has refused or neglected to comply with such request within a reasonable time. No owner of any Parity Obligation shall have any right in any manner whatever by his or her action to affect or impair the obligation of the City to pay from Net Revenue the principal of and interest on such Parity Obligations to the respective registered owners thereof when due.

Section 23. Sale and Delivery of the Bond. The Designated Representative is authorized to sell the Bond by negotiated sale or private placement, based on the assessment of the Designated Representative of market conditions, in consultation with appropriate City officials and staff, the City's Financial Advisor, Bond Counsel and other advisors. If the Designated Representative determines that the Bond is to be sold by negotiated sale or private placement, the Designated Representative shall select on or more Purchasers with which to negotiate such sale. The Bond Purchase Contract for the Bond shall set forth the Bond Sale Terms. The Designated Representative is authorized to execute the Bond Purchase Contract on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance. The Bond will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Contract, together with the approving legal opinion of Bond Counsel regarding the Bond.

Section 24. General Authorization and Ratification. The Designated Representative and other appropriate officers of the City are severally authorized to take such actions and to execute such documents as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of the Bond to the Purchaser (including approving additional terms, conditions or covenants as set forth in Exhibit A) and for the proper application, use and investment of the proceeds of the Bond. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 25. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, finds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 26. **Effective Date.** This ordinance shall take effect and be in force from and after its passage and five days following its publication as provided by law.

PASSED by the City Council of the City of Anacortes, Washington, at a regular open public meeting thereof on the ____ day of December, 2017, and signed in authentication of its passage this ____ day of December, 2017.

Mayor

AUTHENTICATED:

City Clerk

APPROVED AS TO FORM:

Bond Counsel

Exhibit A

Parameters for the Bond Sale Terms

- | | | |
|-----|----------------------------------|--|
| (a) | Principal Amount. | Not to exceed [\$7,500,000]. |
| (b) | Date or Dates. | The Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance. |
| (c) | Denominations, Name, etc. | The Bond shall be issued in Authorized Denominations and shall be numbered in such manner and shall bear such name and additional designation as deemed necessary or appropriate by the Designated Representative. |
| (d) | Interest Rate(s). | The Bond shall bear interest at fixed or variable rates from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later, as set forth in the Bond Purchase Contract. One or more rates of interest may be fixed for the Bond. The rate of interest for any Bond may not exceed [5.0%] and the true interest cost to the City may not exceed [3.5%]. |
| (e) | Payment Dates. | Interest shall be payable at least semiannually on dates acceptable to the Designated Representative as set forth in the Bond Purchase Contract. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity or in mandatory redemption installments on dates acceptable to the Designated Representative as set forth in the Bond Purchase Contract. |
| (f) | Final Maturity. | The final maturity shall not extend beyond [December 1, 2026]. |
| (g) | Redemption Rights. | The Designated Representative may approve in the Bond Purchase Contract provisions for optional and mandatory redemption prior to maturity and may designate the Bond as a Term Bond. |
| (h) | Price. | The purchase price shall be equal to 100% of the stated principal amount of the Bond. |
| (i) | Refunding Plan. | The Designated Representative and the Finance Director shall each have the authority described in Section 4 with respect to authorizing the refunding and carrying out the Refunding Plan. The refunding of |

the Refundable Bonds must produce a net present value savings equal to at least [3.0%] of the principal amount of the Refundable Bonds.

(j) **Other Terms and Conditions.**

The Designated Representative may approve such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

Exhibit B

Parity Conditions

The City may issue Future Parity Obligations only for lawful Utility System purposes and only if the following conditions are met and complied with at the time of the issuance of those Future Parity Obligations:

(a) There must be no deficiency in the Utility System Bond Fund and there must be no event of default, nor any event or condition that with notice and the passage of time would constitute an event of default, which shall have occurred and be continuing, nor may the issuance of those Future Parity Obligations in and of itself cause an event of default or an event or condition which with notice and the passage of time would constitute an event of default.

(b) The Future Parity Obligation Ordinance must provide that all Pledged ULID Assessments is to be paid directly into the Parity Obligation Debt Service Account.

(c) The Future Parity Obligation Ordinance must provide for the payment of the principal of and interest on such Parity Obligations out of the Parity Obligation Debt Service Account.

(d) If the Future Parity Obligations are to be secured by a Parity Reserve Account, the Future Parity Obligation Ordinance must provide for the deposit into the Reserve Account of any combination of Future Parity Obligation proceeds, Reserve Securities and other legally available money, in the amounts and at the times necessary to satisfy the Reserve Requirement for those Future Parity Obligations.

(e) There must be on file with the City a Parity Certificate, prepared by either:

(i) The City Finance Director, demonstrating that the Coverage Requirement was satisfied during any twelve consecutive calendar months out of the immediately preceding 24 calendar months, assuming that (A) those Future Parity Obligations were outstanding and that the debt service payable on those Future Parity Obligations in that 12 month period was equal to the Average Annual Debt Service on those Future Parity Obligations, and (B) any Parity Obligations to be refunded by those Future Parity Obligations are not outstanding; or

(ii) An Independent Utility Consultant, which may take into account the adjustments described below, stating that in his or her opinion (which opinion and underlying assumptions shall be set forth in the certificate), the Coverage Requirement will be satisfied (assuming that those Future Parity Obligations are outstanding and any Parity Obligations to be refunded by those Future Parity Obligations are not outstanding) (A) in each of the calendar years for the five calendar years next following the earlier of: (I) the year in which those Future Parity Obligations are issued (or, if interest is capitalized, the end of the period during which the interest on those Future Parity Obligations is fully capitalized), (II) the date on which substantially all new facilities or improvements financed in substantial part by those Future Parity Obligations are expected to commence operations; and (B) in the calendar year in which those Future Parity Obligations are issued and any subsequent year prior to but not included in the years for which certification is provided. In determining whether the City is able to comply with the terms of the

Parity Conditions, the coverage certificate required above may take into account the following adjustments to the historical Net Revenue:

A. Any change in Utility System rates and charges that has taken place or been adopted by ordinance or contract may be reflected, including any changes in the rates charged to any Significant Wholesale Customer in effect and being charged, or expected to be charged in accordance with a program of specific levels or increase (or decreases) in overall revenue.

B. Revenue from customers added or projected to be added to the Utility System after the relevant 12 month period, including revenue from new Significant Wholesale Customers, may be adjusted to reflect one year's Net Revenue allocable to those new customers.

C. A full year's revenue may be included on a *pro forma* basis from any customer being served but who has not been receiving service for the full period of operation used as a basis for the certificate.

D. Actual or reasonably anticipated changes in the Operations and Maintenance Costs subsequent to the relevant 12 month period shall be added or deducted, as is applicable.

E. Net Revenue allocable to any person, firm, corporation or municipal corporation under any executed contract for water or other utility service, which revenue was not included in the historical Net Revenue, may be included in Net Revenue.

F. Transfers into or out of the Rate Stabilization Fund may be taken into account, and those amounts may be added to or deducted from Net Revenues, as applicable.

CERTIFICATION

I, the undersigned, City Clerk of the City of Anacortes, Washington (the "City"), hereby certify as follows:

1. The attached copy of Ordinance No. ____ (the "Ordinance") is a full, true and correct copy of an ordinance duly passed at a regular meeting of the City Council of the City held at the regular meeting place thereof on December 4, 2017, as that ordinance appears on the minute book of the City; and the Ordinance will be in full force and effect five days after the publication of its summary in the City's official newspaper; and

2. A quorum of the members of the City Council was present throughout the meeting and a majority of those members present voted in the proper manner for the passage of the Ordinance.

IN WITNESS WHEREOF, I have hereunto set my hand this ____ day of December, 2017.

CITY OF ANACORTES, WASHINGTON

City Clerk



Anacortes City Council

Proposed Agenda Items for the Next Eight Weeks Beginning December 4, 2017

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, vouchers and consent agenda items is 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.

December 4, 2017

- Ordinance 3015: Authorizing the Refunding of the 2007 Utility System Revenue Bond (Action)
- Blue Heron Circle Reservoirs Project Funding (Discussion)

December 11, 2017

- Board and Commission Appointments and Reappointments

December 18, 2017

- 4th Quarter Finance Update (Discussion)
- Ordinance 3016: Amending the 2017/2018 Budget (Action)

December 26, 2017

January 2, 2018

January 22, 2018

February 5, 2018

February 12, 2018

Upcoming City Council Committee Meetings

The public is welcome to attend City Council Committee Meetings.

- Planning, Monday, Nov 27, 2017, 5:00 PM, Main Conference Room, City Hall
- Personnel, Monday, Nov 27, 2017, 5:00 PM, Council Chambers Subcommittee Rm.
- Public Works, Monday, Dec 4, 2017, 5:00 PM, Public Works Director's Office, City Hall
- Planning, Monday, Dec 11, 2017, 5:00 PM, Main Conference Room, City Hall
- Public Safety , Tuesday, Dec 12, 2017, 4:30 PM, Mayor's Office, City Hall
- Finance, Wednesday, Dec 13, 2017, 5:00 PM, Main Conference Room, City Hall
- Public Works, Monday, Dec 18, 2017, 5:00 PM, Public Works Director's Office, City Hall
