CITY OF SNOHOMISH

Founded 1859, Incorporated 1890

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NOTICE OF REGULAR MEETING

SNOHOMISH CITY COUNCIL

in the
George Gilbertson Boardroom
1601 Avenue D

TUESDAY
June 7, 2016
7:00 p.m.

AGENDA

Estimated time

7:00 1. **CALL TO ORDER**

a. Pledge of Allegiance

b. Roll Call

2. **APPROVE AGENDA** contents and order

3. **APPROVE MINUTES** of the meetings of May 17, 2016

a. Workshop *(P.1)*

b. Regular Meeting *(P.7)*

7:05 4. **CITIZEN COMMENTS -** *Three minutes allowed for citizen comments on subjects not on the agenda. Three minutes will be allowed for citizen comments during each Public Hearing, Action or Discussion Agenda Item immediately following council questions and before council deliberation. Citizen comments are not allowed under New Business or Consent items.*

7:15 5. **PUBLIC HEARING** – Mobile Food Vendors

1) Staff presentation
2) Council's questions of staff
3) Citizens' comments
4) Close citizens' comments
5) Council deliberation and action – **ADOPT** Ordinance 2310 *(P. 21)*

7:45 6. **ACTION ITEM-** Comprehensive Plan Amendment Docketing *(P.37)*

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7. **DISCUSSION ITEMS**

8:00 a. Financial Management Policy Updates *(P.41)*

8:15 b. Banking Services Request for Proposals *(P.71)*

8:30 8. **CONSENT ITEMS**

a. **AUTHORIZE** payment of claim warrants #58749 through #58848 in the amount of $828,876.61, and payroll checks #14988 through #15009 in the amount of $431,984.51 issued since the last regular meeting *(P.97)*

b. **APPROVE** 2016 Retail Firework Stand Applications *(P.107)*

c. **AUTHORIZE** City Manager to Sign Construction Contract with D&G Backhoe, Inc. for Reservoir No. 2 Pressure Reducing Valve Project *(P.115)*

8:40 9. **OTHER BUSINESS/INFORMATION ITEMS**

8:45 10. **COUNCILMEMBER COMMENTS/LIAISON REPORTS**

8:50 11. **MANAGER'S COMMENTS**

8:55 12. **MAYOR'S COMMENTS**

9:05 13. **ADJOURN**

NEXT MEETING: Tuesday, June 21, 2016, workshop at 6 p.m., regular meeting at 7 p.m., in the George Gilbertson Boardroom, Snohomish School District Resource Center, 1601 Avenue D.

The City Council Chambers are ADA accessible. Specialized accommodations will be provided with 5 days advanced notice. Contact the City Clerk's Office at 360-568-3115.

This organization is an Equal Opportunity Provider.

Snohomish City Council Workshop Minutes
May 17, 2016

1. **CALL TO ORDER:** Mayor Guzak called the Snohomish City Council workshop to order at 6:03 p.m., Tuesday, May 17, 2016, in the Snohomish School District Resource Service Center, George Gilbertson Boardroom, 1601 Avenue D, Snohomish, Washington.

COUNCILMEMBERS PRESENT	**STAFF PRESENT**
Karen Guzak, Mayor	Larry Bauman, City Manager
Dean Randall	Jennifer Olson, Finance Director
Tom Hamilton	Steve Schuller, Deputy City Manager/PW Director
Michael Rohrscheib	Clay White, Interim Planning Director
Lynn Schilaty	John Flood, Police Chief
Zach Wilde	Pat Adams, City Clerk

COUNCILMEMBER ABSENT
Derrick Burke

2. **DISCUSSION ITEM** – Financial Management Policy Updates – Budget and CIP Sections

Ms. Olson stated the purpose of the workshop is to discuss the proposed language in the Financial Management Policy – Operating and Capital Budget Sections. She noted the Financial Management Policy serves as an operational guideline and basis for management and staff to crystallize City Council strategic intents for dealing with fiscal vitality and to support the community-wide Strategic Plan goals and objectives. She stated the workshop focus for this meeting will be to review the proposed new budget objectives, principles, scope and basis for budget development. In Section 6, there will be a review of the capital improvement planning process. In relation to the General Fund outlook, she noted it is still important to look at the five-year structural imbalance. However, the forecasted 2016 financial performance reflects a positive outlook.

Ms. Olson stated there are two types of budgets - operating and capital. They are the most important public documents because they set taxing, spending and service priorities. City management references these documents when creating long term forecasts and performance measures. She reviewed budget principles, which is Section 5.2 of the policy. She wanted to make sure each principle identified in the proposed policy are clear and aligns with what the City Council will want to see when preparing budgets. The first principle would be to link the budget to the long-term strategic plan and comprehensive plan. This will serve as a road map for achieving those objectives. It is important to critically examine past spending patterns, which is a core principle in budget development and to prioritize services. Section 5.2.4 ensures the City will maintain the quality of existing core services before it adds any new services. The next section addresses creditors who may evaluate the City from a risk management standpoint to ensure the City budgets for liabilities and covers its debts. Lastly, there is policy section which states at no time will the annual budget be balanced at the expense of long term financial health.

The next part of the policy for review is Section 5.3. This change states the City will adopt budgets on a biennial basis. It discusses how the budget will be prepared, that it will be adopted at the fund level and how it will be synchronized based on how the City reports on a

cash basis to the State. Ms. Olson noted the Council previously discussed during the budget development process last year, a planned shift to a biennial budget. In order to accomplish this for next year, the City will need to prepare an ordinance by June 30, 2016 to start budgeting for a two-year period. She would like the Council to consider if they are ready for that change. She suggested possibly the change could occur for the 2019-2020 budget, as there would be a new Financial Management Policy in place, and the Council will be in the process of reviewing the five-year model.

Councilmember Schilaty stated it appears staff is just now preparing for this transition, and the City may not be completely prepared to make the change to a biennial budget at this time.

Councilmember Randall commented to have the ordinance filed in less than 45 days is a very short timeframe.

Councilmember Hamilton asked about the proposed timing and when the biennial budget would be effective.

Ms. Olson responded if the first biennial budget is generated in 2019 and 2020, the City would need to file the ordinance with the County to make this change on June 30, 2018.

Councilmember Hamilton noted the budget would split an election. In 2017, there could potentially be a new Council.

Mr. Bauman stated a new Council would be able to make budget changes.

Ms. Olson stated there is a specific process for updating the budget. It's a lot more work to produce the two year budget, but it provides a nice break and a road map for two years to accomplish strategic goals.

Mayor Guzak stated it sounds like a lot of work to get this done in 45 days. She asked if it might be better to wait.

Ms. Olson said that would be the preferred option. The Council will be working on a five year plan, and the finance department is in the process of implementing new budget software. So, when the decision to transition is made, it will be a lot easier with these new tools.

Ms. Olson reviewed the next Section 5.4, Balanced Budget. She stated this is closely connected to the Reserve Section, which states beginning fund balance sources may be used to fund capital improvement projects or other one-time, non-recurring expenditures as long as the fund reserve targets are met. This will be addressed with the five-year financial model.

In Section 5.5, Performance Measures, this language will help to support accountability and transparency initiatives within the community and document progress toward goal achievements. This will also assist long term by ensuring the Council is evaluating City programs and fostering continued improvements.

Section 5.6, Cost Allocation Plan is the current cost allocation plan language adopted in 2013 as a result of the State audit. The plan language has now been incorporated into the Financial Management Plan. The Cost Allocation Plan is where services are charged to other funds for the direct services provided.

Section 5.7, Budget Amendments is language that strengthens what is contained in the current financial management policy. The operating and capital budgets are adopted by the City Council. Operating Funds are adopted at the fund level and the capital budget is adopted as a whole plan for a specific period. The administrative budget amendments are to provide some level of flexibility in the policy. With the approval of the City Manager, it would allow the shifting of one line item to another and does not affect the fund levels. Personnel and capital changes must be approved by the City Council.

Section 5.8, Service Levels and Funding is language which proposes maintaining existing service levels. This is where new service levels can be added, but only within available current resources, or if there is a new revenue source available to cover a new level of service.

Section 5.9, Maintenance and Replacement, identifies and guides staff to ensure assets are protected. 5.9.1 provides for three options on flexibility and control. Option 1 is the most flexible. Option 2 is more structured with more control in the policy, and Option 3 is a very controlling option. This option provides a minimum of ten percent, or another target number established by the Council, that any new discretionary revenue be devoted to deferred maintenance and infrastructure maintenance.

Councilmember Randall thought the Council had implemented Option 3 and set aside funding to provide for equipment replacement.

Ms. Olson replied the City has an equipment replacement fund, which provides dollars be set aside for new equipment. It's not for maintenance and repair. The City also has a Fleet and Facilities Fund, which is an internal service fund. As part of the cost allocation plan, dollars are charged to direct funds. This is where staff develops a maintenance work plan over a period of time. The maintenance program is specifically tied to resources available.

Councilmember Schilaty asked about the risk in having money sitting in a fund and not being used.

Ms. Olson stated as long as there is a plan in place there is accountability and transparency.

Mayor Guzak supports the more flexible option. Additional controls will require more staff time. She trusts the judgment of staff and their ability to plan ahead.

Councilmember Hamilton sees value for both. He likes the idea of setting funding aside. Community Transit has replacement money set aside for buses for when a recession hits. He also supports the option of setting the funding aside with enough flexibility within the plan to make any necessary adjustments.

Councilmember Schilaty supports Option 1, with language for an asset maintenance plan.

Councilmember Randall doesn't believe it's necessary to complete an annual inventory.

Ms. Olson stated the inventory comes into play when the auditor asks for an assessment. They may request staff provide an inventory of City assets and randomly inquire about the maintenance plan. In a flexible plan, administrative procedures would identify inventory and physical updates. Insurance schedules also document inventory. Ms. Olson summarized the Council's preference for flexible language that connects the Internal Service Fund 501 and how those dollars may be used to maintain assets.

Mr. Schuller stated in reference to the Transportation Benefit District workshops and street pavement preservation, it is noted staff is not setting aside General Fund dollars to pave the streets and there may be a slow decline in road maintenance levels. He wanted the Council to be aware of that.

Mr. Bauman stated this is issue around the State and there are limited budgets for street maintenance.

Section 6.0, Capital Improvement Plan. This section specifically addresses capital investments. The capital investments relate to all transportation, parks, trails, sidewalks, facilities, water, wastewater and stormwater projects. The proposed policy endeavors to create a comprehensive CIP framework. The proposal is a five year comprehensive plan, which is a change from the initial six year proposal, which will link capital projects to the strategic and comprehensive plans. The Capital Improvement Plan will identify all categories of capital improvement. This will eliminate separate plans. The capital budget is completed and updated prior to the operating budget. The new Questica software will provide the tools necessary to implement and monitor the capital improvement plan.

6.3, Project Sources and Use Identification, is one of the proposed changes by the City Council. It is important as all sources are identified for each project, which can be from grant dollars, REET or impact fees. If the project is a sewer improvement project and is paid for all cash, then the source funding would be sewer funds. On the source side, most often debt service is used. However, bonds and cash may be used as the sources. One of the sources which is often looked to is REET funding. It may important for the Council to consider developing a list of strategies for using REET sources. It is important to identify when REET will be used as a special source for capital projects. In the new policy, the proposal is the City may look to stretch REET funding by using councilmatic bonds. If there is a $1 million project and it is paid for all in cash, you have less ability to complete other projects. Other communities will leverage their REET dollars and that is the source to pay bonds. There are guidelines Council will be required follow in order to do that. This is a strategy which would be available from a policy standpoint. The policy could limit the amount of annual REET dollars which could go toward a debt payment and be used as a funding source toward capital projects.

Councilmember Hamilton commented REET is subject to some volatilities.

Ms. Olson confirmed that is correct.

Mayor Guzak noted that the policy can be structured so that no more than 25% of REET funding can be used for projects.

Ms. Olson stated when a CIP is proposed and if Council is seeing numerous projects that they wish to use REET funding, if there is a policy leveraging REET, you can use a smaller portion for a particular project and if you wanted to use it for more than one project, you would have the ability to do that within the established targets. Ms. Olson noted the proposed language before the Council setting targets is similar to Snohomish County's language for stretching the REET dollars, which states using no more than 75% of total annual REET revenues. It is shown as a target based on revenues not ending fund balances. The reserve is always there.

Mayor Guzak asked Council about the 75% target of total annual REET revenues.

Ms. Olson stated she would take a historical look at what has been seen and any proposal would be analyzed to see if it would meet the target. The Council may also want to review a percentage at the Reserve Section which specifically identifies specialty funds having reserve levels and a proposed reserve target level for REET funds.

Project Costs – Capital Improvement Plan. This policy establishes a threshold amount and guidelines for project inclusion within the Capital Improvement Plan, which is $30,000 or greater. Ms. Olson noted there is a difference between capital outlays and capital projects. Capital projects are referenced in the CIP and capital outlays are a part of the operating funds and may include equipment/tools, furniture, etc.

Ms. Olson explained the capital asset project management policy provides for one common database within the Questica software for efficient use by multiple departments. This will result in all projects being managed within the same database. This will be used as a tool for generating project status reports to the Council and will also be available online to support the City's accountability and transparency initiatives.

Mayor Guzak asked Ms. Olson for the estimated date for final implementation of Questica.

Ms. Olson stated it is her goal to be using this tool for the 2017 budget. Staff has been working on importing worksheets and a lot of the information has already been imported into the software. The test will be in 2016, and then staff will start training on using the budget tools. The final timeframe for implementation will be available when the budget calendar is provided to the Council.

3. **ADJOURN** at 6:55 p.m.

APPROVED this 7th day of June 2016

CITY OF SNOHOMISH	ATTEST:
_____	_____
Karen Guzak, Mayor	Pat Adams, City Clerk

Snohomish City Council Meeting Minutes
May 17, 2016

1. **CALL TO ORDER:** Mayor Guzak called the Snohomish City Council meeting to order at 7:00 p.m., Tuesday, May 17, 2016, in the Snohomish School District Resource Service Center, George Gilbertson Boardroom, 1601 Avenue D, Snohomish, Washington.

COUNCILMEMBERS PRESENT	**STAFF PRESENT**
Karen Guzak, Mayor	Larry Bauman, City Manager
Tom Hamilton	Emily Guilder, City Attorney
Dean Randall	Jennifer Olson, Finance Director
Michael Rohrscheib	Steve Schuller, Deputy City Manager/PW Director
Lynn Schilaty	Clay White, Interim City Manager
Zach Wilde	John Flood, Police Chief
	Pat Adams, City Clerk

COUNCILMEMBERS ABSENT
Derrick Burke

MOTION by Randall, second by Rohrscheib to excuse Councilmember Burke. The motion passed unanimously (6-0).

2. **APPROVE AGENDA** contents and order:

Mayor Guzak proposed postponing and removing Action Item 5b from the agenda. The change was requested in response to recent correspondence received by the City Council from Ms. McDowell. The postponement will allow staff and Council the opportunity to review the information provided and return with additional information.

MOTION by Rohrscheib, second by Hamilton to approve the amended agenda. The motion passed unanimously (6-0).

3. **APPROVE MINUTES** of the meetings of May 3, 2016:

a. Workshop
b. Regular Meeting

MOTION by Schilaty, second by Rohrscheib to approve the minutes of the workshop and regular meeting. The motion passed unanimously (6-0).

4. **CITIZEN COMMENTS** on items not on the Agenda

Mayor Guzak welcomed the citizens to the meeting. She introduced the elected City Councilmembers and explained the Council is here to serve the citizens, make policy decisions and provide oversight and direction to staff. She introduced City staff. She noted the agenda for tonight's meeting is available on the table directly outside of the meeting room. Mayor Guzak explained the procedures for citizen comments. Citizens are given several opportunities to comment throughout the meeting. Comments are limited to three minutes and are managed by an electronic timer. Firstly, citizens will comment on items not on the agenda. Additional items where citizen comments are accepted include public hearings, action and discussion items. Citizen comments are not accepted under new business or consent items. Comments will be accepted after staff presentation and Council questions, and before Council deliberations. She asked citizens to please sign in to speak. Sign-up

sheets are on the lectern. However, if a citizen has not signed in, they can still come forward to speak and provide their name and address for the record. The Council may not have immediate answers, but will do their best to get back to citizens. Please respect the three minute time limit and issues of civility. She noted comments are not for having a debate or a protracted dialogue, and that each Councilmember has their own individual viewpoints. She welcomes citizens' perspectives and information.

Morgan Davis, 206 Avenue I, stated on the subject of garbage rates and whether to renew Allied Waste-Republic Services' contract for another three years or open the contract up for competitive bids, the Council should allow Waste Management Northwest a chance to earn the City's lucrative garbage contract for the next three years. He said at the last Council meeting, he was prevented from speaking on the subject. In his opinion, both Allied Waste and Waste Management NW drivers all perform satisfactory services. The issue is not over driver performance, but rather which company is more efficient in reducing overhead and thus bringing more competitive rates to City residents. A few months ago, he heard the Council consensus was to look at open competitive bids for City garbage services. He clearly remembered speaking on the subject then. He noted the City of Monroe, which embraced open competitive bids had its comparable garbage services costing its ratepayers 30% less than Snohomish, which doesn't use a competitive bidding process. Mr. Bauman's own ratepayers' survey showed that Snohomish ratepayers are strongly dissatisfied with their garbage rates as being way too high. He remembered mentioning the book, "The Art of the Deal" where you don't tip your hand or favor one over the other. Mr. Davis said he was disappointed to read in tonight's packet the Mayor wants to pursue renewing Allied Waste's contract without open competitive bids - In other words, a de facto monopoly for Allied Waste, a for-profit corporation out of Phoenix, Arizona. He asked the Mayor to reconsider her May 3 preference to take open competitive bids off the table for now, as it gives Allied Waste an unfair competitive advantage over Waste Management NW. On the subject of open government, he stated on April 29, he submitted a request for public records asking for the names and addresses of Strategies 360 Ron Dotzauer's focus group members. He requested both the in-person focus group of eight members and the telephone group of eight members. Of the telephone group of eight members, it appears three members are currently retired employees of a School District, a public sector employer. Another member works in Human Resources, and another member is married to a firefighter an employee of a municipal political subdivision. The focus group was heavily weighted by public sector connected individuals just like when the Council cherry picked the ad hoc Open Government Committee which cost $12,000. He could not find one member in the telephone focus group who represented the private sector blue collar worker constituency. He never received the names and addresses of the Kirkland members that met. It was withheld. Ironically, this is another example of the back room bias against the average working stiff in the private sector Snohomish community. So much for open, above board City government that is supposed to represent all the citizens, respect dissent and encourage dialogue.

Mayor Guzak rejected Mr. Davis' comment that she asked for no open bids on the solid waste contract. There will be continued discussions and a decision will be made at a later date concerning the solid waste contract.

Diana McDowell, 165 Cypress Avenue, stated on Friday, May 13 she forwarded each Councilmember and some staff members a letter and packet of information for review prior to tonight's council meeting. She was notified yesterday that the petition for vacation of unnamed right-of-way east of Cypress Avenue would be removed from tonight's agenda for further review. On March 15, she addressed the vacation request. After much discussion as well as input from citizens, the Council requested staff work with the family to find a viable

solution. Someone attending that meeting contacted the Department of Archeology and Historic Preservation the next day. She was notified on April 20, State Physical Anthropologist Guy Tasa sent a letter to the City Manager on March 16. She stated whoever contacted the State office may not have relayed the information correctly as discussed at the March 15 Council meeting. The March 16, 2016 letter addressed to the City Manager from the State Physical Anthropologist states in the closing sentence, "We feel that it is very important that any transfer of the former cemetery property between the City and private land owner should disclose these facts." Ms. McDowell wanted to make very clear the road vacation in question is not part of the cemetery as exhibited in the overlay aerial picture sent on Friday. She also wanted to update the Council that they have not had the opportunity to work with staff to find a resolution. She has only received calls stating staff has decided or staff is recommending. She would like to work with the City to find a resolution that works for all parties and thinks she has indicated that all along. She stated working together is a two way conversation and not a telephone call stating staff has decided or is recommending something. Again, she is asking the Council to request the lines of communication be open and give Yosh the authority, without hindrance, or even Councilmembers, the ability to work with the family for resolution. She should not receive a directive or decision without input.

Mayor Guzak thanked Ms. McDowell for her comments.

Mary Dessein, 101 Pine Avenue, stated to envision a clear glass vase or jar filled with stones or bits of polished glass. When water is poured over the top, it takes time to dribble, trickle, seep, filter and meander to the bottom of the vase. She said that's her brain. When she was asked at the May 3 Council meeting if she had something to say about the focus group findings and councilmember responses, she did. However, it was still dribbling, trickling and meandering and was not yet coherent. As to the Strategies 360 findings, most of what it contained, we already knew from what had been heard from citizens. She heard a Councilmember mention seeing it in writing makes it more credible. She said it was an expensive validation. However at this point, it is done. One of the statements in the summary echoed later in the meeting, was there is a national general distrust of government, which has more to do with a local feeling of distrusting City government than actual actions by City government. That statement would appear to white wash the reality as a significant proportion of Snohomish residents report a distrust of City government based on actions they have perceived or they have seen and believe to be so. It could be something as simple as not liking so and so's hair or I saw so and so slide through a stop sign. There were certainly mistakes, questionable judgment, and poorly evaluated decisions made by City government. For example, the Senior Center constructed on top of the pioneer cemetery, a trailer park put on public property and then allowed to charge rent on property they don't own. She acknowledged in a conversation she had recently that the term mistake can mean different things to different people. As Anaïs Nin famously said, "We don't see things as they are, we see things as we are." She has attended Council meetings this year, and she is amazed at the volume of work City staff does. She is not an expert in anything and at those meetings, she has seen the City Council discuss issues, and ask questions of staff. She has seen the process – egos surface here and there – and decisions are made. Council does way more that is right than is wrong. In listening to Councilmembers responses to allegations of bad decisions and covert agendas, she saw the disquiet it caused the Council, as they believe they are doing their best with no ill intent. The reality is it takes deliberate effort of honest and open communication – walking one's talk – and time to regain trust. Good, bad or otherwise, we are all in this together.

Mayor Guzak thanked Ms. Dessein for her comments.

5. **ACTION ITEMS:**

a. 2016 Budget Amendment - Ordinance 2309

Ms. Olson stated the Council will be reviewing proposed Ordinance 2309, which will amend the 2016 budget. In December 2015, the Council formally adopted the 2016 Budget through Ordinance 2293. Since the adoption of the 2016 budget, staff has closely monitored revenue sources and capital expenditures. The proposed budget amendments will reduce the risk of expenditures exceeding budget allocations. The budgets are adopted at the fund levels. The Ordinance includes a summary of total revenues expected and total expenditures. For the General Fund Revenues, Fund 001, the proposed budget amendment seeks to provide a reallocation of estimated year end revenues for the City's retail sales tax. The estimate continues to be conservative for what the City may see for year-end 2016, but it is expected to increase over $250,000. Staff also wants to correct the method in which the School Resource Officer is tracked. The City receives monies from the School District, which is a revenue the City wants the budget to accurately reflect. In regard to General Fund Expenditures, staff has proposed line item changes for a number of personnel – salary, wages and benefits. These amendments reflect the shifting of staff within positions. For example, the Deputy City Manager position and the combined City Clerk and Human Resources Manager position for 2016, along with the cost for the Planning Director search and replacement. Other proposed line items to increase are the City's property, auto and crime insurance premiums, which increased by approximately $15,000. There is also an increase in legal expenditures. This is due primarily to a significant increase in the number of public record requests requiring legal review. Bank fees have also increased and it should be noted in a future Council meeting, staff will be proposing a banking RFP to look at a potential new depository for the City to help reduce the cost of bank fees. The total will increase overall expenditures by approximately $20,000. In Funds 125, 130, 311 and the utility funds, the proposed changes are for capital funds. At the time the 2016 budget was adopted, the capital projects identified were dependent on whether or not grant funding would be received. This budget amendment properly identifies the projects the City will be completing during the summer construction schedule. Primarily, this reflects the State TIB grant awarded for the 30th and SR9 Widening Project. This project is being added to the Streets Capital Budget. The City also received grant funding for the Maple Avenue Overlay. There will be a delay in the Avenue A project, and it will be removed from the budget. There will be a redirecting of funds for the Avenue A project. The sources involved for that project was the water, stormwater and sewer funds. Fund 501 is a budget allocation for the repair of the HVAC at the Police Department. This budget was originally adopted at $25,000. However, $15,000 is proposed to be added to the repair and maintenance line item. In Fund 502, Information Services will be amended due to the delay in purchasing the City Hall generator. Those funds are being reallocated for communication platforms toward civic engagement and new communication efforts, such as the City app, the redesign of the City website and the consulting work to help staff with the usability analysis and implementation of the new City magazine.

Councilmember Rohrscheib inquired regarding the specific reason for the Avenue A project postponement.

Mr. Schuller responded due to the success the City had in receiving grants, it was a matter of staff time and using the grant dollars while they were available for the Maple Street Overlay and the widening of 30th and SR9 projects. The Avenue A project is planned to be completed in 2017.

Councilmember Wilde asked about the Planning Director recruitment and if the position remains open past the June deadline, will staff need to return to Council for another budget adjustment.

Mr. Bauman explained the City has a warranty for the recruitment process. If the City does not find a candidate during the first round, the services for a second recruitment would be provided without additional cost. There will be expenses that will be paid for, such as advertising. However, the fee is paid and we would not have pay that again for a second or third successive recruitment process.

Morgan Davis, 206 Avenue I, stated he believes the sales tax revenue is way over target and surplused at $250,000. He said the Mayor is not forthcoming. There is money coming in way over budget. Mr. Bauman brags about combining the City Clerk with the HR position and saving $120,000 annually. The City is also saving money on the Planning Director being gone and apparently things are going smoothly. Mr. Davis suggested doing something for the citizens. Everybody knows the utility bill is the most onerous thing next to property taxes. He suggested rolling back or cutting the 6% utility tax in half on the water, sewer, garbage and stormwater utility bill. He stated it would be a big help and it would be way more than the one-year 10% deal. If the City needs more money, he read the City is considering one-tenth of one percent sales tax for law and justice. There was also a discussion about the county doing the same thing with a .2% law and justice sales tax measure on August 2. He stated he read somewhere that Councilmember Hamilton wanted both. He wanted the .1% and .2%. He doesn't think the Council should follow his advice. He thinks the Council should represent the citizens, not Mr. Weed or Mr. Bauman. He thinks the City should wait and see what the county measure does on the sales tax on August 2. He stated apparently the Mayor doesn't want to dig into that either and she's stonewalling it. She doesn't like descent and doesn't want to communicate with the citizens. Mr. Davis stated citizens come, take their time and attend the meetings and the Mayor doesn't give them the time of day. He stated he wasn't in attendance, but one of his neighbors wrote it down and wanted him to mention that one of the councilmembers at the last meeting called City residents lazy, aphetic, cynical, stupid, ignorant and uneducated and there's not a damn thing they can do about it. His neighbor wanted him to tell the councilmembers that they're pseudo–intellectuals and a bunch of pointy headed ectomorphs that are thinking they can bamboozle the citizens. The citizens are uprising. This is a tax revolt. The City wastes too much money. Everybody knows that. Ironically, $26,000 was spent on a focus group that was bogus. It was cherry picked and the names and addresses were not released as he requested.

Councilmember Hamilton stated for the record he has not publically spoken on any proposed public safety sales tax increases and was in favor of Proposition 1, the 3/10 of 1% increase that was passed by the citizens for community transit.

MOTION by Hamilton, second by Randall, that the City Council ADOPT Ordinance 2309 amending the 2016 Budget. The motion passed unanimously (6-0).

Mayor Guzak thanked Ms. Olson and staff for their work.

b. Petition for Vacation of Unnamed Right-of-Way (east of Cypress Avenue) (Tabled until further notice)

c. Appoint Parks Naming Committee Members:

Project Manager, Denise Johns stated the purpose of this agenda item is for the City Council to designate a City Council member and/or citizen representative(s) for the ad hoc Parks Naming Committee. On January 19, 2016, the City Council approved Resolution 1338 which established policies and procedures relating to the naming of parks and facilities. On April 5, 2016, the City Council approved staff nominations of Lya Badgley, Parks Chairperson; Mike Johnson, Public Works Services Manager; and Steve Schuller, Deputy City Manager and Public Works Director and directed staff to solicit citizen applications for the ad hoc Parks Naming Committee.

The City received applications from five citizens: Angela Allen, Kathleen Hope, Richard Patton, Jami Rentko, and Jonah Urie. In addition to the selection criteria set forth in the application announcement, staff also recommends committee members be over the age of 18. There is also a recommendation that regular members reside within the City limits and alternate members reside within the larger community. Ms. Allen and Ms. Rentko both reside outside of the City's boundaries.

Staff's proposal is to nominate Kathleen Hope, Snohomish; Richard Patton, Snohomish; and an optional City Councilmember. The proposed alternates are Angela Allen, Everett and Jami Rentko, Snohomish (outside of the City limits). Ms. Johns noted alternates are able to sit in on all of the discussions. However, they are not able to vote.

Councilmember Schilaty was curious about Angela Allen's residence within Everett. She wanted to know if she resided within the City of Everett. Ms. Allen has a long history with the City of Snohomish

Ms. Johns responded Ms. Allen resides within the City of Everett.

Morgan Davis, 206 Avenue I, stated he is saddened that the Council is removing an Averill family member just because she lives outside of the City. The Council has numerous Boards and Commissions where people don't live within the City limits. Gordy Cole is on the Planning Commission and he doesn't live within the City. The Council is cherry picking and eliminating the Averill family and apparently the Council has its own agenda. He said the School District named the pool for Hal Moe because he was a school superintendent and principal, and the School District should name the Aquatic Center after him. The Averill Field is an historical place ruined by the placement of the Boys and Girls Club. He said it was a beautiful park with a lot of history and he thinks the Council should reconsider and appoint Angela Allen to the committee. He noted a person who lived on Ludwig Road for only one year was appointed to the committee, and she is just a neighbor with her own reasons for wanting to determine the parks names. To be fair, he suggested opening it up to one more member. As far as names, he suggested naming what's left of Averill Field, the Historical Averill Field Park. It's simple. The City doesn't need a lot of money and committees all summer long to come up with names. Let the citizens write in and come up with names. The Council will decide them anyway - just like it came up with the Riverview name, which was a bogus name. The Mayor had her agenda with the Everett Audubon Society. In fact, Captain Schneider lived in Everett and she was allowed to name the park Riverview Wildlife. The Council is not consistent. He also suggested naming the Stocker property, Cattle Drive Park or Maverick Park. He asked that Council open it up and add the lady that has historical roots to Snohomish.

Mayor Guzak stated there are two committee members, with the need for a councilmember on the committee. There will also be two alternates and they will be very involved in the process.

Councilmember Schilaty stated generally speaking, they are darned if they do and darned if they don't with these committees. She noted the Council has been criticized for letting people outside of the City sit on a committee and then they are criticized for not letting people outside of the City on committees. She explained there are reasons why it makes sense for certain committees and not for others. If anybody wanted to know what those reasons are, she asked they speak with City staff or the Council about those reasons. She questioned whether the five applicants were the only applications received, which is why it is such a small committee, and if this provides sufficient representation.

Ms. Johns reassured Councilmember Schilaty the committee is responsible for researching and reaching out to the community for name suggestions.

Councilmember Schilaty inquired if alternates are required to attend all meetings, or do they just fill in if a regular member can't attend.

Ms. Johns responded they are essentially the same as a regular committee member and they participate in all the discussions and are responsible for attending. There is no set criteria for meeting attendance, but the alternates are working members of the committee without voting rights. These committees are encouraged to work on consensus.

Mayor Guzak noted in addition to the members being appointed, Ms. Badgley and Mr. Schuller will also be a part of the committee. If the group gets too large, it can become unmanageable. She thinks the committee is a good size and will be a functional group, including the alternates. She stated the openings were well advertised, with an extended application deadline. Mayor Guzak asked for a councilmember volunteer for the Parks Naming Committee.

Councilmember Schilaty volunteered.

MOTION by Hamilton, second by Wilde that the City Council APPOINT Councilmember Schilaty and citizen representatives Kathleen Hope and Richard Patton as regular committee members; and Angela Allen and Jami Rentko as alternate committee members for the Parks Naming Committee. The motion passed unanimously (6-0).

c. Authorize City Manager to Execute Text Archiving Agreement with MobileGuard, Inc.

Ms. Olson stated staff seeks Council consideration and authorization for the City Manager to execute a text archiving agreement with MobileGuard, Inc She explained, per State law, text messages relating to the conduct of public business are public records and shall be archived according to the Public Records Act, Open Public Meetings Act and State of Washington records retention guidelines. Over the past several months, staff has been working on coordinating an agreement with MobileGuard to monitor and capture all City staff text messages. The City joined ACCIS, a consortium of Washington cities, to negotiate pricing for the archiving services. Monthly fees per device will be $6.00, with a one-time account set-up fee of $900. The 2016 budget includes allocations for these services.

MOTION by Hamilton, second by Rohrschieb that the City Council AUTHORIZE the City Manager to EXECUTE an Agreement with MobileGuard, Inc. for Text Message Archiving Services in compliance with Ch. 40.14.010 RCW. The motion passed unanimously (6-0).

6. **DISCUSSION ITEM** – Mobile Food Vendors

Mr. Clay White, Interim Planning Director stated the purpose of this discussion is to provide a proposed process to license mobile food vendors within certain areas of the city. The requirements would be added to Title 5, which provides for the City's business regulations and licensing requirements. A small amendment is also proposed to Title 11 in order to allow mobile food vendors to sell merchandise from their vehicles within the City's right-of-way, west of Avenue D. This is currently prohibited by code. In addition, these requirements ensure mobile food vendors operating within the City obtain and maintain proper licenses and permits from the appropriate state and local agencies to ensure that public health, safety and welfare standards are met as part of the licensing process. Staff is also proposing designated areas and standards to ensure mobile food vendors operate in harmony with brick and motor restaurants. The current proposal also limits where mobile food vendors can operate, how long they can stay in one location, and their distance from brick and mortar restaurants. Lastly, staff wants to ensure the licensing requirements provide opportunities within the City for further economic development. As drafted, the regulations provide limited areas where mobile food vendors can operate. This will give City staff an opportunity to see how the regulations work before considering an expanded licensing area. Mr. White stated he wants it to be clear there is difference between a licensing requirement and a special event permit. He stated mobile food vendors attend the Thursday Farmer's Market and that is allowed as part of the Special Event Permit. The mobile food vendor licensing requirements would allow a vendor to operate whenever they wanted within the year, provided the vendor met all the requirements and remained within the designated areas.

Mr. White stated this matter has been discussed with the Economic Development Committee, and there have been informational briefings with the City Council and Planning Commission. He explained staff is looking for feedback from the Council and direction on setting a public hearing date. He is also looking at engaging brick and mortar restaurants near areas the Council may consider for allowing mobile food vendors to obtain their feedback. The licensing process for mobile food vendors would require the City ensure the vendor has obtained all the proper approvals from various local and state agencies before approval to operate within the City. The draft code outlines the requirements. The City's role is to verify the vendor has met the requirements such as providing evidence of current State of Washington vehicle registration, documentation of approval by the Snohomish County Health District, providing a written plan documenting disposal of wastewater generated by their vending unit, and identifying available toilet and hand washing facilities. If the vendor plans to locate on private property, the City will require written permission from the property owner(s) consenting to operation of the business on their property. Mr. White stated the licensing area under the proposal provides that no mobile food vendor shall operate except on private property in the Pilchuck District's Neighborhood Center Zone, Neighborhood Civic Zone, Business Park land use designation, or public right-of-way adjacent to the First Street travel lanes west of Avenue D. In addition to limiting license areas, there are a number of requirements in the draft code to ensure balance with existing restaurants and protect the public's health, safety, and welfare. Staff's goal is to prepare regulations that will work and provide economic opportunity while also keeping mobile food vendors mobile.

In consideration of the brick and mortar restaurants, the draft code provides no mobile food

vendor shall sell or deliver any food or goods if the vending unit is within 200 feet of the entrance of any non-mobile business establishment open for business without the written consent of the business. For health, safety and welfare and in addition to what staff would review as part of the license, the regulations state that mobile food vendors shall provide at least one trash receptacle for customer use, have a minimum setback of 20 feet between the mobile food preparation van or other vending unit and all interior property lines and other buildings, and a minimum of 50 feet from flammable, combustible liquid or gas storage and dispensing structures. Further, no mobile food vendor shall obstruct or cause to obstruct the passage of any pedestrian or vehicle on any public sidewalk, street, or any other public right-of-way**.** If the mobile food vendor is operating on private property, they must provide at least two customer parking spaces. Additionally, the vendor cannot be located on any parcel or premise for more than six hours in any 24-hour period. This will not only ensure mobility, but also ensure gray water and waste is properly disposed of.

To balance economic development and mobility, mobile food vendors shall not operate at more than one site within any 24-hour period unless sites are separated by at least 2,000 feet. Mobile food vendors that only serve employees of businesses on the property of such businesses are exempt from this provision. The proposed regulations also state there will be no use of freestanding awnings, tents, canopies, umbrellas, or other structures or weather protection devices. All devices will remain attached to the vending unit, and all merchandise, wares, and food will only be displayed or offered for sale from the vendor's vehicle. Again, these regulations would not impact mobile food vendors being used during special events, such as the Farmers Market. Staff has engaged in some public outreach. However, based upon Council feedback and any changes, staff will reach out to affected businesses and look to schedule a public hearing in June.

Councilmember Rohrscheib asked how the City will enforce the 200 foot rule.

Mr. White responded when the vendor applies for the license, they will map out their operation locations. He noted some regulations are easier to enforce than others, but he believes having the regulations in the code puts the vendor on notice. For instance, if the vendor stated they would locate on private property and the City is aware the property is located within 200 feet of a restaurant it would be a red flag. Some enforcement will be proactive and some will be complaint based.

Councilmember Rohrscheib wanted to know who the brick and mortar should contact if they felt there was a violation.

Mr. White stated they would contact City staff.

Councilmember Rohrscheib wanted to know who the contact would be on a Saturday afternoon when City staff is not available.

Mr. White stated unless there was an emergency, it would be addressed during normal business hours like other complaints. As the situation currently exists, a mobile food vendor could come into the City without licensing, and that is what staff is trying to prevent. He feels if everybody knows the rules and they are coming into City Hall to obtain a license, they are more likely to follow the regulations.

Councilmember Rohrscheib clarified the vendor would only be allowed to sit for six hours in one location and then would be required to move approximately 2,000 feet, where they can remain for another six hours.

Mr. White confirmed that is correct.

Councilmember Rohrscheib stated he is in favor of bringing in the food trucks. He reviewed the map and is fine with the proposal. He believes it is important based on the amount of craft distilleries and microbreweries in town and their inability to put in full kitchens. He feels it would be great for these smaller establishments to be able to offer good beverages and provide customers with some good food too.

Councilmember Schilaty asked for clarification. She stated if a vendor went to a business and provided lunch, would that be an exception to the 2,000 foot rule.

Mr. White confirmed that is correct.

Councilmember Schilaty asked what would happen if the vendor providing lunch was within 200 feet of a restaurant.

Mr. White stated the rule wouldn't apply. If the vendor is located for six hours, they would need to move at least 2,000 feet. That is to keep vendors from moving ten feet onto an adjacent parcel and just moving back and forth. The intention is to keep them mobile and to be at locations for limited amounts of time.

Councilmember Randall asked if City staff would be able to complete some spot check inspections once the program is launched to make sure the vendors are in compliance with the regulations. He thinks it would be a good time to educate and ensure the program doesn't get out of hand. He is in favor of the mobile food vendors.

Mr. White replied one of the ways staff has looked at ensuring vendor compliance is requiring them to provide a lot of the compliance information in advance as part of the licensing process.

Morgan Davis, 206 Avenue I, stated he supports the ordinance and it should be approved immediately. He stated the Council should not dither any longer. Summer is coming and that could be the trial period. He sees no problem, and it's not that big an issue. There's a food vendor right across the river at Airport Way and it works out very well. They offer a service to the blue collar workmen out there. It adds a different flavor to the town. He doesn't know why the Council keeps dragging things out.

Wayne Mascotti, 1120 First Street, stated he owns and operates Cathouse Pizza and has a mobile food truck too. He believes in this program. However, if the City wants to bring food trucks onto First Street and allow them to compete against all the brick and mortar restaurants, he is against it. He supports going to the breweries and goes to them all the time. He stated it is a huge win for those people, but to put a truck down on First Street and compete against our own town is unfair to the businesses. However, late at night when all the restaurants are closed and the bars are still going strong, he can see it working. If the Council is talking about allowing food trucks on First Street during the daytime or business hours, he thinks it's the wrong way to go. Mr. Mascotti is in favor of having the food trucks in the area and going to different places and supporting the businesses in town. However, he wants the Council to be careful on where the trucks are allowed to go. He is also concerned that 200 feet in front of a restaurant is not a far enough distance from his front door or any other business on First Street.

Mr. White responded mobile food vendors are only allowed west of Avenue D. In addition to that, there is the distance requirement. They are not allowed in the core area where the restaurants are on First Street.

Mayor Guzak stated she heard two councilmembers indicate they are in support of the mobile food vendors and she is also in support.

Councilmember Schilaty stated she would like to get the mobile food vendor program going as fast as possible.

Councilmember Wilde wanted to know if there was any reason why they couldn't vote today.

Mr. White replied it hasn't been advertised and published as a public hearing.

Mayor Guzak commented on the map where it shows food trucks are required to be located west of Avenue D, which is away from First Street.

Councilmember Rohrscheib wanted to know if the hearing could be scheduled at the next meeting.

Mr. White stated he will coordinate notice time with the City Clerk. He would also like enough time to contact any restaurants within 300 feet of the areas where the trucks would be allowed. He could possibly get that done before the next meeting. He will look into whether the public hearing can be held on June 7.

Mayor Guzak stated community outreach is important and directed Mr. White to bring this matter back before Council at the earliest possible time. She noted food trucks are allowed at special events like wine tasting and the Farmer's Market, and this issue is a different matter. She thanked Mr. White for his work.

7. **CONSENT ITEMS:**

   a. **AUTHORIZE** payment of claim warrants #58663 through #58748 in the amount of $1,062,149.14 issued since the last regular meeting.

   b. **AUTHORIZE** Blackmans Lake Outlet Improvement Project – Woodlake Manor Easement.

   c. **CONFIRM** Mayor's Reappointment to Design Review Board.

   MOTION by Hamilton, second by Randall to pass the Consent Items. The motion passed unanimously (6-0).

8. **OTHER BUSINESS/INFORMATION ITEMS:** None.

9. **COUNCILMEMBER COMMENTS/LIAISON REPORTS**

Councilmember Schilaty attended the Economic Development Committee today and they reviewed water supply issues and the comprehensive plan amendments. She welcomed citizens to attend the meetings as they are very interesting and informative.

Councilmember Rohrscheib stated the Public Safety Commission met on May 10 at the

United Methodist Church at 2400 Lake Avenue where National Night Out will be hosted this year. The group is very concerned about crime and its correlation to heroin usage in the community. He wanted to remind everybody about the Heroin Forum to be held on Thursday, May 26, 6:30 p.m. at the Snohomish High School. He believes it is important that councilmembers are able to attend the National Night Out event on August 2 and is hopeful the scheduled council meeting can be cancelled.

Councilmember Randall attended the Economic Development Committee and enjoyed meeting the committee members and the discussions.

Councilmember Hamilton stated unfortunately he was not able to attend the last Planning Commission meeting. The next meeting is scheduled for Wednesday, June 1. He stated on Wednesday, May 11, he had the opportunity to attend Community Transit's annual employee awards barbecue. They have a lot of great employees there and gave out some incredible awards. Board members in attendance included Jan Schuette from Arlington, and Mike Todd from Mill Creek. A group picture was taken and he will forward it on to Debbie Emge for the Friday Newsletter. They had accessories to put on so it should be a fun picture. Also, last Wednesday he had the opportunity to meet with Benjamin Studley. He is an intern in Congresswoman Suzan DelBene's office dealing specifically with veteran's affairs. He will pass on Mr. Studley's contact information to the Council. In a month or two, Mr. Studley will provide the City Council with a presentation on the work he's doing. He's a sixteen year veteran of the military and from the local area. If anybody knows a veteran who needs some guidance or assistance, they can pass Mr. Studley's contact information to them, and Mr. Studley will work with them. This is a new program for veterans handled out of Congresswoman DelBene's office. It's another great resource for the area.

10. **MANAGER'S COMMENTS**

Mr. Bauman stated work is proceeding again on the boat launch project being managed by the State Department of Fish and Wildlife. Staff does not have a final expected completion date yet, but the estimated time frame is approximately thirty days. Staff is tentatively thinking about an event in July to celebrate the completion of the project and he will advise Council of the details and options for Council's consideration as the date gets closer. This will be coordinated with both the City's state and county partners. He also wanted to update the Council on the public safety sales tax considered by the county council. The county adopted an ordinance to place the measure on the August 2 primary ballot asking voters to approve a 0.2 percent sales tax for public safety. 40% of that revenue would be shared with the cities. The Heroin Forum organized by Chief John Flood will be held at the Snohomish High School, Performing Arts Center on Thursday, May 26 at 6:30 p.m. Staff hopes there will be a large turnout for this event. It will be well publicized throughout the area. Mr. Bauman extended a special thank you to Councilmember Schilaty who helped staff untangle a scheduling problem for that venue and it turned out very well.

11. **MAYOR'S COMMENTS**

Mayor Guzak stated she was proud to cut the ribbon at the Farmer's Market celebration. The season has started with many quality vendors and occurs every Thursday. It's a great event. There is also a City booth at the market which provides water facts and conservation education information. Due to her long career as an artist, Mayor Guzak was asked and very proud to jury a high school art show in the painting division. Jillian Ballas won the Mayor's Special Award. She did a beautiful painting and the library at the high school will purchase the painting. Mayor Guzak stated she met with the City Manager, County Councilmember

Hans Dunshee and Doug Engle, the railroad operator to discuss upgrading the rail. They are looking for Councilmember Dunshee to help apply for federal funds that would assist in upgrading the tracks. She continues to work and hope for an excursion train. She invited citizens to attend "Coffee with the Mayor" on Saturday, May 21 from 10:00 a.m. to 11:00 a.m. Councilmembers Schilaty and Rohrscheib will also attend. Lastly, Snohomish County is having their Public Safety and Human Services Alliance meeting on Friday, June 3 from 11:00 to 12:30 p.m. in Edmonds.

12. **ADJOURN** at 8:15 p.m.

APPROVED this 7th day of June 2016.

CITY OF SNOHOMISH	ATTEST:
_____	_____
Karen Guzak, Mayor	Pat Adams, City Clerk

PUBLIC HEARING 5

Date: June 7, 2016

To: City Council

From: Clay White, Interim Planning Director

Subject: **Mobile Food Vendor Licensing Code Amendments Hearing**

SUMMARY

This agenda item provides for the City Council's hearing on draft code language addressing the licensing and siting requirements for Mobile Food Vendors. The proposed language (Attachment A) would be added to Title 5 (Business regulations and licensing) since a mobile food vendor license would be required to operate. A small code change is also proposed for 11.08.130 SMC, (Parking for Certain Purposes) which currently prohibits the selling of merchandise from a vehicle. This section would be amended to allow sales from a licensed mobile food vendor.

Planning staff provided a briefing on this issue at the May 16, 2016 meeting. Council directed staff to prepare an ordinance and set a public hearing for June 7, 2016 (see notice, Attachment C). Since the May 16 meeting staff has:

1) Sent a letter (Attachment B) to food service businesses within 300 feet of the proposed Mobile Food Vendor licensing areas (Attachment D).
2) Prepared a draft ordinance which has been approved as to form.
3) Properly noticed the hearing in the paper of record.
4) Completed additional outreach to the community on this topic in order to advertise the hearing.

Any written comments received on this issue between the time this report is prepared and June 7, will be provided to the Council on June 7.

BACKGROUND

With the exception of special event permits, Snohomish Municipal Code (SMC) does not address businesses operating from wheeled vehicles. Brick and mortar eating and drinking establishments are allowed as permitted or conditional uses in all commercial and mixed-use land use designations and in Public Park designations where they are permitted only if ancillary to a recreational use.

Unlike brick and mortar restaurants, mobile food vendors are not treated the same under the code. Certain code requirements applicable to new development do not necessarily apply to transitory uses such as mobile food vendors where no building permit is required. These requirements may include site and frontage improvements, dimensional standards, parking standards, traffic impact fees, design standards, and restroom facilities. For mobile food vendors, licenses are typically required by agencies including the Washington State Department of Motor Vehicles, Washington State Department of Labor and Industries, and the Snohomish County Health District.

From an economic development perspective, there may be benefits to allowing mobile food vendors within certain limits. These may include potential interim economic use of undeveloped land and furthering entrepreneurial opportunities. As well, the allowance may expand dining options for residents. In some jurisdictions, aggregations of mobile food vendors are promoted as, or have become, a destination draw. An example is Everett's recent Food Truck Festival. However, there may be concerns from citizens that the use is not consistent with community character, and concerns from brick and mortar restaurants that these uses would unfairly compete due to different start-up and operational costs.

PROPOSAL

The City already has a process in place for mobile food vendors associated with special events. Therefore, the proposed code will not address food trucks associated with special events, only those who wish to operate on a more regular basis.

It is also important to note that this will be the first code for mobile food vendors within the City. It has been intentionally written so the scope is limited, while also providing opportunities for it to be successful. This will give the City an opportunity to see how the code functions. Licensing areas can always be expanded in the future based upon the experience the City has with licensing these operations.

The following provides an overview of the code development goals and how the draft language addresses those issues.

- Make an allowance in Title 5, Snohomish Municipal Code (SMC) for the licensing of mobile food vendors so they can be properly licensed and sited within certain areas of the City.

  The proposed code language outlines where mobile food vendors can potentially locate and operate. The code also provides for the annual licensing of these operations and process to ensure all local and state health, safety and welfare requirements are met prior to operation. Fees for the mobile vendor license and license changes will be handled under a separate process through the Economic Development Manager.

- Ensure that mobile food vendors stay mobile and do not interfere with the operation of brick and mortar restaurants. Create limited areas where mobile food vendors can operate until impacts of these businesses on the community can be fully understood.

  The proposed code provides a number of requirements:

  - *Vendors may locate in the Pilchuck District's Neighborhood Center Zone, Neighborhood Civic zone, and land designated Business Park.*
  - *Vendors may only use right-of-way adjacent to the First street travel lanes west of Avenue D.*
  - *A mobile food vendor may not locate on a given parcel or premises for more than six hours in any 24-hour period.*

- *Mobile food vendors shall not operate at more than one site within any 24 hour period unless such sites are separated by at least 2,000 feet. Mobile food vendors that only serve employees of businesses on the property of such businesses are exempt from this provision.*
- *Mobile food vendors shall not operate within 200 feet of a brick and mortar food business that is open without consent of that business.*

- Ensure mobile food vendors are set up so they do not obstruct sidewalks, passage of pedestrians or vehicles, and other right-of-way issues.

  The draft code prevents vendors from using freestanding awnings, tents, canopies, or umbrellas. These types of devices must stay attached to the vendor vehicle. The code also specifies that signs, lights, overhangs, and awnings must not create a hazard to pedestrians, customers or vehicles. Finally, there is language included to ensure queuing of customers does not create an issue for traffic and pedestrians.

STRATEGIC PLAN REFERENCE: Initiative # 6: Cultivate local businesses and promote the City as a great place to do business; and Action Strategy 6.c: Facilitate growth and the enhancement of community character by establishing plans and ordinances that support businesses and residents in key opportunity districts.

RECOMMENDATION: That the City Council ACCEPT public comment and ADOPT Ordinance 2310 as written or as amended.

ATTACHMENTS:

A. Ordinance 2310 – Mobile Food Vending
B. Letter to businesses – May 19, 2016
C. Council Hearing Notice
D. Map of Proposed Zones Permitted for Mobile Food Vending

ATTACHMENT A

CITY OF SNOHOMISH
Snohomish, Washington

ORDINANCE 2310

AN ORDINANCE OF THE CITY OF SNOHOMISH, WASHINGTON AMENDING THE CITY'S BUSINESS AND LICENSING REGULATIONS, ADDING A NEW CHAPTER 5.30 SMC "MOBILE FOOD VENDORS" AND AMENDING SMC CHAPTER 11.08.130 ENTITLED "PARKING FOR CERTAIN PURPOSES PROHIBITED"; AND PROVIDING FOR SEVERABILITY AND EFFECTIVE DATE

WHEREAS, business regulations and licensing are regulated under Chapter 5 of the Snohomish Municipal Code (SMC); and

WHEREAS, the City has received interest from Mobile Food Vendors about operating on a regular basis within the City of Snohomish; and

WHEREAS, current provisions of Chapter 5 SMC only allow Mobile Food Vendors to operate within the City as part of a special event permit regulated by 5.10 SMC; and

WHEREAS, the City Council deems it appropriate to allow City licensed Mobile Food Vendors to operate on a regular basis within certain areas of the City; and

WHEREAS, the requirements contained in Chapter 5.30 SMC will ensure Mobile Food Vendors are properly licensed and inspected by required state and local agencies prior to being licensed by the City; and

WHEREAS, the City Council finds that limiting Mobile Food Vendor licenses to the First Street travel lanes west of Avenue D, the Pilchuck District's Neighborhood Civic zone, the Pilchuck District's Neighborhood Center zone, and Business Park land use designation is appropriate and will ensure the licensing requirements work in harmony with existing brick and mortar restaurants, provided, this reference to zoning districts is solely for the purpose of regulation of the location of operations of mobile food vendors licensed under this chapter; and

WHEREAS, the City Council finds that limiting time a Mobile Food Vendor can be located on one site and providing a 2000 foot distance requirement between mobile food vendors and brick and mortar restaurants without permission from that restaurant to site closer will ensure compatibility with existing businesses; and

WHEREAS, the City Council finds it appropriate to amend Chapter 11.08.130 SMC, which will allow Mobile Food Vendors to sell merchandise from their vehicle adjacent to the First Street travel lanes west of Avenue D; and

WHEREAS, the City Council finds that these regulations will provide an economic benefit to the City; and

WHEREAS, the Economic Development Committee met on May 26, 2015 regarding Mobile Food Vendor regulations and were supportive of adding new Mobile Food Vendor regulations; and

WHEREAS, the Economic Development Committee made recommendations about the licensing requirements for Mobile Food Vendors which have been incorporated into this Ordinance; and

WHEREAS, the City Planner, acting as the SEPA Responsible Official, determined this proposed legislation is a licensing regulation and not a development regulation as defined by the Growth Management Act, and also determined that it is procedural in nature and therefore exempt from threshold determination and EIS requirements under Chapter 43.21C RCW;

WHEREAS, on June 7, 2016, following notice as required by law, a public hearing was held before the City Council and all who wished to be heard were heard; and

WHEREAS, the City Council has determined and hereby finds that the amendments to the Snohomish Municipal Code adopted in this ordinance will preserve the public health, safety, and welfare of Snohomish residents;

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF SNOHOMISH, WASHINGTON DO ORDAIN AS FOLLOWS:

Section 1. Chapter 5.30 SMC, entitled "MOBILE FOOD VENDORS" is hereby adopted as provided and attached to this Ordinance as **Exhibit A**.

Section 2. Chapter 11.08.130 SMC, entitled "PARKING FOR CERTAIN USES PROHIBITED" is hereby adopted as provided and attached to this Ordinance as **Exhibit B**.

Section 3. Severability. If any section, subsection, sentence, clause, phrase, or word of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, subsection, sentence, clause, phrase, or word of this ordinance.

Section 6. Effective Date. This ordinance shall be effective five days after adoption and publication by summary.

ADOPTED by the City Council and **APPROVED** by the Mayor this 7th day of June, 2016.

CITY OF SNOHOMISH

By_____
KAREN GUZAK, MAYOR

ATTEST:

By_____
PAT ADAMS, CITY CLERK

APPROVED AS TO FORM:

By _____
GRANT K. WEED, CITY ATTORNEY

PUBLIC HEARING 5

Date of Publication:_____

Effective Date (5 days after publication): _____

EXHIBIT A

Chapter 5.30

MOBILE FOOD VENDORS

Sections:

5.28.010 Purpose
5.28.020 Mobile food vendor defined
5.28.030 Restrictions
5.28.040 License renewal
5.28.050 License permit required – application contents
5.28.060 Conflicting provisions
5.28.070 Severability

5.30.010 Purpose. This Chapter sets forth the licensing, location, and operating requirements for mobile food vendors.

5.30.020 Mobile food vendor defined. For the purposes of this chapter, a "mobile food vendor" means a business that, as its principal function, sells or otherwise dispenses prepared food and non-alcoholic beverages to the general public from a licensed motor vehicle that is not permanently affixed to real property. The term excludes food delivery vehicles and vehicles that dispense food and move from place to place and are stationary for no more than 15 minutes at a time, such as ice cream trucks. The term also excludes food trucks and similar concession vehicles that are licensed by the City under a special event permit.

5.30.030 Restrictions. A mobile food vendor shall:

A. Not be located on any given parcel or premises for more than six hours in any 24-hour period.

B. Mobile food vendors shall not operate at more than one site within any 24 hour period unless such sites are separated by at least 2,000 feet. Mobile food vendors that only serve employees of businesses on the property of such businesses are exempt from this provision.

C. Maintain a minimum setback of 20 feet between the mobile food preparation van or other vending unit and all interior property lines and other buildings and a minimum of 50 feet from flammable, combustible liquid or gas storage and dispensing structures.

D. No mobile food vendor shall sell or deliver any food or goods if the vending unit is within 200 feet of the entrance of any non-mobile business which serves food and is open for business, without the written consent of the business.

E. No mobile food vendor shall obstruct or cause to obstruct the passage of any pedestrian or vehicle on any public sidewalk, street, or any other public right-of-way, including customer queues or customers consuming any food sold by the mobile food vendor at or near the place

where any items are sold or offered for sale. No items may be offered or sold and no customers served in any traveled portion of a public roadway.

F. No mobile food vendor shall operate except on private property in the Pilchuck District's Neighborhood Center zone, Neighborhood Civic zone, Business Park land use designation or on public right-of-way or public property adjacent to the First Street travel lanes west of Avenue D. The reference to zoning districts in this section is solely for the purpose of regulation of the location of operations of mobile food vendor licensees under this chapter.

G. If operating on private property, the property owner shall designated at least two customer parking spaces for the use of the mobile food vendor's customers while the mobile food vendor is operating on such private property.

H. Maintain all attachments to the vending unit, including but not limited to signs, lights, overhangs, and awnings, in such a manner as to not create a hazard to pedestrians, customers or vehicles.

I. No use of freestanding awnings, tents, canopies, umbrellas, or other structures or weather protection devices. All such devices shall remain attached to the vending unit. All merchandise, wares, and food shall only be displayed or offered for sale from the vendor's vehicle.

J. Provide at least one trash receptacle for customer use. All such receptacles shall be screened from the right of way and securely covered, and the contents disposed with in compliance with City regulations.

K. Comply with all applicable requirements of the Snohomish County Health District and maintain current Snohomish Health District certifications.

L. Comply with the standards of the State of Washington Department of Labor and Industries for electrical service to the mobile food preparation vehicle and have a valid and current license issued by the Washington State Department of Licensing.

5.30.040 License renewal.

Mobile food vendor licenses shall be valid for one year from the date of issuance. Amendments to the original license application shall require a review fee but shall not change the renewal date.

5.30.050 License permit required – application contents.

A. No person, firm, or corporation shall operate within the city as a mobile food vendor without a valid business license according to the requirements of Chapter 5.02 SMC and a mobile food vendor license per this chapter. Application for a mobile food vendor license shall be made to the City Clerk, upon forms to be provided by the City Clerk. A mobile food vendor license shall not be issued prior to submittal and approval of all items required in this section and a determination of compliance with all conditions of license approval.

B. A mobile vendor license may be suspended or revoked in writing by the City Manager for any of the following reasons:
   1. Any fraud, misrepresentation or false statement contained in the application for a license.
   2. Any fraud, misrepresentation or false statement made in connection with the selling of products.
   3. Any violation of this chapter.
   4. Conviction of the licensee or operator of a felony or of a misdemeanor involving moral turpitude.
   5. Conducting a business licensed under this chapter in an unlawful manor or in such a manner as to constitute a breach of the peace or to constitute a menace to the health, safety or general welfare of the public.

C. The application for a mobile food vendor license shall state the name and address of the applicant and the vehicle license number from which the applicant proposes to conduct business.

D. Such application shall be accompanied with the license fee as provided for in the current fee resolution, together with a photocopy of a valid motor vehicle operator's license for all operators, proof of automobile liability insurance coverage in an amount acceptable to the risk manager for the City, and evidence of a Washington State Department of Revenue business registration number.

E. In addition to the foregoing requirements, mobile food vendors shall:
   1. Provide documentation that the vending unit has been approved by the State of Washington Department of Labor and Industries.

   2. Provide evidence of current State of Washington vehicle registration.

   3. Provide documentation of approval by the Snohomish County Health District of the vending unit.

   4. Provide a written plan documenting appropriate disposal of wastewater generated by the vending unit.

   5. Identify available toilet and hand washing facilities.

   6. Provide written permission from the property owner(s) consenting to operation of the business on the owner's property, if operated on private property.

   7. Provide a site plan depicting existing site improvements, ingress and egress location(s), the location of the vending unit, and, if on private property, the location of at least two spaces for customer parking.

5.30.060 Conflicting provisions. In the event any of the provisions of this ordinance conflict with any provision of any other ordinance, the provisions set forth in this ordinance shall supersede.

5.30.070 Severability. Should any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation be declared unconstitutional or invalid for any reason, such decision shall not affect the validity of the remaining portions of this ordinance or its application to any other person or situation. The City Council of the City of Snohomish hereby declares that it would have adopted this ordinance and each section, subsection, sentence, clause, phrase or portion thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses, phrases or portions be declared invalid or unconstitutional.

EXHIBIT B

11.08.130 Parking for Certain Purposes Prohibited.

A. No person shall park any vehicle upon any street or alley for the principal purpose of:

1. Displaying of commercial or noncommercial signs;

2. Displaying such vehicle for sale;

3. Selling merchandise from such vehicle, except for licensed mobile food vendors meeting the requirements of SMC 5.30.

B. No person shall park any vehicle upon any roadway for the principal purpose of washing, greasing or repairing such vehicle except repairs necessitated by an emergency. (Ord. 1546, 1985; Ord. 1865, 1998)

ATTACHMENT B

CITY OF SNOHOMISH

Founded 1859, Incorporated 1890

116 UNION AVENUE ▫ SNOHOMISH, WASHINGTON 98290 ▫ TEL (360) 568-3115 FAX (360) 568-1375

May 19, 2016

RE: Proposed Mobile Food Vendor regulations

Dear Interested Party:

The City of Snohomish is currently considering new regulations, which would allow Mobile Food Vendors to operate within certain areas of the City. You are receiving this notice because you may own property or operate a business that serves food within 300' feet of where Mobile Food Vendors may be allowed to operate under the proposed ordinance.

Currently, Mobile Food Vendors are only allowed to operate in conjunction with special events, such as the Farmers Market. The new regulations would allow them to operate throughout the year within areas designated by the City. A public hearing on the matter is scheduled for June 7th, 2016.

The proposed regulations have been crafted to work with existing brick and mortar restaurants but your input in certainly important. The following describes the project goals and where Mobile Food Vendors would be allowed to operate under the proposed regulations.

Project Goals

- Provide a process to license mobile food vendors within certain areas of the City.
- Have standards to ensure mobile food vendors operate in harmony with brick and mortar restaurants.
- Require mobile food vendors, operating within the City, to obtain and maintain proper licenses/permits from appropriate state and local agencies to ensure public health, safety, welfare standards are met.
- Provide additional economic development opportunities and amenities for those who live and visit the City of Snohomish.

Where Mobile Food Vendors Could Locate (see attached map)

- Under the proposal , no mobile food vendor could operate except on:
    - Private property in the Pilchuck District's Neighborhood Center Zone, Neighborhood Civic Zone, or Business Park land use designation.

  - Public right-of-way or public property adjacent to the First Street travel lanes west of Avenue D.
- When located in one of the areas described above, no mobile food vendor could sell or deliver any food or goods if the vending unit is within 200 feet of the entrance of any non-mobile restaurant that is open for business without the written consent of the business.

In addition to location criteria, there are a number of requirements in the draft regulations to protect public health, safety, and welfare. The code specifies items like how long a Mobile Food Vendor can operate in one location and parking requirements when operating on private property. We encourage you to read the draft regulations.

Agenda documents for this hearing will be available on the City's website (**www.Snohomishwa.gov**) beginning June 3, 2016. If you wish to receive a copy of the draft regulations sooner, please contact Clay White, Interim Planning Director at white@SnohomishWA.gov or 360-282-3173.

The City Council will hold a **public hearing** on **Tuesday**, **June 7, at 7:00 p.m**. in the George Gilbertson Board Room at the Snohomish School District Resource Center, 1601 Avenue D, Snohomish.

You will have the opportunity to provide oral testimony or submit written comments at the public hearing. Written comments may also be submitted prior to the hearing. Please send those to Clay White, Interim Planning Director, City of Snohomish, 116 Union Avenue, Snohomish, WA 98290.

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

Sincerely,

Clay White
Interim Planning Director

ATTACHMENT C

CITY OF SNOHOMISH

NOTICE OF PUBLIC HEARING

NOTICE is hereby given that the City Council of the City of Snohomish will hold a **PUBLIC HEARING** on **Tuesday**, **June 7, at 7:00 p.m**. in the George Gilbertson Board Room at the Snohomish School District Resource Center, 1601 Avenue D, Snohomish, Washington for the purpose of:

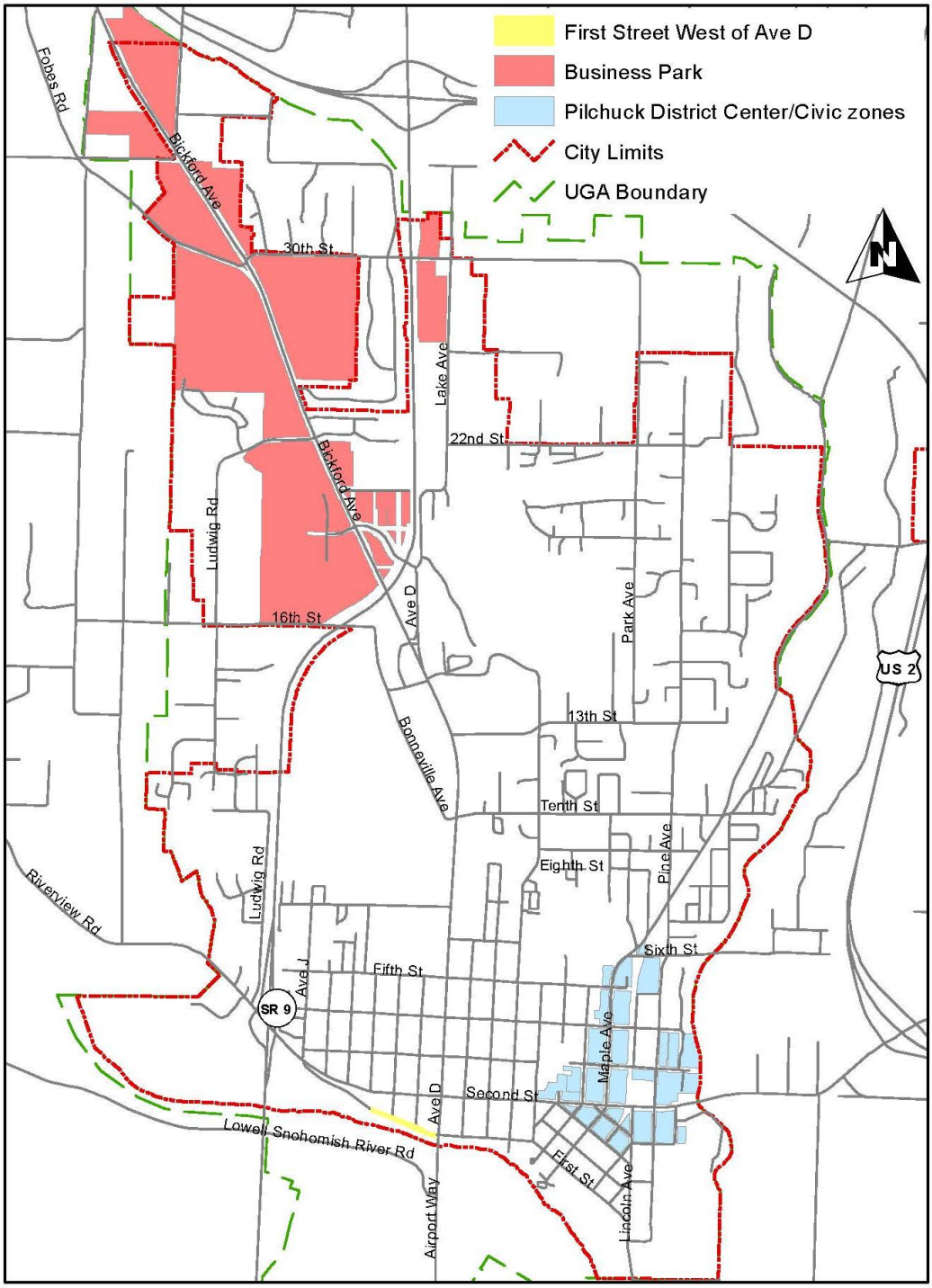
CONSIDERING PUBLIC INPUT ON THE LICENSING, LOCATION AND OPERATING REQUIREMENTS FOR MOBILE FOOD VENDORS.

Agenda documents for this hearing will be available on the City's website (**www.Snohomishwa.gov** beginning June 3, 2016.

All comments, written or oral, for or against, will be heard at that time. Written comments provided prior to the Hearing should be submitted to Clay White, Interim Planning Director, City of Snohomish, 116 Union Avenue, Snohomish, WA 98290.

Published: The Herald, Saturday, May 21, 2016

ATTACHMENT D



Potential Sites for Mobile Food Vendors

ACTION ITEM 6

Date: June 7, 2016

To: City Council

From: Brooke Eidem, Associate Planner

Subject: **2016 Comprehensive Plan Amendment Docket**

INTRODUCTION

This agenda item provides for the City Council's consideration of setting the 2016 final docket for amendments to the Comprehensive Plan. Only items placed on the final docket will be processed for further consideration.

BACKGROUND

The Growth Management Act (GMA), RCW Chapter 36.70A, requires that the City Council consider amendments to the Comprehensive Plan no more frequently than once per year. The City has instituted the following docketing and review process for such amendment proposals.

- Deadline for amendment applications (March 31st)
- Optional: initial review by Planning Commission (May 4)
- **City Council approval of the 2016 docket (June 7)**
- SEPA (environmental review by staff)
- Notification of proposed amendments to the Department of Commerce
- Planning Commission hearing and recommendation
- City Council hearing and decision
- Any appeal of the City Council decision is heard by the Central Puget Sound Growth Management Hearings Board

One application was submitted for consideration for inclusion in the current year's Comprehensive Plan Docket.

PROPOSAL

The proposal is to change the land use designation for the comprehensive plan as well as the zoning of the property at 2501 Bickford Avenue from Business Park to High Density Residential. A vicinity map is provided as Attachment A. The proposal was submitted by Insight Engineering Co., on behalf of the property owner, Bickford Landing, LLC.

The property is 3.36 acres and located on a west-facing slope with a Category III wetland in the northeast corner. The frontage along Bickford Avenue is relatively narrow at just over 170 feet. SMC 14.207.075(6) allows multi-family housing in the Business Park designation when in conjunction with a commercial use that comprises at least half of the gross square footage. The applicant has stated that commercial development on this property is not viable due to site constraints and limited street frontage. The ultimate proposal is for a senior apartment complex, with connections to the Snohomish Station commercial development to the immediate north as shown in the site plan provided as Attachment B.

STAFF ANALYSIS

Staff agrees with the proponent that the topography, orientation, limited street presence, and on-site wetland make the property a challenge for successful commercial development. If approved, the property would continue a transition of land use intensity from the single family-zoned Wilshire Lane subdivision (an unincorporated area of Snohomish County within the City's Urban Growth Area) northward to the Snohomish Station commercial development. The property is within a short distance of a bus stop, and adjacent to various retail and restaurant amenities at Snohomish Station. Although the number of units has not been identified, according to staff's calculations up to 80 units could be supported if the property is rezoned. Under the Low-Income Housing Incentives provisions of Chapter 14.285 SMC, that number could increase to 100 units if the development meets the eligibility criteria outlined in SMC 14.285.020.

Based upon the information received in the docket application and after preliminary review by staff, we recommend this docket request should be placed on the 2016 final Comprehensive Plan docket. By placing it on the final docket, we will have the ability to complete SEPA and engage the public further through public notice and hearings with the Planning Commission and City Council. All properties within 300 feet of the site will receive notice of the proposal under the SEPA process and notice of the public hearings associated with the amendment process.

NEXT STEPS: If the docket is approved, City staff would conduct an environmental review of the proposed amendment and schedule the item for a public hearing with the Planning Commission. This item would then return to the City Council before the end of the year for final consideration.

STRATEGIC PLAN REFERENCE: Initiative # 6: Cultivate local businesses and promote the City as a great place to do business; and Action Strategy 6.c: Facilitate growth and the enhancement of community character by establishing plans and ordinances that support businesses and residents in key opportunity districts.

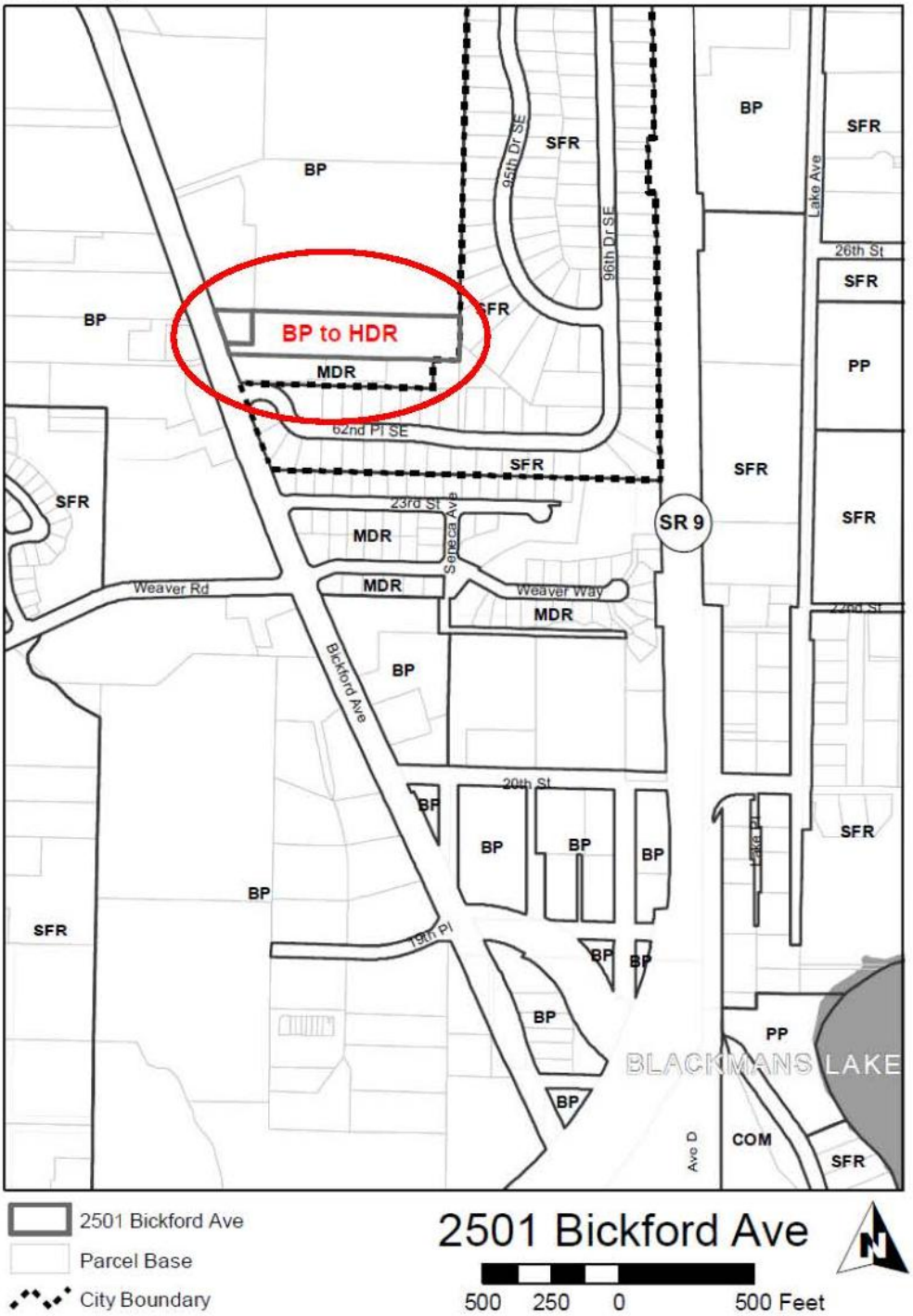
RECOMMENDATION: That the City Council APPROVE the final docket for 2016 Comprehensive Plan amendments with one application.

ATTACHMENTS:

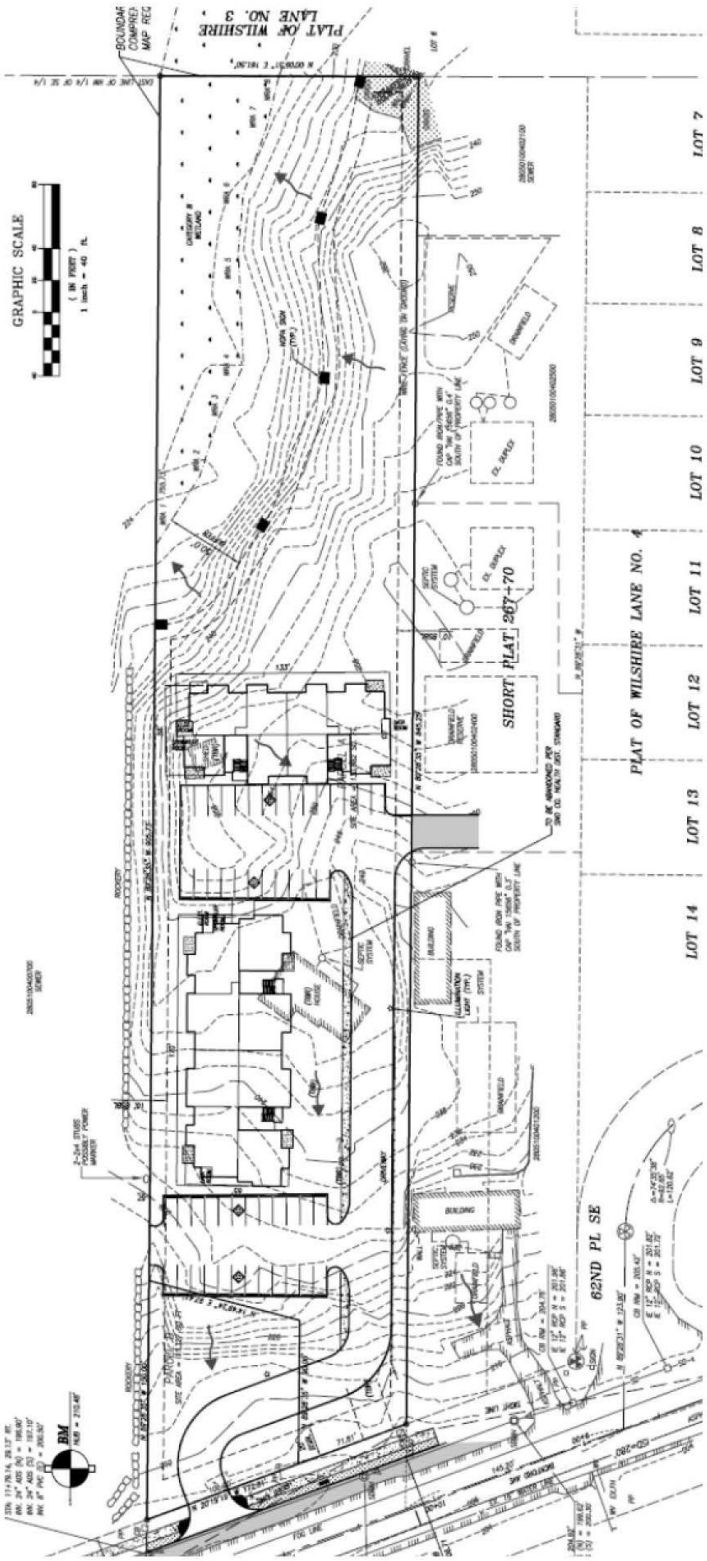
A. 2501 Bickford Avenue vicinity map
B. "Bickford Landing" site plan

ATTACHMENT A

Vicinity Map



ATTACHMENT B



Site Plan

DISCUSSION ITEM 7a

Date: May 17, 2016

To: City Council

From: Jennifer Olson, Finance Director

Subject: **Financial Management Policy**
Final Sections Review – Debt Management, Investments, Long-term Financial Planning, and Auditing-Accounting-Internal Control

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The purpose of this item is for a final discussion on the proposed Financial Management Policy – Debt Management, Investments, Long-term Financial Planning, and Auditing-Accounting-Internal Control Sections. A Financial Management Policy serves as an operational guideline and basis for management and staff to crystallize City Council strategic intents for dealing with fiscal vitality and to support the community-wide Strategic Plan - goals and objectives. Staff is using a collaborative approach in updating the policy that contains acceptable and unacceptable courses of action, establishes parameters in which the City may operate and provides a standard for safeguarding City financial resources and practices. **Attachment A** is the proposed policy reflecting City Council directed edits to date, along with staff recommended edits for the final policy sections to be discussed.

Background: In December 2015, the City Council kicked-off the planning work for updating the Financial Management Policy and for creating a 5-year Financial Plan, both 2016 City Council Goals. On January 19, March 15, April 19 and May 17, 2016, the City Council conducted workshops to review the Financial Management Policy sections on reserves, revenues expenditure controls, budgets and capital improvement plan.

General Fund – Fund Balance, Revenue and Expenditures – Updated 5-Year Outlook:
The latest 5-year General Fund outlook and forecast for ending fund reserve has been updated to include the May 17, 2016 budget amendments (**See attachment B**) and continues to show a future structural imbalance. Our work in creating a 5-year balanced financial plan for the General Fund is as important as ever. Staff continues to be cautious of our major source of revenue, retail sales tax, that has exceeded pre-recessionary levels, and it is important to take the necessary time to fully understand the impacts and to seek community input on potential changes in service delivery and programs.

The current Financial Policy section F, Debt Financing, and G, Investments, are somewhat up-to-date (**See Attachment C**); however, new financial management policy language seeks to expand and better define:

Debt Management 7.0: The primary reason for setting debt policy is to formalize the City Council‘s guidelines when issuing debt is the likely financing source for major capital improvement projects. Debt policy should seek to establish criteria for the issuance of debt obligations so that acceptable levels of debt are maintained. Comprehensive debt policy transmits a message to investors and rating agencies that the City is committed to sound financial

management. Debt policy also provides consistency and continuity to public policy development when City Management staff work from guidelines that govern the planning and execution of transactions and projects. The proposed Debt Management section seeks to define the City Council's purpose, practices and thresholds for how much debt obligation is acceptable. Key to proper debt policy is a benchmark for the City's bond rating that supports sound financial management practices.

Investments 8.0: The City investment policy is the single most important element in a public funds investment program. The essential goal of governmental investment is to maximize interest income while preserving principal and maintaining sufficient liquidity to meet expenditure obligations. A comprehensive investment policy provides parameters for investing idle funds to achieve this goal. Investment policy and practices are heavily regulated by the Federal Government as well as the State of Washington.

Long-Term Financial Planning 9.0: Long-term financial planning policy defines the use of technical analysis and a flexible structure for identifying long-term imbalances in financial position and then develops strategies to counteract the imbalances. Once the City Council has completed its work in developing new Financial Management Policy, the next steps will be to start working on the 5-Year Financial Model. Once a financial model is developed, future adjustments to the long-term model will be incorporated into the budget process as well as aligned to the five-year strategic plan.

Auditing, Accounting & Internal Control 10.0: While accounting and financial reporting is typically a technical, staff-level issue, policy at the City Council level is helpful for setting the tone from the governing board for how the city organization will account for its financial resources and be accountable for making financial information available to the community. Policy on financial reporting provides transparency for the public and all stakeholders. The proposed policy seeks to define maximum levels for bad debt write off and capital asset classifications.

Workshop Outcomes: Staff is seeking City Council direction on debt management practices and objectives, investment portfolio benchmarks, long-term financial planning strategy and internal control guidelines on financial reporting

Next Steps: Final review of the proposed Financial Management Policy is scheduled for City Council consideration at the June 21, 2016 regular meeting. Upon policy approval, management staff will start work on and implement administrative procedures that will serve as a staff resource for carrying out and adhering to City Council adopted financial policy.

STRATEGIC PLAN REFERENCE: This action is related to all Strategic Plan initiatives.

RECOMMENDATION: That the City Council DISCUSS the proposed Financial Management Policy – Debt Management, Investments, Long-term Financial Planning, and Auditing-Accounting-Internal Control sections and DIRECT staff regarding elements of debt, investment and long-term financial planning policy.

ATTACHMENTS:

A. Proposed Financial Management Policy – Revised Version
B. General Fund – Fund Balance, Revenues & Expenditures-Updated 5-yr Outlook
C. Current Financial Management Policy – Section F and G

ATTACHMENT A

CITY OF SNOHOMISH

FINANCIAL MANAGEMENT POLICY

Adopted: Date

Red font indicates proposed targets, benchmarks, objectives or key policy principals requiring City Council discussion and direction to staff before final consideration and policy adoption.

CITY OF SNOHOMISH
FINANCIAL MANAGEMENT POLICY

1.0 INTRODUCTION AND OBJECTIVES

The financial management policy of the City of Snohomish is established by the City Council. The policy is designed to provide guidance to all stakeholders whether they be directly involved in financial processes, internal control oversight, or any financial transaction. The financial management policy is intended to serve as a blueprint to achieve fiscal stability required to accomplish the City's Strategic Plan, Comp Plan and all master plans and goals. The City Council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of Snohomish City government at all levels of the organization and endeavors to:

- Set forth financial principles which minimize the cost of government
- Reduce financial risk
- Maintain appropriate financial capacity for present and future needs
- Ensure the legal use of financial resources through an effective system of internal controls
- Provide financial transparency to the public

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2.0 RESERVES AND FUND BALANCE

Fund balance is an approximate measure of liquidity. Reserves are a cornerstone of financial flexibility and provide the City of Snohomish with options to respond to unexpended issues and provide a buffer against minor fiscal challenges. This section defines thresholds and descriptions for fund balances, reserves, and retained earnings of all funds of the City of Snohomish. It is the intent of the City to provide a stable financial environment for which its citizens can depend on a consistent and quality level of service and for planned future expenditures. The Finance Director and City Manager are responsible for monitoring reserve levels and reporting current and projected reserves during each budget development cycle.

2.1 Fund Balance Definitions

As defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City will reserve funds according to the following:

2.1.1 Non-spendable Fund Balance

Inherently non-spendable portions of net resources that cannot be spent because of their form or portions of net resources that cannot be spent because they must be maintained intact.

2.1.2 Restricted Fund Balance

Externally enforceable limitations, on the use of funds, that are imposed by creditors, grantors, contributors, or laws and regulations of other governments or limitations imposed by law through constitutional provisions or enabling legislation. Debt Service fund balance will be designated as restricted.

2.1.3 Committed Fund Balance

Self-imposed limitations, on the use of funds, that are set in place prior to the end of a period. Limitations imposed at highest level of local decision making that requires formal action at the same level to remove. Capital Project fund balances typically will consist of funds designated by City Council for future capital improvement projects.

2.1.4 Assigned Fund Balance
Limitations resulting from intended use that is established by the highest level of decision making or intended use established by the City Council for a specific purpose. The resources for these funds may be acquired through the budgeting process or funds that are deposited with the city for specific purposes. Special Revenue fund balances typically consist of funds assigned by other governmental agency for specific use or by the City Council specific use.

2.1.5 Unassigned Fund Balance
Residual net resources that make up the fund balance in the general fund in excess of non-spendable, restricted, committed, and assigned fund balance (i.e., surplus) or excess of non-spendable, restricted, and committed fund balance over total fund balance (i.e., deficit). The General operating fund balance typically will consist of unassigned funds for use by the City Council.

2.2 Reserve Level Target – General Fund
A healthy unassigned fund balance is needed to provide cash flow to pay expenditures when due. The City receives a majority of its tax collections two times per year. A fund balance reserve target allows for cash flow while the city waits to receive its shared revenues and taxes. The unassigned fund balance is also a security against unforeseen changes or needs, i.e. natural disasters, loss of state shared revenues, etc.

~~Option 1. The general fund unassigned fund balance should be approximately 15-20% of revenues of the general fund, less annual transfers-in and total cost allocation fees to the fund. The unassigned fund balance of the general fund should never fall below 10% of operating revenues.~~

~~Option 2~~. The general fund unassigned fund balance should be approximately 15-20% of expenditures of the general fund, less annual transfers-out ~~and total cost allocation charges~~ to the fund. The unassigned fund balance of the general fund should never fall below ~~10%~~15% of operating expenditures.

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2.3 Conditions for Using Reserves
The City will avoid the appropriation of fund balance for recurring operating expenditures. If at any time the utilization of a fund balance to pay for operating expenditures is necessary to maintain the quality or level of current services, an explanation of the circumstances of the utilization of fund balance and the strategy to arrest the future use of fund balance will be included in the budget transmittal letter.

Reserves may be used at the discretion of the City Council to:

- Provide resources to make up for temporarily decreased revenues, such as state shared revenues
- Provide temporary resources in the event of an economic downturn while expenditure reductions are implemented
- Provide resources to meet emergency expenditures in case of flood, fire, earthquake, landslides or other catastrophic failures.

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2.4 Reserve Level Target - Enterprise Funds
It is the goal of the enterprise funds to cover the cost of operations, debt obligations and capital infrastructure improvements and annual maintenance, so as to maintain a financially healthy enterprise. Enterprise fund balance is a product of revenues over expenditures over time and consists of the net result of assets minus liabilities. The City will establish utility rates and capital connection fees that are structured to meet several financial requirements. The Enterprise fund balance financial indicators are as follows:

2.4.1 Capital funding obligations-as defined through the 6-Year Capital Improvement Plan (CIP) - Utility Sections.

2.4.2 Debt coverage ratio – a ratio 1.5 of net revenues to total debt service.

2.4.3 Operating reserves-90 days of operating expenses reserved for water, ~~and 60 Option 90 days each for~~ wastewater and storm water.

2.4.4 Debt service-the amount needed to pay for current and future debt (125% or as per bond covenants).

2.4.5 System replacement-amounts required to pay for annual system replacement as defined through the CIP-Utility Sections.

2.4.6 Emergency capital repairs-amounts required to pay for cost overruns and unanticipated capital costs.

2.5 Reserve Level Target – Special Revenue, Capital Project and Other Fund Types
The main purpose of special revenue, capital project and debt funds is to account for resources and track spending that is specific to the funds purpose and it is presumed that all fund resources will eventually be spent. Capital Project Funds will reflect items represented in the CIP approved during the capital budget adoption process. It is the intent of the City of Snohomish to set aside funds, when operations allow, for large capital projects to help minimize the debt service needs for these projects. Current commitments for Capital Project fund reserves are transportation, parks, sidewalks and trails, utilities, and civic facilities as defined in the Comprehensive Plan – Capital Facilities Plan element.

Special revenue funds by their nature are funds used for specific purposes, and by definition, the corresponding fund balance will be used to solely support that purpose. Fund balances in special revenue funds will be monitored to stay consistent with the need and use of the specific purpose of that fund.

2.5.1 Seizure Funds
As defined by Ch. 69.50.505 RCW and inter-local agreement, between the City and Snohomish County Drug Task Force, law enforcement asset seizure funds shall be used for payment of all expenses of the investigation that led to the seizure, including the proceedings for forfeiture and sale, expenses of seizure, maintenance of custody, advertising, actual costs of prosecuting, city attorney and court costs.

2.5.2 REET Funds
As defined by Ch. 84.46.035 RCW, the City of Snohomish is authorized to levy REET funds and use in accordance to State Law. REET sources are allocated towards various Capital Improvement projects as defined in the 5-year adopted CIP and may be leveraged towards debt service obligations – see Section 6.3.1 of this policy. REET Fund reserves will be maintained at a level sufficient to ensure viability of future CIP funded projects with a minimum reserve balance of 15% of the fund annual operating revenues.

2.6 Reserve Level Target – Internal Service Funds
Reserve targets established for internal service funds shall ensure that the fund continues to provide service without interruption including self-insurance and equipment replacement plans. Internal service fund reserves are funded through the City of Snohomish Cost Allocation Plan (CAP). The equipment reserve funds will be maintained at a level sufficient to meet scheduled equipment replacement so as to

sustain an acceptable level of municipal services and prevent a physical deterioration of city assets. If CAP charges are sufficient to cover internal service operations, maintenance and equipment replacement expenditures then the minimum reserve balance may be 30% of the funds operating budget expenditures.

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2.7 Replenishment of Reserves

Should assigned fund balance targets fall below a 15% threshold, **the City will strive toward regaining the minimum threshold during the next budget cycle** and forecast the timing of the unassigned fund balance improvement within the long-term financial plan.

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2.8 Excess Reserves

Reserves above the targeted reserve levels may be used for new expenditures, with emphasis on one-time uses that achieve future operating cost reductions, capital expenditures or prepaying existing debt. **Use of excess reserves will be determined by the City Council through the next available budget cycle.**

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3.0 REVENUES

3.1 Revenue Objectives

The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations. To protect and better develop future tax base, revenue guidelines will emphasize preserving the City's ability to grow and expand. The following are revenue objectives based on type of revenue:

3.1.1 Revenues That Align with Cost Recovery

Fees or tax are based on an objective of recovering a stated percentage of a given program's expenses.

3.1.2 Revenues Related to Economic Development

Fees or tax are based on objectives that foster growth related activity. The City's overall revenue structure should be designed to recapture some of the financial benefits resulting from City economic and community development investments. The City will strive to keep a total revenue mix that encourages growth and keeps Snohomish economically competitive and a city of choice for people to live in and do business.

3.1.3 Revenues with a Relationship to the Value of Money and Market Forces

Fees are based on maintaining a logical relationship with local market forces. Fees that are subject to ongoing inflationary or other indexes may be adjusted.

3.1.4 Revenues that Enforce Compliance

Fines and Infraction are set at a level that assists with enforcing compliance with City rules and regulations.

3.1.5 Revenue that is Self-Supporting

Fees and charges usually associated with a governmental "business" enterprise. Fees are based on a formal rate model for factoring in relevant operational, capital, and debt service cost components.

3.1.5.1 All utility enterprise funds shall be self-supporting; that is, they should generate enough revenue to pay for all costs without a subsidy from the general fund, from each other or from other sources. Utility rates should divide costs equitably among customer

classes according to benefit and cost of service. If rates are set that subsidizes one class of customer at the expense of another, this action should be taken in support of explicit City policy. Because of the vital importance of water, sewer and storm water as public services, a minimum level of service should be available at a relatively low cost to all utility customers.

3.2 Fee Schedule
Charges and fees, including utility rates, should be reviewed and updated periodically based on factors such as impact of inflation, other cost increases, adequacy of coverage of costs, and current competitive rates. On a periodic basis, the Fee Schedule, as adopted by City ~~Ordinance~~Resolution, may be amended in conjunction with the budget development cycle.

3.3 Revenue Receipting & Processing
Deposits and cash receipting procedures, as defined in administrative procedures, will be adhered to for revenue collected at all City facilities per Ch. 43.09.240 RCW. Only authorized personnel are allowed to take cash receipts from customers. Administrative procedures provide guidance and enforcement of internal control, deposit of collections and oversight on all changes to revenue items in the financial system.

3.4 Bad Debt and Collections
Revenue collection guidelines, as defined in administrative procedures, will provide processes for the recognition of bad debt and the computation of an allowance of doubtful accounts, define procedures for determining refunds and discounts as allowed in City Code and provide for the administration of escrow accounts used for land use projects.

3.5 Grants
Grant funding can significantly leverage City resources to provide services, equipment and capital projects that would otherwise be unaffordable. The City is committed to pursuing grant funding as an appropriate funding source. Any grant programs must be consistent with the City's mission and Strategic Plan goals. City staff will seek out, apply for, and effectively administer federal, state and other grants that address the City's policy objectives and provide a positive benefit. Before any grant above $50,000 is pursued, staff shall provide a detailed pro-forma to the City Manager and Finance Director that addresses the immediate and long-term costs and benefits to the City.

If grants are pursued for an on-going service and/or staff position(s) the City Council must:

- Pre-approve staff identified source of long-term funding to supplant the grant at the end of the grant program.
- Matching fund requirements must have an identified and available funding source prior to the acceptance of the grant award.

Responsibility for the administration of grants is the joint responsibility of the applying department, finance department and City Manager. Administrative procedures define the requirements for grant administration and compliance.

3.6 Donations & Gifts
All donations, as per Ch. 35.21.100 RCW, provided to the City shall be presented to the City Council for approval. If no terms or conditions are attached to the donation, the city staff will prepare a summary of the funding source and recommended use of proceeds for City Council approval.

3.6.1 Substantial Gifts
The City of Snohomish seeks to recognize donors who, through a distinguished effort or substantial financial gift, wish to support a City facility or structure. For example, structures may include pavilions, shelters, plazas, real estate to be used for parks, trails or open space, interpretive areas, or active recreation; or other large-scale projects as discussed with the Advisory Boards and City Council. The following guideline will be used for recognizing donations for amenities or projects, in addition to defining the period of time in which the donation or gift will be received by the City.

For the purposes of this policy, "Substantial Financial Gift" is defined as at least 50% of the estimated cost of:

1) New construction, remodeling, or renovation
2) Developing a new real property, such as park buildings, structures, or real estate
3) Replacement of an existing, unnamed facility or landmark that requires substantial renovation at the time of the gift

3.6.2 Donation Funded Projects
The City of Snohomish will review projects that are proposed by private individuals or groups, where the project funding source will come from donations collected by the individual or group, (e.g. trees, park benches and other equipment or fixtures) on a case-by-case basis. City staff will review the donation project with the City Manager prior to City Council acceptance and oversee the donation funded projects according to administrative procedures.

3.7 Gifts to City Officials
With a few exceptions, no city official or city employee shall accept any gift as per Ch. 42.52.140 RCW.

4.0 EXPENDITURES

4.1 Expenditure Objectives
The City of Snohomish endeavors to connect expenditures to a fundamental level of stewardship by committing to a level of expenditures that are sufficient to ensure the on-going health, safety, and welfare of its' citizens. Operating expenditures, within particular funds, must be supported by the operating revenues generated by that fund. Expenditures will not expand beyond the City's ability to pay for them with current revenues.

The objectives of the expenditure guidelines are:

- To support the local firms and merchants within the community whenever possible subject to meeting other expenditure guideline objectives.
- To obtain supplies, equipment, and services as economically as possible and that are best suited to the specific departmental needs.
- To maintain compensation packages which are competitive with other public sector employers and that are sufficient to attract and retain quality employees.
- To enhance service methods that increase efficiency and effectiveness of the delivery of city services through technology improvements.
- To improve the speed of delivery to departments by predetermining, through contracts or other appropriate means the sources of supply before the actual needs.
- To ensure compliance with all applicable policies and regulations of the City, the State, and Federal Government.

4.2 Local Purchasing Objectives

Purchasing from local business and merchants is a high priority to support the economic vitality of the Snohomish business community. Whenever economically possible, local vendors will be included in the Purchase Contract Process, as per Ch. 39.04.190 RCW and as defined in administrative procedures.

4.3 Procurement Standards
All employees of the City shall comply with all City, State, and Federal statutory requirements regarding purchase of materials or services. The following practices are specifically forbidden so as not to create a conflict of interest:

- Using information available to an employee solely because of their position for personal profit, gain, or advantage.
- Directly or indirectly furnishing estimating services, or any other services or information not available to all prospective bidders, to any person bidding on, or who may reasonably be expected to bid on, a contract.
- Using their position or status in the City to directly or indirectly solicit business of any kind for private use or to obtain supplies and equipment at special discounts or with special concessions from any vendor who sells or solicits sales to the City.

4.4 Procurement Authorization & Accountability
Department Directors will be accountable for procurement within their departmental budgets. Purchases that exceed a departmental annual budget are not allowed. Failure to follow administrative procedures for procurement may result in disciplinary action, loss of purchasing privileges and a personal liability for purchases.

Pursuant to Ch. 42.24.080 RCW, warrants presented for payment to the City Council must be in writing, itemized and audited by the Auditing Officer. The Finance Director is designated as the City of Snohomish Auditing Officer. Department managers will be responsible for ensuring invoices meet this requirement and provide them to the Finance department for prompt payment and audit review as defined in the administrative procedures.

4.5 Level of Procurement Authority
The City Manager shall have the authority to authorize general purchases, execute Professional Service Agreements (PSA) and minor contracts for a dollar amount up to $30,000 and a term not to exceed one year. All purchases are subject to compliance with administrative procedures.

All significant purchases should be made according to the Purchasing Threshold and further defined in administrative procedures and shall include requirements for acquiring quotes, estimates and competitive bidding. The City Manager has the sole authority to waive purchasing procedures, but only to the extent as authorized by State Law.

Purchasing Threshold Matrix	
Amount	**Description**
< $500	Authorized staff amd Department Manager prior approval. No bids, quotes required.
$500 - $5,000	Authorized Department Manager. Two or three verbal quotes. No competitive bids required.
$5,001 - $30,000	Authorized Department Manager with Department Director prior approval. Two written quotes. No competitive bids required. City Manager authorization for purchases over $15,000.
> $30,000 - $40,000	Authorized Department Director and City Manager with City Council prior approval. Three written quotes required. No competitive bids required.
> $40,000 - < $65,000	City Manager with prior City Council approval. Sealed bid process may be utilized or direct negotiation - must obtain three written quotes.
> $65,000	City Manager with prior City Council approval. Sealed bid process must be utilized. Requires contract and bid specifications

Purchasing Threshold Matrix	
Amount	**Description**
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$500 - $5,000	Authorized Department Manager. Two or three verbal quotes. No competitive bids required.
$5,001 - $30,000	Authorized Department Manager with Department Director prior approval. Two written quotes. No competitive bids required. City Manager authorization for purchases over $30,000.
> $30,000 - $40,000	Authorized Department Director and City Manager with City Council prior approval. Three written quotes required. No competitive bids required.
> $40,000 - < $65,000	City Manager with prior City Council approval. Sealed bid process may be utilized or direct negotiation - must obtain three written quotes.
> $65,000	City Manager with prior City Council approval. Sealed bid process must be utilized. Requires contract and bid specifications

4.6 Purchasing Controls & Methods

Primary responsibility and authority for the expenditure of monies according to the adopted budget will be vested by the City Manager in the department managers or authorized designee. In addition to the primary responsibilities, the Finance Director shall exercise a secondary oversight responsibility for all budget expenditures. A purchase order system and commercial card programs may be used for all purchases as defined in administrative procedures. Open accounts shall not be allowed unless approved by the City Manager or Finance Director.

In general, each department shall make purchases for the requirements of the City. Purchases will not be separated into smaller purchasing components in order to eliminate a threshold authorization

requirement. To facilitate a sound and cost effective purchasing operation, authorized personnel shall follow procurement methods as defined in administrative procedures which contain guidelines for procurement, bidding and awarding contracts.

4.7 Emergency Purchases
Emergency purchases are those made by the City Manager or authorized designee, such as a Department Manager, where an immediate purchase is necessary to correct a situation, which would adversely affect the life, health, or safety of the citizens.

To the greatest extent possible, administrative procedures should be followed for purchasing. However, in case of an emergency, a Department Manager may purchase directly any supplies, materials or services necessary to alleviate the emergency. Every effort shall be made to contact the City Manager or Finance Director whether the emergency occurs during or after normal working hours.

In the event where emergency purchasing is related to natural disaster events, a Declaration of Emergency Resolution shall be considered by the City Council according to State Law at the first opportunity available. The Finance Director shall review and approve of account coding for all emergency purchases and maintain a tracking system according to FEMA requirements, Emergency Management Plan, BARS and GFOA recommended practices for emergency management recordkeeping.

4.8 Personnel Compensation
Because personnel costs are the largest expenditure area of the annual budget, compensation guidelines are defined in the Employee Handbook and Local Union Agreements which establish salary ranges, performance evaluation requirements and total compensation costs as the basis for all compensation planning and bargaining.

4.9 Efficiency
The City will make efficient use of limited resources and will continually look for and implement the most cost effective and reliable methods of delivering services. City Management will develop service level changes that are needed to respond to budget shortfalls using system-wide and productivity measures that have been approved by the City Council. Opportunities may be found to improve efficiencies by pursuing a range of productivity-enhancing techniques such as:

- Analyzing systems and procedures to remove unnecessary requirements
- Evaluating new technologies and capital investments
- Establishing a systematic, ongoing process for periodic formal reviews of operations
- Maintaining the right balance between centralization and decentralization in managing the City support functions

4.10 Outsourcing
Contracting with other public agencies or the private sector for the delivery of services may provide the City with opportunities for cost containment and productivity service enhancement. As such, the City is committed to using outside resources for delivering municipal services as a key element in our continuing effort to provide effective and efficient programs while minimizing costs. In the event the City is contracting out all or part of bargaining unit work which would result in the displacement of bargaining unit employee(s), the City agrees to meet with the Union, upon request, to discuss the decision and effect(s) of outsourcing, if any.

5.0 BUDGET

5.1 Budget Objective
The formal operating and capital budget development process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, given the anticipated level of available resources.

5.2 Budget Principles

5.2.1 Link the budget to long-term, strategic financial plans
The City's budget will be developed in accordance with the policies and priorities set forth in the five-year Strategic Plan, Comprehensive Plan, City Council goals, the needs of the community and federal and state laws.

5.2.2 Critically examine past spending patterns
The City seeks to maximize the value the public receives through its spending. Accordingly, management should develop budget tools and methods to measure and maximize value, particularly by critically examining existing spending patterns to make sure they continue to provide value.

5.2.3 Prioritize services
The City will prioritize services based on a hierarchy from essential to discretionary, their relative importance to preserving the community's health, safety, and welfare, mandates, risk assessments, long-term costs, and evidence of their effectiveness in meeting strategic plan initiatives, comprehensive plan elements, annual goals and required mandates. Essential services will receive first priority for funding. The City will attempt to maintain current service levels for all essential services. The City will identify low-priority services for reduction or elimination, if necessary, before essential services. New services shall be evaluated for long-term sustainability.

5.2.4 Maintain existing services over providing new services
The City will ensure that it maintains the quality of existing core services before it adds new services unless there is an explicit decision to lower the quality of existing services in favor or providing a new service based on strategic goals and objectives.

5.2.5 Risk management and mitigation of liabilities
The City intends to fund the current portion of liabilities within the budget so as to maintain trust of creditors and to avoid or mitigate accumulating an unmanageable liability.

5.2.6 Establish preferences for budget balancing strategies
The City's preferred strategy for balancing the budget is to reduce expenditures through improved productivity. Except during dire economic circumstances, service and program elimination is preferable. At no time, will the annual budget be balanced at the expense of long-term financial health.

5.3 Budget Scope & Basis
The City will adopt budgets for all funds on a biennial basis. A budget calendar will be prepared by city staff and include all required public hearings. Proposed budgets will be viewed and discussed by the City Council and the public at the department and object code levels. The final budget will be adopted by ordinance of the City Council at the fund level. To encourage synchronization between the budget

document and financial reporting, the City will establish the budget based on the cash plus encumbrances basis of accounting which is the same as the cash basis of financial reporting.

5.4 Balanced Budget
The objective of the operating budget is to pay for all current expenditures with current revenues. The budgets for all city funds should be structurally balanced throughout the budget development process. Recurring revenue should equal or exceed recurring expenditures in both the proposed and adopted budgets. If a structural imbalance occurs, then a plan will be developed and implemented to bring the budget back into structural balance. The City will endeavor to avoid budgetary allocations that balance current expenditures at the expense of meeting future years' expenses. Beginning fund balance sources may be used to fund capital improvement projects or other one-time, non-recurring expenditures as long as the fund reserve targets are met.

5.5 Performance Measurement
The City will present a budget that furthers the short-term and long-term goals of the Strategic Plan and Comprehensive Plan. Where appropriate and instructive, performance measurements shall be used to offer insight into how efficiently money is being spent and the workload that is driving the need for service. The City will monitor progress by establishing objectives for strategic and policy intents and measures will illustrate trends, targets and other criteria by which the City's efforts on a given program can be evaluated. This evaluation is intended to inform organizational learning, repeating what works, discontinuing what isn't working and fostering continuous improvement.

5.6 Cost Allocation
The Cost Allocation Plan (CAP) is a method used to determine and assign the cost of indirect services to the internal government users of those services or direct operating funds.

5.6.1 References
OMB Circular A-87, "Cost Principles for State, Local, and Indian Tribe Governments."
RCW 43.09.210 states in part, "all service rendered by…from, one department…to another, shall be paid for at its true and full value by the department…receiving the same, and no department…shall benefit in any financial manner whatsoever by an appropriation or fund made for the support of another…"

5.6.2 Definitions

- Indirect Costs are incurred for a common purpose benefitting more than one cost function or organizational unit. They cannot be directly assigned without effort disproportionate to the benefit received.
- Indirect Services are activities that support the departments that provide direct service to the public. Examples include accounting, purchasing, human resources, engineering, and fleet and information technology.
- Direct Services are activities that provide services directly to or for the public and are supported by indirect services. Examples include parks, streets and utilities (water, sewer, storm water).

5.6.3 Costs to be allocated
Costs shall only be allocated to departments that receive indirect support services. Only costs allowable for allocation in accordance with the requirements of OMB Circular A-87 shall be included in the cost allocation plan. This means that the City's resulting allocation plan will meet federal grant cost allocation requirements. It is the responsibility of staff creating the department's indirect cost allocation plan to review OMB Circular A-87 and ensure that only allocable costs are included.

As part of the annual budget development process, costs will be allocated based on the projected year budget forecast. Annually, a year-end adjustment or true up will be completed for the previous year's difference between budget-to-actual results or allocated based on actual costs. The true up will occur as part of the year-end financial reconciliations in preparation for the annual audit.

5.6.4 Basis of Allocation
Indirect cost allocation methods, as defined in administrative procedures, shall be reasonable, consistent, and equitable to distribute shared costs across funds and departments. Different factors are necessary to equitably allocate the various overhead costs. The Finance Director is responsible for preparing and determining which factor(s) will best accomplish this based on input from Direct Service Department Directors.

5.7 Budget Amendments
All budget amendments, such as shifting budget allocations from a) one fund to another fund; b) personnel and benefits and c) capital outlay or capital project expenditures must be approved by the City Council.

5.7.1 Administrative Budget Amendments
Department managers may, upon approval by the City Manager, request inter-departmental line item budget amendments for operating purposes only. These administrative budget amendments, authorized as per Ch. 35A.33.120 RCW, may be for contractual, supplies and materials and other miscellaneous line items within the department. No administrative amendments are allowed for personnel and capital outlay items. The process for requesting an administrative budget amendment is defined in administrative procedures.

5.8 Service Levels and Funding
The City will endeavor to maintain its present service levels for priority and essential services subject to available revenues. The objective is to maximize the benefit of available resources. The results or outcomes that matter most to citizens should be defined by the City Council. New services or programs will be considered for funding within available resources.

Department managers will be given the opportunity to request personnel, goods, and capital items needed to carry out the department responsibilities. Department requests must include supporting documentation and justification of needs for operating requests. Requests should integrate strategic plan priorities and departmental objectives into the budget.

5.9 Maintenance and Replacement
Maintenance and replacement funding will be prioritized each year to ensure that capital facilities and equipment are sufficiently maintained to avoid service disruptions. Non-current liabilities have important implications for a local government's fiscal health. The City will maintain its capital assets in a manner adequate to protect the City's capital investment and to minimize future liabilities for maintenance and replacement costs. Administrative procedures will identify the processes to include:

- Complete inventory and periodic measurement of physical condition
- Establish condition/functional standards by asset class
- Evaluate infrastructure and other assets and then set priorities
- Monitor and communicate progress

5.9.1 Capital Asset Management
~~Option 1: The City will annually project its equipment replacement and maintenance needs for the next five years and will update this projection each year. A maintenance and replacement schedule~~

~~will be budgeted, developed and followed. Future maintenance needs for all new capital facilities will be cost out and included as decision criteria.~~

~~Option 2:~~ The City inventories and assesses the condition of its buildings, equipment and vehicles ~~annually~~on a periodic basis. The budget process includes a multi-year projection of facilities, equipment and vehicle replacement requirements. The budget will provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment. Future maintenance needs and repairs ~~for all new capital facilities~~ will be cost out and included as budgetary decision criteria through the Internal Service Fund designated for Fleet and Facility maintenance.

~~Option 3: The budget will provide for adequate maintenance of public facilities and equipment and for orderly replacement. A minimum of ten (10%) of all new (ongoing) discretionary revenue will be devoted to deferred maintenance and infrastructure maintenance.~~

5.10 Enterprise Fund Budgets
Enterprise operations are to be self-supporting, including capital improvements and depreciation. Enterprise operations are to be reviewed annually for self-sufficiency and proper cash-flow needs. Utility Rate studies, which occur every three years, will be included in the budget development process in the year for which new rates are established. Enterprise operating budgets will incorporate year one capital projects as identified within the Capital Improvement Plan (CIP).

5.11 Budget Reporting
The recommended and adopted budget documents will be available on the City website and at City Hall. The City will maintain an internal control system to help adhere to the budget allocations. Regular reports comparing actual revenues and expenditures to budgeted amounts will be provided to department managers on a monthly basis. The City Council will review quarterly budget versus actual reports.

6.0 CAPITAL IMPROVEMENT PLAN (CIP)

6.0 CIP Objective
The City of Snohomish Capital Improvement Plan (CIP) will describe the capital investments the City intends to make over a period of ~~six~~ five years. Capital projects shall link to and identify the relationship to the Comprehensive Plan – Capital Facilities Plan (CFP) section that incorporates all master and functional plans where projects are identified with that plan. The CIP will serve as a comprehensive list of all capital project types where the City Council will address capital infrastructure improvements, capital equipment needs, and the affect on the City's resources.

6.1 CIP Criteria and Ranking
As adopted within the City of Snohomish Comprehensive Plan – CFP: Elements Goals and Policies, CIP projects shall be evaluated and prioritized using criteria adopted within the CFP.

6.2 CIP Budget
The City will coordinate development of the CIP with the development of the operating budget. As resources are available, the most current year of the CIP will be recommended for incorporation into the current year operating budget as capital project fund budget line items. Years two through six of the CIP are for planning purposes only. Details regarding the CIP development process will be found in administrative procedures.

6.3 Project Source and Use Identification
Capital project submissions shall include multi-year funding sources, including grants, applicable impact fees, special funding and other outside sources. Multi-year project costs, including acquisitions, right-of-way, design, construction, in-house staff time, permitting, inflationary costs and contingency must be included in the project identification. Capital projects shall be identified as unfunded, partially funded or fully funded. Each capital improvement project will be reviewed by department managers for its long-term impact on the operating budget in terms of:

- future year revenue generation
- additional personnel requirements
- future operating and maintenance expenditures

6.3.1 Project Sources
Capital funding for general government, transportation and enterprise (utility) projects comes from operating revenues, grants, local improvement districts, impact fees and user fees. Washington State law limits the City of Snohomish ability to raise funds for capital improvements such as tax rate limits and amount of debt capacity. Given the extensive number of capital improvement projects and lack of funding available, the following are capital financing strategies used by the Snohomish City Council when preparing or updating the Capital Improvement Plan:

- Non "brick & mortar" solutions will be utilized wherever possible
- Similar departmental capital projects will be combined for efficiencies and cost savings such as street improvements combined with utility improvements to minimize impact to the community
- Existing resources be fully utilized prior to purchase or construction of new infrastructure
- Stretch REET funding utilizing councilmanic bonds
  - Total debt service financed by REET sources should amount to no more than 75% of total annual REET revenues. See Reserve Section 2.5.2 regarding Fund reserve requirement.
- Enterprise (utility) fund projects shall be paid for by user rates and capital connection charges

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6.3.24 Project Costs
For the purpose of the CIP, capital outlay is distinguished from capital projects. Capital outlay includes expenditures for equipment, technology and professional services between $5,000 and $29,999 and having less than an estimated three years of useful life. Capital outlay type expenditures will be included in the operating budget, as well as, master planning or professional services of any size and scope, adopted by the City Council, shall be budgeted for within the operating budget as a separate line item.

All capital projects or capital equipment purchases at least $30,000 or over and having a useful life of three years or more are included in the CIP budget process. These projects include large capital maintenance items that extend the useful life of the capital asset. Projects may not be combined to meet the minimum standard unless they are dependent upon each other. Projects may not be separated to forego the maximum standard. Items that are operating expenditures (such as professional services, master plan updates, maintenance agreements, technology items, etc.) will not be considered within the CIP.

6.5 Capital Improvement Plan Review
Department managers will present the CIP to the City Council for approval prior to the year-one CIP projects being included within the annual operating budget. Any substantive change to the CIP after approval must be approved by the City Council.

7.0 DEBT MANAGEMENT

7.1 Debt Purpose

Debt financing is primarily used for capital project expenditures. Use of long-term debt financing for operations and maintenance costs are forbidden. Debt financing will be considered if the City is able to repay debt without causing financial distress. It is the City's objective to:

- Only obtain financing when necessary
- Identify the timing and amount of debt required as specifically as possible
- Achieve the most favorable interest rates and other related financing costs
- Ensure that future financial flexibility be maintained
- Utilize inter-fund loans from one fund to another as a first source of debt financing

7.2 Debt Practices

The City Council may authorize the following types of debt financing only for those purposes as provided by Ch. 39 RCW:

- Utilization of the Public Works Loan Fund, per WAC 399.30 for allowable purposes, if available
- Utilization of Inter-Fund Loans as per the BARS Manual Part 3, Chapter 4, Interfund Transactions, Section 1
- Issuance of Councilmatic Bonds to fund proprietary capital infrastructure projects such as water, sewer and storm water
- Issuance of Councilmatic Bonds for capital projects that generate adequate revenues from user fees to support operations and debt service requirements.

Utility System replacements, due to age or the need to upgrade to meet minimum standards, should be financed by a combination of:

- Reserving portions of the Enterprise fund balance for capital improvement projects
- Borrowing and repaying on a schedule that matches the useful life of the capital improvement

The City of Snohomish will never issue debt in excess of limitations as prescribed in Ch. 39.36.020 RCW based on percentage of its total market value. Additionally, no more than 10% of the annual operating budget may be spent on debt service annual obligations.

7.3 Bond Rating

Strong financial management is a key credit rating factor. In order for the City of Snohomish to respond quickly to economic and financial demands, the City will seek to maintain or continually improve its bond rating so as to seek the lowest possible interest rate available OR maintain its AA Bond Rating. The City will also maintain a "strong" Financial Management Practice (FMA) score – as defined by Standard & Poor Financial Management rating criteria - to provide transparent and consistent information about ~~the~~ financial management practices.

7.4 Financial Guarantees

Should financial guarantees be utilized to defer public improvements required of development projects or to ensure that disturbed public facilities will be restored, the developer or property owner shall provide an irrevocable letter of credit, issued by a banking institution approved by the Finance Director, a bond, an assignment of savings, or a cash deposit. The form of the financial guarantee shall be at the discretion of the Finance Director and City Engineer. The amount of any approved financial guarantee shall be at

least 150% of the estimated improvement cost and may be increased to reduce risk to City resources based on the professional judgment of the City Engineer.

8.0 INVESTMENTS

8.1 Policy and Scope

It is the policy of the City of Snohomish to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to State law governing the investment of public funds.

The investment policy applies to all financial assets of the City of Snohomish. These funds are accounted for in the City of Snohomish's Annual Financial Report and include all operating, special revenue, capital project, enterprise, debt service and trust funds.

8.2 Prudence

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived.

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this policy and with Ch. 35.39 RCW and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

8.3 Objective

The primary objectives, in priority order, of the City of Snohomish investment activities shall be:

8.3.1 Safety: Safety of principal is the foremost objective of the investment program. Investments of the City of Snohomish shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, the City of Snohomish will diversify its investments by investing funds among a variety of securities offering independent returns and financial institutions.

8.3.2 Liquidity: The City of Snohomish investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements, which might be reasonably anticipated.

8.3.3 Return: The City of Snohomish investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Short-term investment returns should attain a return rate of at least equal to the ~~three-month Treasury bill.~~Washington Local Government Investment Pool (LGIP).

8.4 Delegation of Authority

Management responsibility for the investment program is hereby delegated to the Finance Director and City Manager who shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate personnel and their procedures in the absence of the Finance Director and City Manager.

8.5 Investment Procedures
The Finance Director shall establish written administrative procedures for the operation of the investment program consistent with this policy. The procedures should include reference to safekeeping, repurchase agreements, wire transfer agreements, banking service contracts and collateral/depository agreements. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director.

8.6 Ethics and Conflicts of Interest
Public officials and city employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Council any material financial interest in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Snohomish.

8.7 Authorized Financial Dealers and Institutions
The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Washington. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by Washington State laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director, upon request, with annual audited financial statements, proof of National Association of Security Dealers (NASD) certification, and proof of State of Washington registration. Annual completion of Notification to Broker and Certification by Broker will be done.

8.8 Authorized and Suitable Investments
From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. Interest-bearing deposits in authorized depositories must be fully insured or collateralized.

The following is a list of investments which the City of Snohomish will be authorized to invest in as per Ch. 39.58 and 39.59 RCW:

Government Securities: Instruments such as bonds, notes, bills, mortgages and other securities which are direct obligations of the federal government or its agencies, with the principal fully guaranteed by the U.S. Government or its agencies.

Certificate of Deposit: A negotiable or nonnegotiable instrument issued by commercial banks, located in the State of Washington and insured up to $100,000 by the Federal Deposit Insurance Corporation (FDIC), or, if exceeding $100,000 FDIC coverage, is fully insured or collateralized.

Prime Commercial Paper: An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for a maturity specified by the purchaser. Corporations market their paper through dealers who in turn market the paper to investors.

State of Washington Securities and Pools: Any security which is a general obligation of the State of Washington or any of its municipalities. Statewide investment pools which invest in authorized instruments.

Money Markets: Money market mutual funds which invest in authorized instruments.

8.9 Safekeeping and Custody
When a broker dealer holds investments purchased by the City of Snohomish in safekeeping, the broker-dealer must provide asset protection of $500,000 through the Securities Investor Protector Corporation (SIPC) and at least another $49.5 million supplemental insurance protection.

8.10 Diversification
The City will attempt to diversify its investments according to type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements, as per the long-range financial plan. Extended maturities may be utilized to take advantage of higher yields and to match investment maturities with debt obligations; however, no more than 20% of the total investments should extend beyond 5 years. Unless prior City Council approval is received, no investment with a maturity exceeding 10 years will be purchased.

- The City will attempt to diversity its investment portfolio according to broker-dealer or financial institutions. No more than 50% of the entire investment portfolio shall be held with one broker.

8.11 Reporting
Periodic required investment reports to policymakers and elected officials provide necessary written communication regarding investment performance, risk analysis, adherence to policy provisions, as well as other information. The Finance Director shall provide the City Council periodic investment reports, which provide a clear picture of the status of the current investment portfolio. The management report should include a summary of securities held at the end of the reporting period by authorized investment category, percentage of portfolio represented by each investment category, percentage of portfolio represented by each financial institution, and overall portfolio values.

9.0 LONG-TERM FINANCIAL PLANNING

A 5~~6~~-year Financial Management Plan with an integrated 5~~6~~- year Capital Improvement Plan (CIP) is utilized to assist the City Council and department managers in strategizing and aligning financial capacity with the City Council Strategic Plan and objectives. The long-term financial plan serves as a foundation for conversations regarding purchases and project planning.

The plan will include an analysis of the current and future year's financial environment, revenue, operating and capital expenditure forecasts, debt positions and affordability analysis. The financial plan will be updated as needed in order to provide direction to the budget process.

The City's budget process involves incorporating the goals and strategies identified by the City Council's five-year Strategic Plan to provide for the community's highest priority needs. Strategic planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of recurring available resources.

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10.0 AUDITING, ACCOUNTING & INTERNAL CONTROL

The City of Snohomish will establish and maintain a high standard of accounting practices and procedures. Accounting standards will conform to Generally Accepted Accounting Principles (GAAP) as outlined by the Governmental Accounting Standards Board (GASB). Accounting standards will reflect Best Practices recommended by the Government Finance Officers Association (GFOA) and chart of accounts required by the Washington Office of the State Auditor (SAO) BARS manual.

After each fiscal year, the Washington SAO will conduct an audit of the City financial transactions, contract management and internal control. The report will include a financial opinion and a management and compliance report on internal controls. Annually, a comprehensive annual financial report will be prepared by the City. This report shall be made available to elected officials, city management, bond-rating agencies, and the general public.

10.1 Internal Control

The City Council and City Management is responsible for ensuring and maintaining a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data promote operational efficiency and encourage adherence to prescribed administrative procedures.

The Finance Director shall develop internal control processes or administrative procedures to ensure and maintain a strong internal control function. Periodic updates and new recommended practices set forward by the SAO and GFOA are communicated and addressed with the City Council. Any weakness in internal control and accounting procedures shall be addressed immediately by the City Manager or Finance Director so a timeline to remedy improvement can be established.

10.2 Accounting Write-offs

The Finance Director shall make every effort to collect all receivables owed to the City. The following is criteria that must be met before a receivable is allowed for write-off:

- Standardized collection procedures have been exhausted
- A determination has been made that the debt is uncollectible or that further measures to collect the debt are inappropriate and deemed to exceed the cost of collection
- The characteristics of the debt are such that write-off is appropriate - If funds are uncollectible, the Finance Director would make a determination for write offs to a bad debt expenditure up to $5,000. City Council approval is required for balances above this threshold and must accompany the write off to the bad debt expenditure.
- The reason for the write-off is documented adequately and is made available for audit.

10.3 Petty Cash and Bank Account Controls

The Finance Director shall establish processes for control and handling of petty cash funds, which include investigative buy funds. The Finance Director will oversee and manage all City of Snohomish Banking Accounts such as Imprest accounts, Claims accounts, and Payroll accounts within administrative procedures. Bank accounts will be reconciled on a monthly basis.

10.3 Capital Asset Threshold

Real property, titled vehicles and utility system components shall be considered capital assets. All other property, with a value of $5,000 or more and a useful life of three years or more shall be considered capital. For purposes of asset disposition and equipment replacement planning, the City shall depreciate capital assets under a straight-line method, based on the assets useful life to a book value of $1.00 or salvageable value.

10.4 Inventory of Small and Attractive Items
Operating departments shall be responsible for conducting regular inventory of their small and attractive items (i.e. cell phones, tablet, hand tools and power equipment) and submit a physical inventory to the Finance Director. Asset management and inventory procedures are defined in administrative procedures

10.5 Surplus Assets
The City Manager may administratively surplus non-public utility office equipment, computer equipment, small tools, computer software and minor equipment with a value of less than $5,000. Titled vehicles, real property, and any City property with a value of greater than $5,000 will be surpluses by the City Council by resolution. The process for surplusing assets is defined in administrative procedures. The Finance Director shall be responsible for the accounting of all surplus property transactions.

10.5.1 Surplus or Inter-governmental Disposition of Public Utility Assets
As per Ch. 35.94.040 RCW, titled vehicles, real property, and equipment originally acquired for public utility purposes and which no longer required for providing continued public utility service may be surplused after a public hearing and subsequent City Council resolution.

FINANCIAL MANAGEMENT POLICY ADOPTION

The City of Snohomish financial management policy shall be adopted and amended by action of the City Council. The Snohomish City Council shall review the policy periodically and any modifications made thereto must be approved by the City Council.

Policy Approved on: Date – Resolution #_____
This policy replaces separate, previously adopted policies and procedures regarding revenue management, procurement, fund reserves, purchasing or commercial credit cards, asset management policies or any other policy regarding financial management and administrative procedures.

ATTACHMENT B

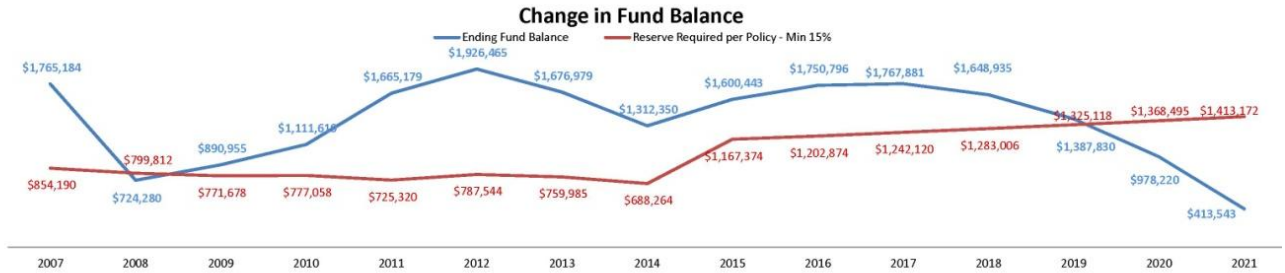
City of Snohomish 5/24/2016

DISCUSSION ON STRATEGIES FOR BALANCING GENERAL FUND RESERVES

Revenue Change Assumption 1.5% yr Expense Change Assumption 3.0% yr

General Fund - Fund Balance, Revenue & Expenditure Forecast based on proposed reserve policy

1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Year	Ending Fund Balance	Reserve Required per Policy - Min 15%	Reserve Required per Policy - Max 20%	Budgeted Revenues	Actual Revenues	Chg Actual Rev	Budgeted Expenditures	Actual Expenditures	Chg Actual Exp	Budgeted Increase (Decrease) in Fund Balance	Actual Increase (Decrease) in Fund Balance	Budgeted Operating Margin	Actual Operating Margin	Reserves based % of Expenditure (Minimum)
2007	$ 1,765,184	$ 854,190	$ 676,113	$ 7,528,070	$ 8,541,900	8.8%	$ 8,153,577	$ 7,865,787	16%	$ (625,507)	$ 676,113	-8.3%	7.9%	22.4%
2008	$ 724,280	$ 799,812	$ (1,040,904)	$ 9,524,283	$ 7,998,120	-6.4%	$ 9,913,026	$ 9,039,024	15%	$ (388,743)	$ (1,040,904)	-4.1%	-13.0%	8.0%
2009	$ 890,955	$ 771,678	$ 166,675	$ 8,481,813	$ 7,716,779	-3.5%	$ 7,923,553	$ 7,550,104	-16%	$ 558,260	$ 166,675	6.6%	2.2%	11.8%
2010	$ 1,111,619	$ 777,058	$ 220,664	$ 7,845,398	$ 7,770,584	0.7%	$ 8,004,386	$ 7,549,920	0%	$ (158,988)	$ 220,664	-2.0%	2.8%	14.7%
2011	$ 1,665,179	$ 725,320	$ 553,560	$ 7,199,682	$ 7,253,196	-6.7%	$ 7,342,869	$ 6,699,636	-11%	$ (143,187)	$ 553,560	-2.0%	7.6%	24.9%
2012	$ 1,926,465	$ 787,544	$ 261,287	$ 7,125,674	$ 7,875,437	8.6%	$ 7,987,255	$ 7,614,150	14%	$ (861,581)	$ 261,287	-12.1%	3.3%	25.3%
2013	$ 1,676,979	$ 759,985	$ (249,486)	$ 7,161,713	$ 7,599,846	-3.5%	$ 8,377,522	$ 7,849,332	3%	$ (1,215,809)	$ (249,486)	-17.0%	-3.3%	21.4%
2014	$ 1,312,350	$ 688,264	$ (364,629)	$ 7,666,263	$ 8,002,638	5.3%	$ 8,367,806	$ 8,367,267	7%	$ (701,543)	$ (364,629)	-9.2%	-4.6%	17.5%
2015	$ 1,600,443	$ 1,167,374	$ 1,556,499	$ 8,248,434	$ 8,835,820	10.4%	$ 8,666,771	$ 8,547,727	2%	$ (418,337)	$ 288,093	-5.1%	3.3%	20.6%
2016	**$ 1,750,796**	**$ 1,202,874**	**$ 1,603,833**	**$ 8,971,516**	**$ 8,968,357**	**1.5%**	**$ 8,821,163**	**$ 8,821,163**	**3.2%**	**$ 150,353**	**$ 147,194**	**1.7%**	**1.6%**	**21.8%**
2017	$ 1,767,881	$ 1,242,120	$ 1,656,160	$ 9,102,883	$ 9,102,883	1.5%	$ 9,085,798	$ 9,085,798	3.0%	$ 17,085	$ 17,085	0.2%	0.2%	21.3%
2018	$ 1,648,935	$ 1,283,006	$ 1,710,674	$ 9,239,426	$ 9,239,426	1.5%	$ 9,358,372	$ 9,358,372	3.0%	$ (118,946)	$ (118,946)	-1.3%	-1.3%	19.3%
2019	$ 1,387,830	$ 1,325,118	$ 1,766,825	$ 9,378,017	$ 9,378,017	1.5%	$ 9,639,123	$ 9,639,123	3.0%	$ (261,106)	$ (261,106)	-2.8%	-2.8%	15.7%
2020	$ 978,220	$ 1,368,495	$ 1,824,659	$ 9,518,688	$ 9,518,688	1.5%	$ 9,928,297	$ 9,928,297	3.0%	$ (409,609)	$ (409,609)	-4.3%	-4.3%	10.7%
2021	$ 413,543	$ 1,413,172	$ 1,884,229	$ 9,661,468	$ 9,661,468	1.5%	$ 10,226,146	$ 10,226,146	3.0%	$ (564,678)	$ (564,678)	-5.8%	-5.8%	4.4%



ATTACHMENT C

Financial Management Policies

F. DEBT FINANCING section added by Res 823 (12/21/93)

F-1 Interim Financing of Major Capital Projects

Interim financing of major capital projects may be arranged by Bond Anticipation Notes (BANS), interfund loans or line of credit with a major financial institution.

a. General Guidelines:

1. To the extent possible the City shall utilize interfund loans for interim financing of capital projects, either in whole or in part. Interfund loans provide the lowest borrowing cost to the City as the interest expense to the borrowing fund is offset by interest income to the lending fund. Available funds consist of cash, State Investment Pool balances or other relatively liquid investments. The decision to sell long term investments to provide funds for interfund loans shall be made by the City Council based on applicable policies.

2. The decision to use the City's line of credit or the issuance of BANS should employ a cost/cash flow analysis comparing the two financing options. The administrative costs for bond counsel, underwriter and other fees shall be taken into account for the costs of BANS. Other factors impacting the decision, such as the capacity of the line of credit, the timing of issuing permanent financing for paying down the line of credit prior to its maturity date, anticipated interest rate changes and arbitrage regulations will also be considered.

b. Line of Credit: If a line of credit is used the following policies will apply:

1. The line of credit is restricted to use for interim financing of capital projects for which long term bonds are expected to be issued within one year of adoption of the resolution or for which reimbursable grant monies are expected.

2. Authorization to draw down the line of credit will be allowed only upon adoption of a resolution by City Council.

3. Upon sale of bonds for permanent financing of a project or receipt of grant funds, such funds will be used to immediately pay off the amount of the line of credit utilized by each project, including interest charged for use of the line of credit.

4. Each resolution authorizing use of the line of credit shall identify the particular project eligible and contain a specific not-to exceed amount for each project.

5. Use of the line of credit for normal operating expenditures is prohibited.

6. The outstanding general obligation line of credit amount in conjunction with the City's other general obligations may not at anytime exceed the City's statutory debt limit.

c. Bond Anticipation Notes (BANS). If BANS are used the following policies will apply.

1. The BANS will have a maximum maturity of two years from their issue date.

Current

2. BANS can only be issued after a formally adopted bond ordinance by City Council.

3. The bond ordinance for the BANS will set a specific principal amount and identify the specific project(s) for which the proceeds are to be used.

4. Bond counsel charges, underwriter fees and other issuance costs may be included and paid from the BAN proceeds.

5. BANS shall be subordinate to any outstanding bonds of the City.

d. Interfund Loans. If an interfund loan is used the following policies will apply.

1. Interfund loans may only be made upon formal adoption of a resolution by the City Council.

2. The resolution for the interfund loan shall set forth the term and amount of the loan, a schedule of repayment including interest; and set a current market rate of interest for loans of similar maturity and amount.

3. Interfund loans between any of the water/sewer group of funds may carry a 0% interest rate as that group of funds is deemed to comprise a single operating entity for financial purposes.

4. Interfund loans for interim financing of major capital projects made in anticipation of the issuance of long term bonds must be repaid in full (including accrued interest) upon receipt of the bond proceeds.

5. The loaning fund must have adequate funds to make the loan and to meet its anticipated operating needs over the life of the loan.

Current

G. INVESTMENTS (section added by Res 921 (2/17/98))

G-1 The City's primary objective is to manage its total cash and cash equivalent assets in a manner that conforms completely to the constraints of this policy while maximizing the interest earnings of the portfolio. This will be done in a manner that supports the government's primary purpose of providing services to its citizens.

The primary purpose in determining a strategy for the City of Snohomish's investment activities is as follows:

Legality: The City's investments will be in compliance with all statutes governing the investment of public funds. This includes the Revised Code of Washington, the BARS manual, this investment policy and corresponding administrative procedures.

Safety: Safety of principal is of primary importance to the City. Investments of the City will be undertaken in a manner that seeks to guard the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual investments do not exceed the income generated from other investments.

Liquidity: The City's investments will remain sufficiently liquid to facilitate the City's need to meet all operating and debt requirements which might be reasonably anticipated.

Yield: The City's investments will be established with the objective of achieving a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow characteristics of the portfolio.

G-2 The City has also determined to limit investment purchases to the following investment types, which the City has determined best meet their overall investment strategy. This authorization applies to all City funds.

a. Investment deposits, including certificates of deposit, with qualified public depositories as defined in Chapter 39.58 RCW.

b. Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association). However, this authorization shall specifically exclude Collateralized Mortgage Obligations (CMOs), Real Estate Mortgage Investment Conduits (REMICs), and other Principal Only (PO's) and Interest Only (IO's) obligations that are secured with mortgages issued by any federal agency, instrumentality or private firm.

c. Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, Federal National Mortgage Association notes, debentures, and guaranteed certificates of participation.)

d. Washington State Local Government Investment Pool

e. Bonds of the State of Washington and any local government in the State, provided they carry a current debt rating in the top three categories of a nationally recognized rating agency at the time of investment.

f. Prime Banker's Acceptances purchased on the secondary market with ratings of A1/P1 by a nationally recognized rating agency.

g. Repurchase agreements for securities listed above, provided that the transaction is structured so that the City of Snohomish obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the bank or dealer. Collateralization will be required on all repurchase agreements at a level of 102% of the market value of principal and accrued interest. This is to anticipate any market changes and to provide an adequate level of security for all funds. Collateral is limited to the types of investments detailed in this section.

G-3 The Finance Director shall consider all investments as common investments whose ownership is derived from each participating fund. Interest earned by the common investment portfolio shall be applied in its entirety to each participating fund on the basis of its available cash balance. Unless specified by the Finance Director, all cash and cash equivalent assets of every fund shall be considered available for investment. The only exception to the common investment portfolio shall be investments made from the proceeds of bonds sales and only to the extent necessary to provide a separate accounting of investment activity.

Current

G-4 Funds set aside to satisfy City debt in conjunction with an advance refunding agreement will be invested in accordance with appropriate bond documents and not necessarily in compliance with this policy. If bond convenants are more restrictive than this policy, funds will be invested in full compliance with those additional restrictions.

G-5 Funds held by the County Treasurer during tax collection periods shall be regulated by the County's investment policies to the extent that those policies do not conflict with this City's policy. Funds should be invested by the County Treasurer for the benefit of the City of Snohomish as detailed by the City in accordance with Revised Code of Washington (R.C.W.) 36.29.020.

G-6 All investments of the City of Snohomish must be made in compliance with Federal and State law and in accordance with those legal interpretations that apply. The investment of any tax exempt borrowing proceeds and of any debt service funds musty comply with the 1986 Tax Reform Act if that Act applies to the debt issued.

G-7 The Finance Dirctor is the investment officer of the City. The Director shall develop written procedures for the operation of the investment program consistent with this investment policy and approved by the City Manager. These procedures will include a detailed delegation of authority to persons responsible for investment transactions. The Director will be responsible for all transactions undertaken and will establish a system of controls to regulate the activities of subordinate employees. The Finance Director will ensure a periodic independent annual review of investment activities and internal controls are performed by the external-auditing agency.

G-8 The City Manager shall provide investment oversight to the Finance Director. The Finance Director will report investment activity monthly to the City Manager and semi-annually to the City Council. The City Council shall amend the Investment Policy, as needed, by Resolution.

G-9 Investments will be made with judgment and care, in consideration of the circumstances then prevailing, which person(s) of prudence, discretion and intelligence would exercise in the management of their own affairs for investment purposes, not for speculation, taking into account the probable safety of their capital as well as the probable income expected to be derived.

G-10 Officers and employees involved in the investment process will refrain from personal business activity that could conflict with the proper execution of the investment program or impair their ability to make impartial investment any substantive financial interest in financial institutions that conduct business within this jurisdiction. They will also disclose any large personal financial or investment positions that could be related to the performance of the City's portfolio. Employees and Officers will subordinate their personal investment transactions to those of the City of Snohomish, particularly in regard to the timing of purchases and sales.

G-11 The Finance Director will conduct investment transactions with several competing, reputable investment securities broker/dealers. A list will be maintained of approved security broker/dealers selected for their credit worthiness, industry reputation, knowledge of public sector investment practices, and who maintain an office in the State of Washington. The Finance Director has the authority to remove any broker/dealer from the list, with or without cause by written notice. Broker/dealers may appeal the Finance Director's action by written appeal to the City Manager.

G-12 The Finance Director will maintain a list of financial institutions as required by the Public Deposit Commission (PDC.), authorized to provide investment services as outlined in R.C.W. 39.58.080.

Current

G-13 All investment securities bought by the City, including collateral being held on repurchase agreements, shall be held by the City or in safekeeping for the City by the City's custodian bank. A third party bank trust department may be appointed as agent for the City under the terms of a custody or trustee agreement signed by both the bank and the City. The primary agent of the custodian bank will provide a safekeeping receipt to the City listing the specific instrument, its rate and maturity, and any other pertinent information. All security transactions, including collateral for repurchase agreements, entered into by the City of Snohomish will be conducted on a delivery-versus-payment (DVP) basis.

G-14 Repurchase Agreements may be entered into on a safekeeping basis only if a master agreement with the bank or trust department providing the safekeeping service is first obtained. This agreement must very clearly establish that the bank/trust is acting as a third party agent for the Finance Director, not the broker/dealer arranging the repurchase agreements. Such third party safekeeping arrangements will be documented with a signed agreement between the Finance Director and the bank/trust involved assuring that the Finance Director has absolute control over the securities once they are delivered to safekeeping and that the dealer does not have access to them under any circumstances.

G-15 Investment officials will be bonded to provide protection to the City against loss due to possible embezzlement or malfeasance.

G-16 The City will assure that no single institution or security is invested to such an extent that a delay of liquidation at maturity is likely to cause a current cash flow emergency. With the exception of U.S. Treasury securities and the State Investment Pool, the City will invest no more than twenty-five percent (25%) of its total investment portfolio in a single security type or with a single financial institution.

G-17 To the degree possible, the City will attempt to match its investments with anticipated cash flow requirements. Liquidity should be ensured through practices that include covering the next vendor disbursement and payroll dates through maturing investments. Unless specifically matched to a certain cash flow, or estimated to meet cash flow needs, the City will not directly invest in securities maturing more than three (3) years from the date of purchase.

G-18 The City of Snohomish's investment portfolio will be designed to obtain a market average rate of return during budgetary and economic cycles, taking into account the City's investment risk constraints and cash flow needs. The City will report investment yield benchmarked to the yield of the six-month Treasury Bill and/or the Average Fed Funds rate and/or the return provided by the State Investment Pool.

G-19 The Finance Director will actively manage daily cash to the extent that transaction costs do not overcome interest earnings. The goal is to have ninety percent of the City's entire cash and cash equivalent assets invested.

Current

DISCUSSION ITEM 7b

Date: June 7, 2016

To: City Council

From: Jennifer Olson, Finance Director

Subject: **Request for Proposals – Banking Services**

The purpose of this agenda item is for City Council's consideration and authorization for the City Finance Director to initiate a request for proposals (RFP) process for banking services (See Attachment).

Background: As per state law (Ch. 39.58.080 RCW) cities are required to bank with a qualified public depository. The City Council shall designate the bank (as per Ch. 35A.40.030). The City of Snohomish currently deposits with Bank of America as the City's designated depository account(s) for banking services such as payment of claims, payroll and other banking activities.

Analysis: Historically, local governments were not charged bank fees due to the significant cash balances placed with an approved depository. After the 2008-2009 recession and banking regulatory changes that increased costs and affected banks, local governments are no longer sheltered from paying bank fees. Over the last twelve months, staff has been analyzing the increases in bank fees charged by Bank of America and working with bank representatives to reduce banking fees. Bank of America is no longer offering discounted fees and as a result staff is recommending to Council that an RFP for Banking Services be offered to all local Snohomish Banks. Maintaining necessary and appropriate levels of banking services at the lowest possible fees are key objectives of the proposed RFP process.

STRATEGIC PLAN REFERENCE: Not applicable

RECOMMENDATION: That the City Council AUTHORIZE the City Finance Director to initiate a Request for Proposal process for Banking Services.

ATTACHMENT: Request for Proposal – Banking Services

REQUEST FOR PROPOSAL
BANKING SERVICES

Issued: June 7, 2016

Due: July 15, 2016

City of Snohomish Washington

I. Purpose of Request

The City of Snohomish ("City") is requesting proposals for its primary banking services. The City's needs are outlined in the following Request for Proposal ("RFP").

II. Bid Process

The City will attempt to follow this timetable, which should result in the implementation of a banking services agreement by September 1, 2016.

Issue RFP	June 7, 2016
Deadline for Questions	June 24, 2016
Deadline for Submittal of Proposals – 4:00 p.m.	July 15, 2016
Interview with Selected Firms	Week of July 25, 2016
Preliminary Selection of Firm	By August 5, 2016
Recommendation to City Council	August 16, 2016
Implementation of Banking Services Agreement	September 1, 2016

These dates are estimates and subject to change by the City.

III. Minimum Qualifications

To be considered for selection, financial institutions must meet at least the following minimum qualifications:

A. Authority to offer banking services. Institution must hold a charter from either the United States Government or the State of Washington.
B. Access to the Federal Reserve System. Institution must be a member of (or have access to) the Federal Reserve System and have access to all Federal Reserve System services.
C. Legal Compliance. Institution must be in compliance with all applicable laws, rules, regulations, and ordinances of the City of Snohomish, the State of Washington, and the United States.
D. Public Deposit Protection Act. Institution must be a Washington State qualified depository for public funds and must be in compliance with the Washington Public Deposit Protection Act (RCW 39.58).
E. Local banking office. Institution must have an established office or local branch within the City of Snohomish.

City of Snohomish Washington

IV. Instructions to Proposers

All questions should be submitted in writing via email to:

Jennifer Olson, Finance Director
City of Snohomish
116 Union Avenue
Snohomish WA 98290
Direct (360) 282-3171
City Hall (360) 568-3115
j.olson@snohomishwa.gov

Proposals are due in City Hall no later than **4:00 p.m. Pacific time on July 15, 2016.** Late proposals will not be considered for award of contract.

Proposals must be submitted as an email attachment in one PDF file. Pages must be numbered and sent to j.olson@snohomishwa.gov Do not submit proposals as a zip file.

A. Proposals should be prepared simply and economically, providing a straightforward, concise description of provider capabilities to satisfy the requirements of the request. Special bindings, colored displays, promotional materials, etc. are not required. Emphasis should be on completeness, clarity of content and examples of reports, statements and e-services screenshots are expected.

B. All proposals must include the following:

1. Responses to Banking Services Questions/Statements in section VIII.
2. Statement of Financial Institution Qualifications found in section IX, signed and notarized.
3. A detailed schedule of costs - by specified task - using the Fee Schedule form in Attachment B or sufficiently equal format that itemizes all fees and costs. Volumes indicated on the Fee Schedule are estimates and actual quantities may vary. Costs not identified on the Fee Schedule, but which the financial institution proposes to charge, must be individually itemized and thoroughly explained. Fee Schedules must be executed by an official of the firm in a position to commit the institution to provide the services in accordance with these terms and conditions.

V. Scope of Services

See Attachment A

VI. Terms and Conditions

A. The City reserves the right to reject any and all proposals, and to waive minor irregularities in any proposal.

City of Snohomish Washington

B. The City reserves the right to request clarification of information submitted, and to request additional information on any proposal.

C. The City reserves the right to award any contract to the next most qualified financial institution, if the successful financial institution does not execute a contract within 30 days of being notified of selection.

D. Any proposal may be withdrawn up until the date and time set above for opening of the proposals. Any proposal not so timely withdrawn shall constitute an irrevocable offer, for a period of one hundred and twenty (120) days to sell to the City the services described in the attached specifications, or until one or more of the proposals have been approved by the City administration, whichever occurs first.

E. The contract resulting from acceptance of a proposal by the City shall be in a form supplied or approved by the City, and shall reflect the specifications in this RFP. A copy of the proposed contract is attached at the end of this RFP. The City reserves the right to reject any proposed agreement or contract that does not conform to the specifications contained in this RFP and which is not approved by the City Attorney's office.

F. The City shall not be responsible for any costs incurred by the financial institution in preparing, submitting or presenting its response to the RFP.

VII. Evaluation Process

Proposals will be evaluated by a committee of City of Snohomish staff. Evaluations will be based on criteria outlined herein which may be weighed by the City in a manner it deems appropriate. All proposals will be evaluated using the same criteria. The criteria used will be:

A. Responsiveness to the RFP

The City will consider all the material submitted to determine whether the financial institution's offering is in compliance with the RFP documents.

B. Ability to Perform Required Services

The City will consider all the relevant material submitted by each financial institution, and other relevant material it may otherwise obtain, to determine whether the financial institution is capable of providing services of the type and scope specific to the RFP. The following elements may be given consideration by the City in determining whether a financial institution is capable:

1. The ability and capacity of the financial institution and the skills, experience, and availability of the specific individuals to be assigned to the City to perform the services required;
2. The quality of performance by the financial institution on previous and similar contracts and such other information as may be secured and considered relevant by the City,

including information on customer service as supplied in section VIII 4 and obtained from references provided;

3. The ability of the financial institution to present professional and innovative work; the skill of the financial institution as demonstrated by samples of similar work and/or references from similar organizations;
4. Strength and stability of the financial institution. The financial institution's financial standing among its peers and the associated credit quality ratings.

C. Fees

As described in Attachment B and other costs of changing financial institutions.

D. References

As described in section VIII 2.

E. Community Presence

As described in section VIII 3.

F. Interviews and Site Visits

The City may conduct interviews and site visits as part of the final selection process.

G. Other Factors

Any other factors that the City believes would be in the City's best interest to consider which were not previously described.

VIII. Banking Services Questions/Statements

Please provide your responses to the items below in the order presented.

1. Provide the names of individuals, with phone numbers and e-mail addresses, who will be working on the proposed services and their areas of responsibility including their specific experience relative to the request for proposal requirements.

2. Submit at least five (5) references (preferably from current local government customers) who can attest to the financial institution's experience as it relates to providing banking services. The references must include contact name, title, address, e-mail address, telephone number and services used.

3. Describe your institution's community participation/reinvestment program including your Community Reinvestment Act (CRA) rating.

4. Describe your institution's customer service philosophy and organizational structure and provide meaningful examples to illustrate.

5. Provide the following reports and information about your institution:

City of Snohomish Washington

a) Monthly account analysis
b) Monthly bank statement
c) Monthly merchant services report
d) Samples of on-line account features or screenshot examples
e) Most recent financial statement
f) SEC and/or Moody's credit rating or comparable rating

6. Provide a funds availability schedule. Describe one day, two day availability and wire requirements.

7. Describe your Balance Reporting systems and availability.
   a) What hardware/software does the bank use to deliver balance and transaction detail information?
   b) What time is previous day information available for access by the customer?
   c) What are the hours of access of the balance reporting system?
   d) Does the bank provide current day information?
      i. How frequently is this information updated throughout the day?
      ii. What transaction types are available on current day reports?
   e) Describe the level of detail provided in previous and current day reports.
   f) How many days of history can be accessed through the system?
   g) In what format is information available?
   h) Provide a sample printout of the daily on-line balance information.

8. ACH Services:
   a) What is the recommended service delivery method (i.e., direct transmission, on-line, or other)?
      i. What are the hardware/software requirements?
      ii. What training does the bank provide?
      iii. Does the software offer the ability to manage security and access levels by user?
      iv. What report options are available?
      v. What controls are in place to protect against lost files and duplications of transmissions?
      vi. Does the bank provide automatic file receipt acknowledgements? If so, how?
      vii. Describe the role of any third-party processor used by the bank to provide this service.
   b) What are the hours of operation of the ACH unit?
   c) What are the bank's cut-off times for customer initiation of ACH transactions?
   d) Describe the procedures used to verify accurate and secure receipt of transmissions.

City of Snohomish Washington

e) Can the bank automatically redeposit items returned for insufficient or uncollected funds?
f) How does the bank handle file, batch, and item reversals and deletions?

9. Positive Pay:
   a) What is the recommended service delivery method (i.e., direct transmission, on-line, or other)?
      i. What are the hardware/software requirements?
   b) What controls are in place to protect against lost files and duplications of transmission?
   c) Does the bank provide automatic file receipt acknowledgements? If so, how?
   d) Describe the role of any third-party processor used by the bank to provide this service.
   e) What is the bank's deadline for transmitting files/data?
   f) What is the process for notifying the bank of a single check or small check run outside of the regular batch file?
   g) How does the City notify the bank of voided and stop payment checks?
   h) Does your bank have payee verification?
   i) Is the positive pay service fully implemented at all bank branches?
   j) How does the bank handle exception ("paid not issued") items?
      i. Does the bank offer a daily listing of exception items?
      ii. Are there defaults available for each account to either automatically return or pay on exception items?
      iii. What is the timeline for reporting exceptions to the City?
      iv. How are exceptions reported to the City? Will an image be available?
      v. What is the timeline for the City to act on any exceptions?
      vi. What are the hours of operation of this service unit?

10. Payment of Fees:

    Respondents will need to provide information on the following:
   a) The effective rate and formula used to calculate the service charge credit for collected fund balances;
   b) The proposed method for setting rates on a compensating certificate of deposit;
   c) A time frame proposed to pay any additional fees not offset by service charge credit;
   d) Whether a service charge credit/debit can be carried forward to the next period;
   e) The formula for any fees in the event of an overdraft
   f) Describe what constitutes a daylight and overnight overdraft situation.

11. Errors and Adjustments:
   a) Describe your adjustment process for resolving deposit discrepancies.

City of Snohomish Washington

b) At what dollar amount do you write off discrepancies?
c) Do you adjust the deposit amount or process an adjusting debit or credit?

12. Describe how inquiries requiring research and adjustments are handled by the institution. What fees are associated with research in the event of a banking error/ customer error Are there established turn-around times for research and adjustment items? If yes, specify.

13. Describe NSF or Returned Items processing procedures, fees or other related services available. The City will require re-depositing "NSF" or "uncollected funds" returned items so that they may be presented a second time prior to being charged back.

14. Security/Protection Measures: What security features are in place to minimize the risk of unauthorized transactions? How are the City's assets restored to the City in the event of a security breach or hacking incident? What is the timeline for restoration of City funds in the event of an unauthorized transaction?

15. Service enhancements: Describe any enhancements, technological or otherwise, that we should consider to improve operational or cash management efficiencies.

16. Discuss your use of the internet in providing on-line services to your municipal/business customers. Describe the security measures in place to safeguard the City's Assets

17. Provide information on how your institution plans to keep your product line competitive. Describe what approach the bank is taking in the development of new services and what new services and/or features the bank plans to offer and within what time frame.

18. Disaster Recovery:
    a) Describe your institution's formal disaster recovery plan.
    b) How quickly will back-up facilities be activated?
    c) Describe your institution's operating capabilities to assist the City in the event of a disaster or declared emergency.

19. Implementation Plan: Provide a detailed description of the implementation process, including testing, and a sample implementation schedule.

20. List the address and hours of operation at your nearest branch office and also the hours of operation for non-branch services.

21. Discuss any special conditions, other fees, other services, or deviations from the requested scope.

City of Snohomish Washington

IX. Statement of Financial Institution Qualifications

Each financial institution submitting a proposal for items included in this document shall prepare and submit the following data along with their proposal:

1. Name of Financial Institution _____
2. Business Address _____
3. Business Phone _____ Fax No. _____
4. E-mail Address _____
5. How many years have you been in business under the present name? _____
6. General character of services provided by your institution: _____
7. Do you have a City of Snohomish registration on your Washington State Master Business License? Number _____
8. State of Washington Department of Revenue UBI No. _____
9. Federal IRS Employer Identification Number: _____
10. I certify that the institution is capable of providing the services as outlined in this proposal, will comply with the rules and regulations outlined by the Revised Code of Washington, Snohomish Municipal Code, and the Washington Public Deposit Protection Commission, and other applicable laws and regulations.

City of Snohomish
Banking Services

_____

Institution Name Authorized Signature

City of Snohomish Washington

SAMPLE

PROFESSIONAL SERVICES AGREEMENT BETWEEN CITY OF SNOHOMISH AND _____ FOR BANKING SERVICES

THIS AGREEMENT, made and entered into in Snohomish County, Washington, by and between the CITY OF SNOHOMISH, hereinafter called the "City," and _____, hereinafter called the "Financial Institution"

WHEREAS, the Financial Institution has represented, and by entering into this Agreement now represents, that the firm and all employees assigned to work on any City project are in full compliance with the statutes of the State of Washington governing activities to be performed and that all personnel to be assigned to the work required under this agreement are fully qualified and properly licensed to perform the work to which they will be assigned.

NOW THEREFORE, in consideration of the terms, conditions, covenants, and performances contained herein below, the parties hereto agree as follows:

ARTICLE I. PURPOSE

The purpose of this agreement is to provide the City with banking and financial services as described in Article II. The general terms and conditions of relationships between the City and the Financial Institution are specified in this agreement.

ARTICLE II. SCOPE OF WORK

The scope of work is set out in the attached scope of work for banking and financial services herein after referred to as the "Scope of Services" **Exhibit A**. All services and materials necessary to accomplish the tasks outlined in **Exhibit A** shall be provided by the Financial Institution, unless noted otherwise in the scope of services or this agreement.

ARTICLE III. OBLIGATIONS OF THE FINANCIAL INSTITUTION

3.1 **MINOR CHANGES IN SCOPE.** The Financial Institution shall accept minor changes, amendments, or revisions in the detail of the work as may be required by the City when such changes will not have any impact on the service costs or proposed delivery schedule. Extra work, if any, involving substantial changes and/or changes in cost or schedules will be addressed as follows:

Extra Work. The City may desire to have the Financial Institution perform work or render services in connection with each project in addition to or other than work provided for by the expressed

City of Snohomish Washington

intent of the scope of work in the scope of services. Such work will be considered as extra work and will be specified in a written supplement to the scope of services, to be signed by both parties, which will set forth the nature and the scope thereof. Work under a supplemental agreement shall not proceed until executed in writing by the parties.

3.2 **WORK PRODUCT AND DOCUMENTS.** The work product and all documents listed in the scope of services shall be furnished by the Financial Institution to the City, and upon completion of the work shall become the property of the City, except that the Financial Institution may retain one copy of the work product and documents for its records. The Financial Institution will be responsible for the accuracy of the work, even though the work has been accepted by the City.

In the event that the Financial Institution shall default on this agreement or in the event that this contract shall be terminated prior to its completion as herein provided, all work product of the Financial Institution, along with a summary of work done to date of default or termination, shall become the property of the City. Upon request, the Financial Institution shall tender the work product and summary to the City. Tender of said work product shall be a prerequisite to final payment under this contract. The summary of work done shall be prepared at no additional cost to the City.

Financial Institution will not be held liable for reuse of these documents or modifications thereof for any purpose other than those authorized under this Agreement without the written authorization of Financial Institution.

3.3 **TIME OF PERFORMANCE. The term of this agreement shall be three years beginning _____,2016 through _____,2019. Upon mutual written consent, subject to the provisions for termination as set forth in Article V, paragraph 5.2, this agreement shall be extended for three (3) additional years. During the extension period, all terms and conditions of the existing Agreement shall remain in effect except for those terms and condtions mutually agreed to in writing and amended for the extension period.**The Financial Institution shall be authorized to begin work under the terms of this agreement upon signing of both the scope of services and this agreement and shall complete the work no later than [Date], unless a mutual written agreement is signed to change the schedule. An extension of the time for completion may be given by the City due to conditions not expected or anticipated at the time of execution of this agreement.

3.4 **NON-ASSIGNABLE.** The services to be provided by the Financial Institution shall not be assigned or subcontracted without the express written consent of the City.

3.5 **EMPLOYMENT.** Any and all employees of the Financial Institution, while engaged in the performance of any work or services required by the Financial Institution under this agreement, shall be considered employees of the Financial Institution only and not of the City, and any and all claims that may or might arise under the Workman's Compensation Act on behalf of any said employees while so engaged, and any and all claims made by any third party as a consequence of any negligent act or omission on the part of the Financial Institution or its employees while so engaged in any of the work or services provided herein shall be the sole obligation of the Financial Institution.

City of Snohomish Washington

3.6 **INDEMNITY.**

a. The Financial Institution will at all times indemnify and hold harmless and defend the City, its elected officials, officers, employees, agents, and representatives, from and against any and all lawsuits, damages, costs, charges, expenses, judgments, and liabilities, including attorney's fees (including attorney's fees in establishing indemnification), collectively referred to herein as "losses" resulting from, arising out of, or related to one or more claims arising out of negligent acts, errors, or omission of the Financial Institution in performance of Financial Institution's professional services under this agreement. The term "claims" as used herein shall mean all claims, lawsuits, causes of action, and other legal actions and proceedings of whatsoever nature, involving bodily or personal injury or death of any person or damage to any property including, but not limited to, persons employed by the City, the Financial Institution or other person, and all property owned or claimed by the City, the Financial Institution, or affiliate of the Financial Institution, or any other person.

b. Should a court of competent jurisdiction determine that this agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Financial Institution and the City, its members, officers, employees, and agents, the Financial Institution's liability to the City, by way of indemnification, shall be only to the extent of the Financial Institution's negligence.

c. The provisions of this section shall survive the expiration or termination of this agreement.

d. For the purposes of the indemnity contained in subpart "A" of this paragraph 3.6, Financial Institution hereby knowing, intentionally, and voluntarily waives the immunity of the Industrial Insurance Act, Title 51 RCW. _____(initials) _____(initials)

3.7 **INSURANCE.** The Financial Institution shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Financial Institution, its agents, representatives, or employees.

No Limitation. Financial Institution's maintenance of insurance as required by the agreement shall not be construed to limit the liability of the Financial Institution to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

a. Minimum Scope of Insurance. Financial Institution shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired, and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.

City of Snohomish Washington

2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, and personal injury and advertising injury. The City shall be named as an insured under the Financial Institution's Commercial General Liability insurance policy with respect to the work performed for the City.

3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

4. Professional Liability insurance appropriate to the Financial Institution's profession.

b. Minimum Amounts of Insurance. Financial Institution shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of $1,000,000 per accident.

2. Commercial General Liability insurance shall be written with limits no less than $1,000,000 each occurrence, $2,000,000 general aggregate.

3. Professional Liability insurance shall be written with limits no less than $1,000,000 per claim and $1,000,000 policy aggregate limit.

c. Other Insurance Provisions. The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability, Professional Liability, and Commercial General Liability insurance:

1. The Financial Institution's insurance coverage shall be primary insurance as respect the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Financial Institution's insurance and shall not contribute with it.

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

e. Verification of Coverage. Financial Institution shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Financial Institution before commencement of the work. Throughout the term of this Agreement, the Financial Institution shall provide the City with proof of insurance upon request by the City.

.8 **DISCRIMINATION PROHIBITED AND COMPLIANCE WITH EQUAL OPPORTUNITY LEGISLATION.** The Financial Institution agrees to comply with equal opportunity employment and not to

discriminate against client, employee, or applicant for employment or for services because of race, creed, color, religion, national origin, marital status, sex, age, or handicap except for a bona fide occupational qualification with regard, but not limited to, the following: employment upgrading; demotion or transfer; recruitment or any recruitment advertising; layoff or terminations; rates of pay or any other forms of compensation; selection for training, rendition of services. The Financial Institution further agrees to maintain (as appropriate) notices, posted in conspicuous places, setting forth the provisions of this nondiscrimination clause. The Financial Institution understands and agrees that if it violates this nondiscrimination provision, this agreement may be terminated by the City, and further that the Financial Institution will be barred from performing any services for the City now or in the future, unless a showing is made satisfactory to the City that discriminatory practices have been terminated and that recurrence of such action is unlikely.

3.9 **UNFAIR EMPLOYMENT PRACTICES.** During the performance of this agreement, the Financial Institution agrees to comply with RCW 49.60.180, prohibiting unfair employment practices.

3.10 **AFFIRMATIVE ACTION.** Affirmative action shall be implemented by the Financial Institution to ensure that applicants for employment and all employees are treated without regard to race, creed, color, sex, age, marital status, national origin, or the presence of any sensory, mental, or physical handicap, unless based on a bona fide occupational qualification. The Financial Institution agrees to take affirmative action to ensure that all of its employees and agent adhere to this provision.

3.11 **LEGAL RELATIONS.** The Financial Institution shall comply with all federal, state and local laws and ordinances applicable to work to be done under this agreement. This contract shall be interpreted and construed in accordance with the laws of Washington. Venue for any action commenced relating to the interpretation, breach or enforcement of this agreement shall be in Snohomish County Superior Court.

3.12 **INDEPENDENT CONTRACTOR.** The Financial Institution's relation to the City shall at all times be as an independent contractor.

3.13 **CONFLICTS OF INTEREST.** While this is a non-exclusive agreement the Financial Institution agrees to and will notify the City of any potential conflicts of interest in Financial Institution's client base and will seek and obtain written permission from the City prior to providing services to third parties where a conflict of interest is apparent. If a conflict is irreconcilable, the City reserves the right to terminate this agreement.

3.14 **CITY CONFIDENCES.** The Financial Institution agrees to and will keep in strict confidence, and will not disclose, communicate, or advertise to third parties without specific prior written consent from the City in each instance, the confidences of the City or any information regarding the City or services provided to the City.

City of Snohomish Washington

ARTICLE IV. OBLIGATIONS OF THE CITY

4.1 **PAYMENTS.** The Financial Institution shall be paid by the City for completed work for services rendered under this agreement and as detailed in the **Exhibit B** fees as provided herein after. Fees will be paid through compensating balances or where and if specified in the exhibit through direct credit to the City's account. Such payments shall be full compensation for work performed or services rendered and for all labor, materials, supplies, equipment, and incidentals necessary to complete the work. In the event the City elects to expand the scope of services from that set forth in Exhibit A, the City shall pay Financial Institution an additional amount based on a time and expense basis, based upon Financial Institution's current schedule of hourly rates.

4.2 **CITY APPROVAL.** Notwithstanding the Financial Institution's status as an independent contractor, results of the work performed pursuant to this contract must meet the approval of the City, which shall not be unreasonably withheld if work has been completed in compliance with the scope of work and City requirements.

ARTICLE V. GENERAL

5.1 **NOTICES.** Notices to the City shall be sent to the following address:

CITY OF SNOHOMISH
ATTN: Jennifer Olson, Finance Director
116 UNION AVENUE
SNOHOMISH, WA 98290

Notices to the Financial Institution shall be sent to the following address:

[FINANCIAL INSTITUTION NAME & MAILING ADDRESS]

Receipt of any notice shall be deemed effective three (3) days after deposit of written notice in the U.S. mail with proper postage and address.

5.2 **TERMINATION.** The right is reserved by the City to terminate this agreement in whole or in part at any time upon Three (3) months' written notice to the Financial Institution.

If this agreement is terminated in its entirety by the City for its convenience, a final payment shall be made to the Financial Institution which, when added to any payments previously made, shall total the actual costs plus the same percentage of the fixed fee as the work completed at the time of termination applied to the total work required for the project.

5.3 **DISPUTES.** The parties agree that, following reasonable attempts at negotiation and compromise, any unresolved dispute arising under this contract may be resolved by a mutually agreed upon alternative dispute resolution of arbitration or mediation.

City of Snohomish Washington

5.4 **NONWAIVER.** Waiver by the City of any provision of this agreement or any time limitation provided for in this agreement shall not constitute a waiver of any other provision.

DATED this _____ day of _____, 2016.

CITY OF SNOHOMISH	[FINANCIAL INSTITUTION]
By: _____ Larry Bauman, City Manager	By: _____ [Signor], [Title]
ATTEST	APPROVED AS TO FORM
By: _____ Pat Adams, City Clerk	By: _____ Grant K. Weed, City Attorney

City of Snohomish Washington

Attachment A
Scope of Services

General Information

The City of Snohomish is soliciting proposals for a primary banking relationship with a financial institution which operates an office within the city limits. The City will be contracting for the following general services for a three year period. At the City's option, 1 three-year extension will be permitted with the same terms and conditions of the original contract or as amended.

The following is a listing of mandatory services the City requires of its financial institution:

- Checking Accounts ACH
  Debit Services
- Direct Deposit for Payroll Banking
  Supplies
- Overdraft protection Data Equipment Compatibility
- ACH reporting
- On-line Account Management & Administrative Features
- On-line Deposits
- On-line balance reporting
- On-line Image Retrieval On-line
  Stop-pays
- On-line wire transfers
- Automatic Account Reconciliation
- Payment of Financial System Upgrades and Fees through use of analysis
- Positive Pay On Checking accounts
- Merchant Services
- Sweep Accounts
- Excellent customer service & response

Snohomish utilizes a check system and purchasing card program, as opposed to warrants. The City anticipates that proposed banking services will be compensated either by the credit earned on average collected balances or CD, or a fee for service basis, but is also willing to consider other options.

Services Required

Checking Accounts: The City currently utilizes the following checking accounts: 1) primary checking account, 2) claims account 3) payroll account; and 4) imprest checking account for small treasury expenses. The institution will furnish the City with additional checking accounts as needed. NSF checks must be processed twice before being returned to the City. The basic checking account services should at least consist of:

City of Snohomish Washington

- Provide on-line month-end statements by the 10th day of the following month and provide statements to state auditors upon request;
- Provide electronic check image retrieval monthly online, including any necessary software;
- Provide on-line individual and consolidated monthly account analysis for all accounts by the 15th day of the following month;
- Provide an on-line wire transfer system for transferring money to other institutions, along with appropriate security levels for wire transfer initiations and approvals;
- Provide an on-line computer balance reporting system, with information on collected, available and closing balances, as well as a detail of total debits and credits posted to the account for the previous day, by 7:00 a.m. each business day;
- Provide an on-line reporting system that shows current day ACH credits and debits, by 7:00 a.m. each business day;
    - Provide for on-line stop-pay look-up and notification;
    - Provide a means to electronically pay all payroll taxes (for example: Express Tax, Easy Tax, or an 800 phone line);
- Provide support in answering questions, trouble shooting problems and resolving issues in a prompt manner;
- Provide means to inquire about cancelled checks and stop payment on checks upon proper authorization.

ACH Debit Services: The City processes direct deposits of payroll twice a month. Other miscellaneous ACH transactions such as debt service, retirement fund transfers and accounts payable payments flow through the account each month.

The City currently uses a third-party payment services vendor to accept credit card as a form of payment via online credit card payment program for utility billing payments that is not part of this banking RFP. The City is currently seeking new financial/accounting software where acceptance of credit cards as a form of payment will be integrated within a point-of-sale module. The City will require merchant services at the time of software implementation.

Direct Deposit for Payroll: Snohomish offers and encourages direct payroll deposit for its employees. The City pays its employees twice a month on the 15th (draw) and the end of the month. On an average payroll, 50 employees are paid with approximately 40 receiving direct deposit.

Currently, the City transmits the payroll data to the institution via internet two business days prior to payday. Deposits must be made into the employees' account by 8:00 a.m. on payday. Any deviation from these time limits must be stated in the bid. Any bidder with less restrictive time requirements will be given favorable consideration.

The City from time to time may need to transmit the payroll data one day prior to the pay date. We are therefore requesting bids on both a one-day and two-day turnaround. We are interested in what the deadlines for transmission are for both situations.

City of Snohomish Washington

Banking Supplies: The financial institution may be required to provide – if needed and at no cost - a supply of coin rollers, locking bank bags, tamper proof plastic deposit bags, deposit slips, miscellaneous checks, and endorsement stamps for each location.

Trust and Escrow Agent Services: The City may require retainage accounts be maintained for contractors choosing to place retainage funds in an interest bearing account.

Overdraft Protection: Although the City will attempt to minimize daylight and overnight overdraft situations, it recognizes that there are times these situations will occur. (Note: an overdraft has not occurred within current institutional memory –

Data Equipment Compatibility: The City is interested in equipment and data compatibility and therefore requests the specifications needed for an automated wire transfer, ACH debit & credit, credit card, balance reporting and any other automated systems to be included in this proposal. The City utilizes Fujitsu ScanSnap iX550 model scanners. Any costs associated with automated data and equipment should be identified on the Fee Schedule in Attachment B.

Miscellaneous Optional Services: In addition to the requirements listed above, the proposal shall identify proposed fees for the following services:

- Automatic Account Reconciliation
- Payment of Financial System Upgrades and Fees through use of analysis. In order to enhance our banking/financial processing capabilities we may wish to pay for these fees through banking analysis
- Other e-services provided by your institution that would be beneficial to the City of Snohomish, but have not specifically been addressed. Please itemize on the Fee Schedule form in Attachment B.
- Merchant Services: The financial institution will provide the City with the ability to accept payment through the use of credit/debit cards. The City receives payments for City services in person and through the mail for collection of traffic tickets, recreation, utility bills, permit fees and other services. This may expand for other types of collections as well.

Services Not Provided: In the event that the primary proposing financial institution does not provide all requested services included in this RFP, the financial institution will submit as part of its proposal additional partners/providers whom do provide these services. It is the sole responsibility of the primary financial institution to secure and maintain the relationship with any additional providers. The primary financial institution, at the time of bid submittal will identify all secondary providers.

City of Snohomish Washington

Attachment B
Example Fee Schedule

Item	Unit Price	Estimated Monthly	Monthly Cost	Explanation
Depository Services:				
Account Maintenance		4		
Banking Center Deposits		23		
General Checks Paid Truncated				
Returns-Chargeback		4		
Returns-Reclear		4		
Returns-Reclear Services		1		
Returns-DUP Advice				
Returns-Notification Fax				
Returns-Notification Photocopy				
Returns-Notif Fax Services				
Returns-Notif Copy Services				
Cks Dep Un-encoded items		1,900		
Cks Dep Foreign Items		1		
Debits Posted-Electronic		100		
Credits Posted-Electronic		100		
Deposit Account Statements		4		
Gen Disb Cks Pd-IS Front Img		193		
Commercial Deps-Cash Vault:				
Curr/Coin Dep/$100-Bkg Ctr		317		
Curr/Coin Dep/$100-Vlt				
Express Tax Services:				
Express Tax PC Tax Deposit		1		
Mailed tax Deposit Receipt		1		
General ACH Services:				
ACH Optional Rpts-Electronic		2		
ACH Return Item				
ACH Monthly Maintenance		1		
ACH Input-EChannel		2		
ACH Blocks Auth Instructions				
ACH Blocks Auth Maintenance				
ACH Blocks Auth Add-Change				
ACH Notif of Change (NOC)		2		

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ACH Standard Reports – electronic		2		
ACH Consumer on us Credits		10		
ACH Consumer off us Credits		66		
ACH Credit Received Item		34		
ACH Debit Received Item		5		
Wire Transfers:				
CPO Gp Mthly Maint Basic		1		
Wire Module Maintenance Svcs		1		
Incoming Domestic Wire				
Elec Wire Out – Bk Db		4		
Wire Advice-Mail		8		
CPO GP Cust Mnt Temp Storage		3		
Elec Wire Bk Mnt Temp Storage		3		
Book Credit		4		
Information Services:				
CPO Online Subscription		1		
CPO Prem IR Maintenance		1		
CPO Prem PDR Account		3		
CPO Prem Pdr Itm Stored 2 Mth		1500		
Direct Previous Day Acct				
Direct Current Day Acct				
Direct Previous Day Max Item				
Direct Current Day Std Item				
Image:				
Image Archive – 90 days				
Image Archive – 7 Years		203		
Image Maintenance – Direct		2		
Image retrieval BA Direct		5		
Account Reconciliation Services:				
ARP Trans Output File				
On-Line Banking				
Image Retrieval – Paid Item				
Image Retrieval – Deposit Item				
Direct Current Day Account				
On-Line Banking Current Day				
Direct Prior Day Account				
On-Line Banking Prior Day Module				
Banking Token				

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Customer Initiated Stops				
Wires Monthly Client Maint				
Supplies – As Needed:				
Endorsement Stamps				
Coin Wrappers per 1000				
Deposit Slip Books (2 part carbonless)				
Plastic Bank Bags per 100				
Overnight Overdraft Rate				
Daylight Overdraft Rate				
Your bank fee/discount rate				
Other Items Not Mentioned:				
Research Inquiries				

Notes or Item Description:

_____

_____

_____

Formulas:

Daylight Overdraft Formula

_____

Overnight Overdraft Formula

_____

FDIC Insurance Formula

_____

City of Snohomish Washington

Service Charge Credit Formula

The undersigned, an institution or firm maintaining branch/office operations within the city limits of Snohomish, Washington, submits the following proposal for the City's banking services for the period of _____, 2016 through _____, 2019.

Authorization:

Authorized Signature	Title
Printed Name	Date
Institution Name	Phone Number
Mailing Address	Fax Number
City, State, Zip	
Contact Name, if different from above	Contact Phone Number

Attachment C
Subcontractor List

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*		*Amount*
Kandace Harvey						
	58749	DBA16-4759	5/25/16	Tree Work at Shop		$2,673.00
					Check Total	**$2,673.00**
					Batch Total	**$2,673.00**
AAA Champion LLC						
	58750	89	6/2/16	janitorial service-May		$1,852.93
					Check Total	**$1,852.93**
Ace Equipment Rentals						
	58751	63397	6/2/16	pressure washer		$48.00
	58751	63427	6/2/16	pressure washer		$43.64
					Check Total	**$91.64**
Daigger Scientific, Inc						
	58752	PSI249021	6/2/16	Autoclave for Lab		$7,043.95
					Check Total	**$7,043.95**
Advanced Traffic Products						
	58753	15128	6/2/16	Traffic Lighting		$494.06
					Check Total	**$494.06**
Automatic Funds Transfer Services, Inc						
	58754	88018	6/2/16	Storm Printing for March/April Billing		$107.42
	58754	88018	6/2/16	Garbage Printing for March/April Billing		$107.43
	58754	88018	6/2/16	Sewer Printing for March/April Billing		$107.43
	58754	88018	6/2/16	Water Printing for March/April Billing		$107.43
	58754	88018	6/2/16	Storm Postage for March/April Billing		$173.69
	58754	88018	6/2/16	Garbage Postage for March/April Billing		$173.69
	58754	88018	6/2/16	Sewer Postage for March/April Billing		$173.69
	58754	88018	6/2/16	Water Postage for March/April Billing		$173.69
	58754	88018	6/2/16	Wastewater Rate Reduction Insert		$266.01
					Check Total	**$1,390.48**
Alpine Fire and Safety						
	58755	28029	6/2/16	Fire Extinguisher Checks		$120.61
	58755	28199	6/2/16	Fire Extinguisher Checks		$1,175.88
					Check Total	**$1,296.49**
AT&T Mobility						
	58756	413073-5/16	6/2/16	WTP Modem Scada Remote Connections		$42.36
					Check Total	**$42.36**
Association of Washington Cities						
	58757	43305	6/2/16	AWC Annual Conference-Bauman		$375.00
	58757	43304	6/2/16	AWC Annual Conference-Guzak		$375.00
					Check Total	**$750.00**
Benchmark Document Solutions						
	58758	10599	6/2/16	City Hall Fax Machine		$17.43
					Check Total	**$17.43**
BHC Consultants						
	58759	7728	6/2/16	WWTP Engineering Services		$13,050.15
					Check Total	**$13,050.15**
Bills Blueprint Inc.						
	58760	532334	6/2/16	Blackmans Lake Outlet Plan & Specs Copy		$231.99
					Check Total	**$231.99**
Builders Exchange of Washington						
	58761	1050437	6/2/16	Raw Water Intake Structure Repair Projct		$45.30
					Check Total	**$45.30**

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name Check #	*Invoice #*	*Check Date*	*Description*		*Amount*
CDW G					
58762	DBB0312	6/2/16	Backup Software		$1,486.18
				Check Total	**$1,486.18**
CivicPlus					
58763	158975	6/2/16	Mobile App Design		$8,266.54
58763	27990	6/2/16	Credit from Civic Plus		$-896.98
				Check Total	**$7,369.56**
City of Everett					
58764	I16001080	6/2/16	Animal Shelter Fees April 2016		$370.00
				Check Total	**$370.00**
City Of Everett Utilities					
58765	01954605252016	6/2/16	3300 Blk Bickford Ave		$2,982.02
58765	01016405252016	6/2/16	6400 118th Dr SE		$495.45
58765	01741005252016	6/2/16	6203 107th Ave SE		$1,152.11
58765	01015705252016	6/2/16	6600 109th Ave SE		$35,524.32
58765	01673905252016	6/2/16	99th St SE/5 Line		$1,018.90
				Check Total	**$41,172.80**
City of Mountlake Terrace					
58766	3020	6/2/16	Alliance for Housing Affordability		$1,591.00
				Check Total	**$1,591.00**
Corwin Ford					
58767	105529	6/2/16	Engineering F-150		$32,875.39
				Check Total	**$32,875.39**
Duane Leach					
58768	05272016	6/2/16	Duane Meal Reimbursement		$53.00
				Check Total	**$53.00**
Evergreen District Court					
58769	April 2016	6/2/16	Court filing fees April 2016		$1,631.52
				Check Total	**$1,631.52**
Evergreen Rural Water of Wa					
58770	32787	6/2/16	Training - Max Selin		$275.00
58770	32787	6/2/16	Training - Tim Jackson		$275.00
				Check Total	**$550.00**
Federal Express Corp.					
58771	5-415-84671	6/2/16	HR Shipping Charges		$24.82
				Check Total	**$24.82**
Frank Schorsch					
58772	05272016	6/2/16	Frank Meal Reimbursement		$53.00
				Check Total	**$53.00**
Frontier					
58773	406075-5/16	6/2/16	City Manager Share City Hall Fax		$9.55
58773	406075-5/16	6/2/16	Human Resources Share City Hall		$9.52
58773	406075-5/16	6/2/16	Clerk Share City Hall Fax		$9.52
58773	406075-5/16	6/2/16	Building Inspection Share City Hall Fax		$9.52
58773	406075-5/16	6/2/16	Economic Development Share City Hall Fax		$9.52
58773	406075-5/16	6/2/16	Planning Share City Hall Fax		$9.52
58773	406075-5/16	6/2/16	Finance Share City Hall Fax		$9.53
58773	406075-5/16	6/2/16	IS Share City Hall Fax		$9.52
58773	406075-5/16	6/2/16	Engineering Share City Hall Fax		$9.52
58773	118075-5/16	6/2/16	Telemetry Auto Dialer		$67.63
58773	1214935-5/16	6/2/16	Fleet & Facilities Share Shop Fax		$28.05
58773	1214935-5/16	6/2/16	Water Share Shop Fax		$14.02
58773	1214935-5/16	6/2/16	Storm Share Shop Fax		$14.02

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*		*Amount*
	58773	1214935-5/16	6/2/16	Street Share Shop fax		$14.02
	58773	1214935-5/16	6/2/16	Parks Share Shop fax		$14.01
	58773	413125-5/16	6/2/16	WWTP DSL		$85.31
	58773	227125-5/16	6/2/16	CSO Alarm Dialer		$63.16
					Check Total	**$385.94**
Game Time						
	58774	PJI-0035056	6/2/16	Morgantown Park		$1,173.37
					Check Total	**$1,173.37**
Girard Resources & Recycling, LLC						
	58775	33913	6/2/16	lawn mix		$18.51
					Check Total	**$18.51**
Gray & Osborne, Inc.						
	58776	4	6/2/16	Storm NPDES Permit Assistance		$1,383.82
					Check Total	**$1,383.82**
Grainger Inc.						
	58777	9100805101	6/2/16	Drum Pump		$268.06
	58777	9091108531	6/2/16	dock clips		$1,424.59
	58777	9101183771	6/2/16	dock clips credit		$-448.41
	58777	9102892511	6/2/16	earplugs		$56.61
	58777	9102892511	6/2/16	earplugs		$56.62
	58777	9102892511	6/2/16	earplugs		$56.62
					Check Total	**$1,414.09**
Hach Chemical						
	58778	9927699	6/2/16	Lab Supplies		$414.61
	58778	9937589	6/2/16	PH Probe		$312.22
					Check Total	**$726.83**
Harms Paving Co, Inc						
	58779	16483	6/2/16	Shop Project - sand bunker & conex pad		$12,626.55
	58779	16483	6/2/16	Ferguson Park Road Repairs		$4,180.44
					Check Total	**$16,806.99**
H.B. Jaeger						
	58780	172189/1	6/2/16	post		$143.66
	58780	172190/1	6/2/16	tephlon paste		$35.78
	58780	172912/1	6/2/16	Boat Launch Project Pipe		$798.09
					Check Total	**$977.53**
HCI Steel Buildings						
	58781	100664R2	6/2/16	Sand Bunker Carport		$688.06
	58781	100665	6/2/16	Carports Shop Project		$8,006.85
					Check Total	**$8,694.91**
H. D. Fowler Company						
	58782	I4207361	6/2/16	Sample Station		$1,653.96
					Check Total	**$1,653.96**
Home Depot - Parks						
	58783	1015440	6/2/16	Connex Electrical Supplies		$104.00
	58783	1015440	6/2/16	Connex Electrical Supplies		$80.02
					Check Total	**$184.02**
Home Depot - Storm						
	58784	6563924	6/2/16	PTFE Tape		$4.66
	58784	9124432	6/2/16	drill replacement		$271.66
	58784	9043344	6/2/16	drill replacement		$326.21
	58784	8015894	6/2/16	tool hangers		$58.25
	58784	9124431	6/2/16	return drill		$-326.21
					Check Total	**$334.57**

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*	*Amount*
HD Supply Waterworks LTD					
	58785	F462285	6/2/16	water meters	$2,837.69
	58785	F468438	6/2/16	water meters	$1,811.46
	58785	F462254	6/2/16	resetters for meter replacement program	$1,767.13
				Check Total	**$6,416.28**
Home Depot - Water					
	58786	6014775	6/2/16	conex	$83.03
	58786	1015455	6/2/16	conex	$511.70
	58786	8015863	6/2/16	conex	$36.11
	58786	8563799	6/2/16	conex	$15.79
	58786	0134364	6/2/16	conex	$26.93
	58786	2563545	6/2/16	conex	$64.48
				Check Total	**$738.04**
Home Depot Waste Water Treatment					
	58787	7563865	6/2/16	Grease Gun	$28.61
	58787	8574112	6/2/16	tool hangers	$26.67
				Check Total	**$55.28**
IER Environmental Services, Inc					
	58788	2016-4506	6/2/16	Magnesium	$4,568.67
				Check Total	**$4,568.67**
Integra Telecom					
	58789	13865949	6/2/16	City Hall Phones	$1,987.85
	58789	13874628	6/2/16	Water Reservoir	$62.08
				Check Total	**$2,049.93**
Lakeside Industries					
	58790	6013889MB	6/2/16	water patches	$553.58
				Check Total	**$553.58**
Laura Clarke					
	58791	05252016	6/2/16	Mileage/Meal/Parking Reimbursement	$31.37
				Check Total	**$31.37**
McDaniel Do It Center - Parks					
	58792	472920	6/2/16	stock	$54.53
	58792	472670	6/2/16	Carnegie women's restroom supplies	$26.17
	58792	472276	6/2/16	stock	$39.24
				Check Total	**$119.94**
McDaniel Do It Center - Storm					
	58793	472625	6/2/16	Return LED	$-43.63
	58793	472493	6/2/16	LED	$43.63
	58793	472637	6/2/16	clear tubing vactor	$3.74
	58793	472686	6/2/16	CSO filters	$31.61
	58793	472501	6/2/16	rat bait	$28.36
	58793	472986	6/2/16	pipe nipple	$4.99
	58793	473116	6/2/16	cctv bolt	$3.57
				Check Total	**$72.27**
McDaniel Do It Center-SS					
	58794	472337	6/2/16	office cleaning supplies	$5.23
				Check Total	**$5.23**
McDaniel Do It Center- Streets					
	58795	473137	6/2/16	rivet gun	$20.71
	58795	473005	6/2/16	sign supplies	$5.43
	58795	472886	6/2/16	sign supplies	$15.25
	58795	472778	6/2/16	office supplies	$9.81
	58795	472595	6/2/16	car wash supplies	$12.31
	58795	472594	6/2/16	spray bottles	$12.49

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	Check #	Invoice #	Check Date	Description		Amount
	58795	473215	6/2/16	Sign Post Installs		$6.52
	58795	473285	6/2/16	Nut for crosswalk signal		$0.64
					Check Total	**$83.16**
McDaniel Do It Center - Water						
	58796	472248	6/2/16	key for Carnegie bldg		$2.17
	58796	472084	6/2/16	credit for pipe sealant		$-13.72
	58796	472890	6/2/16	pruners		$26.17
	58796	473034	6/2/16	lab supplies		$53.24
	58796	472926	6/2/16	misc fastener		$3.59
					Check Total	**$71.45**
McDaniel's Do It Center Wastewater						
	58797	472416	6/2/16	Bolts		$23.48
	58797	473334	6/2/16	distilled water		$27.64
					Check Total	**$51.12**
Michael Lively						
	58798	Jan-Mar 2016	6/2/16	LEOFF I Reimbursement		$317.40
					Check Total	**$317.40**
Nelson Petroleum						
	58799	0583549-IN	6/2/16	Grease		$43.93
					Check Total	**$43.93**
Northern Safety Equip Co						
	58800	901922587	6/2/16	safety glasses		$64.79
					Check Total	**$64.79**
North Sound Hose & Fitting Inc						
	58801	73266	6/2/16	90s for SFF media		$2,592.23
	58801	73161	6/2/16	ball valve, repair parts EP177		$89.36
					Check Total	**$2,681.59**
Northwest Cascade Inc						
	58802	2-1662284	6/2/16	sani can rental - farmer's market		$253.00
					Check Total	**$253.00**
Oregon Association of Clean Water Agencies						
	58803	7341	6/2/16	Training - Karen Allen		$250.00
					Check Total	**$250.00**
Owen Equipment Company						
	58804	79871	6/2/16	plug EP100		$49.42
					Check Total	**$49.42**
Platt Electric Supply						
	58805	J404436	6/2/16	Hill Park Lower Shelter		$39.73
	58805	J392604	6/2/16	conex		$762.79
					Check Total	**$802.52**
Process Solutions						
	58806	29645	6/2/16	On-Call Services		$1,575.00
	58806	29645	6/2/16	On-Call Services		$1,050.00
	58806	29645	6/2/16	On-Call Services		$5,040.00
	58806	29645	6/2/16	On-Call Services		$1,785.00
					Check Total	**$9,450.00**
The Greg Prothman Company						
	58807	2016-5372	6/2/16	Planning Director Recruitment		$3,808.63
	58807	2016-5386	6/2/16	Interim Planning Director Services		$6,425.46
					Check Total	**$10,234.09**
Puget Sound Energy						
	58808	2836405062016	6/2/16	1610 Park Ave		$37.58
	58808	2857005062016	6/2/16	701 18th St		$39.67
	58808	6202405062016	6/2/16	50 Lincoln Ave		$81.29

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	Check #	Invoice #	Check Date	Description		Amount
	58808	9703205062016	6/2/16	2000 Weaver Rd		$10.98
	58808	9758905062016	6/2/16	50 Maple Ave		$80.25
	58808	2924805062016	6/2/16	2100 Baird Ave		$94.45
	58808	9467805062016	6/2/16	116 Union Ave		$94.90
	58808	2878605062016	6/2/16	112 Union Ave		$48.53
					Check Total	**$487.65**
Questica Inc						
	58809	206871-3	6/2/16	Budget Software		$25,900.00
					Check Total	**$25,900.00**
Rainier Environmental Laboratory						
	58810	2190	6/2/16	Fathead Testing		$2,950.00
					Check Total	**$2,950.00**
Rubatino Refuse Removal Inc						
	58811	354405012016	6/2/16	Decant Waste Container		$108.02
					Check Total	**$108.02**
Snohomish County Department of Public Works						
	58812	I000408295	6/2/16	Maple Ave Overlay Admin		$1,024.59
	58812	I000408296	6/2/16	Signal Maintenance		$1,489.71
					Check Total	**$2,514.30**
Snohomish County Finance Department/Solid Waste						
	58813	68305	6/2/16	vactor grit		$208.00
					Check Total	**$208.00**
Snohomish County Human Services						
	58814	I000408802	6/2/16	1st Qtr Liquor Excise Taxes		$654.24
					Check Total	**$654.24**
Snohomish County Public Defender Association						
	58815	1515	6/2/16	Indigent Defense Services		$9,205.61
					Check Total	**$9,205.61**
Snohomish County Pud #1						
	58816	160356836	6/2/16	#1000539338, 1801 1st, Shop Portable		$47.09
	58816	160356836	6/2/16	#1000539338, 1801 1st, Shop Portable		$47.09
	58816	127684113	6/2/16	#1000125814, 1819 1st, CSO L/S		$337.92
	58816	124379916	6/2/16	#1000556519, 2181 Cady, Shadowood		$34.06
	58816	127679553	6/2/16	Various Locations, Street Lighting		$30.10
	58816	124374810	6/2/16	Various Locations, Street Lighting		$11.96
	58816	124374811	6/2/16	Various Locations, Street Lighting		$45.16
	58816	111110220	6/2/16	Various Locations, Street Lighting		$99.09
	58816	117743148	6/2/16	Various Locations, Street Lighting		$984.27
	58816	121060817	6/2/16	Various Locations, Street Lighting		$3,850.11
	58816	104464201	6/2/16	116 Union Avenue, Street Lighting		$65.04
	58816	127683632	6/2/16	#1000430944, 112 Union Ave, Eng Bldg		$148.55
	58816	121060819	6/2/16	Various Locations, Street Lighting		$262.54
	58816	114427266	6/2/16	#1000125182, 230 Maple, Police Bldg		$666.26
	58816	114429053	6/2/16	#1000498870, 210 Ave D, Traffic Light		$41.87
	58816	134284571	6/2/16	#1000558695, 1029 1st, Public Restrooms		$129.28
	58816	134283643	6/2/16	#1000301981, 201 Maple, Traffic Light		$45.78
	58816	130996428	6/2/16	#1000504619, 434 Ave D, Traffic Light		$51.83
	58816	107802029	6/2/16	#1000580435, 400 2nd St, Street Lighting		$31.55
	58816	104465015	6/2/16	#1000467578, 1301 1st, Visitor Info Cntr		$76.78
	58816	166839121	6/2/16	#1000201937, 1103 Maple, House		$23.16
	58816	166836511	6/2/16	#1000561224, 1301 1st, Signal		$58.53
	58816	147417612	6/2/16	#1000385041, 20 Ave A, Street Lighting		$17.42
	58816	140801580	6/2/16	#1000531586, 2621 Bickford, S Signal		$72.77

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*	*Amount*
	58816	137494708	6/2/16	Various Locations, Street Lighting	$50.90
	58816	144125920	6/2/16	#1000579410, 1115 1st, Street Lighting	$19.65
	58816	140805038	6/2/16	#1000122743, 2000 Ludwig, House	$199.76
	58816	144125928	6/2/16	116 Avenue B, Street Lighting	$8.58
	58816	166836198	6/2/16	#1000125557, 116 Union, City Hall	$495.78
	58816	144125929	6/2/16	124 Avenue B, Street Lighting	$8.58
	58816	163566805	6/2/16	#1000539313, 1010 2nd, Street Lighting	$48.28
	58816	150703848	6/2/16	#1000531585, 2749 Bickford, N Signal	$107.30
	58816	150706046	6/2/16	121 Glen Ave, Street Lighting	$8.58
	58816	134284913	6/2/16	#1000137618, 1801 1st, Public Works Yard	$537.29
	58816	104465085	6/2/16	#1000524038, 1801 1st, Shop Pole Bldg	$44.57
	58816	124367213	6/2/16	#1000141396, 2015 2nd, N Meter	$6,331.26
	58816	134288603	6/2/16	#1000141397, 2015 2nd St, S Zone	$3,782.11
	58816	163574837	6/2/16	#1000385243,1329 Bonneville,Lift Station	$25.23
	58816	134288456	6/2/16	#1000141396, 2015 2nd St, N Zone	$12,626.75
	58816	137502881	6/2/16	#1000508263, 24021 24th,Intake Structure	$20.26
	58816	100228869	6/2/16	#1000275828, 1110 Ferguson, Lift Station	$51.91
	58816	153967753	6/2/16	#1000463019, 1801 Lakemount,Lift Station	$105.25
	58816	153967563	6/2/16	#1000575906, 400 Rainbow, Lift Station	$10.78
	58816	121067687	6/2/16	#1000515696, 1627 Terrace, N Zone Reserv	$0.83
	58816	166845452	6/2/16	#1000578758, 1501 Ave D, Street Lighting	$70.91
	58816	153967296	6/2/16	1330 Ferguson Park Rd, Street Lighting	$8.02
	58816	124386262	6/2/16	#1000368128, 700 Ave D, Street Lighting	$24.02
	58816	121067791	6/2/16	#1000125224, 101 Cedar, Carnegie	$722.93
	58816	124385495	6/2/16	#1000370579, 1301 Ave D, Street Lighting	$19.44
				Check Total	**$32,507.18**
Snohomish County Sheriff's Office					
	58817	I000408915	6/2/16	Law Enforcement Services May 2016	$10,854.11
	58817	I000408915	6/2/16	Law Enforcement Services May 2016	$180,427.53
	58817	I000408915	6/2/16	Law Enforcement Services May 2016	$33,807.61
				Check Total	**$225,089.25**
Snohomish County Sheriff's Office Corrections					
	58818	2016-3161	6/2/16	Jail Inmate Med/Pharm Costs April 2016	$221.95
	58818	2016-3124	6/2/16	Inmate med/pharm fees March 2016	$2.02
				Check Total	**$223.97**
Snohomish County Corrections					
	58819	2016-3144	6/2/16	Jail Service fees April 2016	$7,578.53
				Check Total	**$7,578.53**
Seattle Pump and Equipment					
	58820	16-2740	6/2/16	Debris Basket for Jetting	$305.48
				Check Total	**$305.48**
Seton Identification					
	58821	9330993117	6/2/16	Property Asset Tags	$718.45
				Check Total	**$718.45**
Shred-It USA, Inc					
	58822	9410735236	6/2/16	Document destruction fees May 2016	$64.41
				Check Total	**$64.41**
Six Robblees					
	58823	14-322837	6/2/16	eyes EP77	$29.80
				Check Total	**$29.80**

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name Check #	*Invoice #*	*Check Date*	*Description*		*Amount*
Snohomish Auto Parts					
58824	452337	6/2/16	rubbing compound EP57		$5.94
58824	451610	6/2/16	tire marker EP173		$14.16
				Check Total	**$20.10**
Snohomish Co-Op					
58825	262794	6/2/16	dyed fuel		$10.32
58825	262774	6/2/16	dyed fuel		$5.80
58825	262711	6/2/16	diesel fuel		$86.82
				Check Total	**$102.94**
Snohomish Senior Center					
58826	16-486	6/2/16	Monthly Fee		$1,000.00
				Check Total	**$1,000.00**
SoftwareONE Inc					
58827	US-PSI-463518	6/2/16	Acrobat Pro Licenses		$1,393.73
				Check Total	**$1,393.73**
Sound Safety Products Co.					
58828	61647/1	6/2/16	uniform		$170.79
				Check Total	**$170.79**
Sound Telecom					
58829	000006-934-321	6/2/16	monthly answering service May 2016		$127.98
				Check Total	**$127.98**
Staples Advantage					
58830	3301371455	6/2/16	Office Supplies		$36.42
58830	3301371452	6/2/16	Office Supplies		$112.57
				Check Total	**$148.99**
Steuber Dist. Co.					
58831	2819950	6/2/16	glyphosate		$68.68
				Check Total	**$68.68**
Steve Schuller					
58832	04292016	6/2/16	Mileage Reimbursement		$19.11
				Check Total	**$19.11**
Sound Publishing					
58833	7677125	6/2/16	Employment Advertising		$649.24
				Check Total	**$649.24**
Sound Publishing					
58834	1571782	6/2/16	Council Agenda Publication		$648.00
58834	1586977	6/2/16	Council Agenda Publication		$756.00
58834	EDH696176	6/2/16	Res 2 PRV Legal Advertisement		$149.64
				Check Total	**$1,553.64**
The Tribune					
58835	10046	6/2/16	Tribune Renewal Fee		$30.00
				Check Total	**$30.00**
Tim Jackson					
58836	05312016	6/2/16	WWCPA Conference Meal Reimbursement		$53.00
				Check Total	**$53.00**
TMG Services, Inc.					
58837	0039421-IN	6/2/16	Maint Kits for Analyzers		$1,492.15
				Check Total	**$1,492.15**
Unum Life Insurance					
58838	220603027-6/16	6/2/16	retiree life insurance - June 2016		$130.50
				Check Total	**$130.50**
US Bank CPS					
58839	92549866	6/2/16	For the Love of Cities Registration-Emge		$55.00

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*	*Amount*
	58839	138	6/2/16	Public Records Copying	$138.56
	58839	44863	6/2/16	MAG Meeting Lunch	$18.47
	58839	9993025	6/2/16	office supplies	$23.10
	58839	33051	6/2/16	earplugs	$76.30
	58839	19686	6/2/16	ice for lab transport	$11.96
	58839	56063	6/2/16	office supplies	$5.44
	58839	60296853	6/2/16	Truck Seat Back Organizer	$56.94
	58839	05262016	6/2/16	PSRC RPEC Parking	$14.00
	58839	48905	6/2/16	work boots - Tim, Andy, Denise	$522.69
	58839	48905	6/2/16	work boots - Brooke	$174.11
	58839	05252016	6/2/16	snohomishwa.gov domain renewal	$125.00
	58839	33026	6/2/16	WWCPA Conference Hotel	$99.24
	58839	33026	6/2/16	WWCPA Conference Hotel	$99.24
	58839	33026	6/2/16	WWCPA Conference Hotel	$198.48
	58839	55539	6/2/16	WWCPA Conference Hotel	$198.48
				Check Total	**$1,817.01**
US Health Works Medical Group WA, PS					
	58840	666246-WA	6/2/16	HEP B Vaccine - Maintenance Worker	$94.00
				Check Total	**$94.00**
U.S. Postmaster					
	58841	050616-051216	6/2/16	Council Postage	$4.70
	58841	050616-051216	6/2/16	City Manager Postage	$0.47
	58841	050616-051216	6/2/16	Clerk Postage	$35.76
	58841	050616-051216	6/2/16	Finance Postage	$8.37
	58841	050616-051216	6/2/16	Police Postage	$4.62
	58841	050616-051216	6/2/16	Planning Postage	$1.86
	58841	050616-051216	6/2/16	Water Postage	$0.47
	58841	051315-051916	6/2/16	Council Postage	$3.00
	58841	051315-051916	6/2/16	City Manager Postage	$1.36
	58841	051315-051916	6/2/16	Clerk Postage	$113.88
	58841	051315-051916	6/2/16	Finance Postage	$31.62
	58841	051315-051916	6/2/16	Police Postage	$3.47
	58841	051315-051916	6/2/16	Planning Postage	$23.25
	58841	051315-051916	6/2/16	Public Works Postage	$0.47
	58841	052016-052616	6/2/16	Council Postage	$3.72
	58841	052016-052616	6/2/16	City Manager Postage	$4.11
	58841	052016-052616	6/2/16	Clerk Postage	$29.37
	58841	052016-052616	6/2/16	Finance Postage	$8.33
	58841	052016-052616	6/2/16	Police Postage	$1.40
	58841	052016-052616	6/2/16	Planning Postage	$5.00
	58841	052016-052616	6/2/16	Engineering Postage	$1.36
	58841	052016-052616	6/2/16	Water Postage	$3.62
				Check Total	**$290.21**
Verizon Wireless					
	58842	9764937612	6/2/16	Parks Cellular	$164.14
	58842	9764937612	6/2/16	Streets Cellular	$135.30
	58842	9764937612	6/2/16	Fleet Cellular	$96.70
	58842	9764937612	6/2/16	Econ Cellular	$57.68
	58842	9764937612	6/2/16	Bldg Insp Cellular	$57.68
	58842	9764937612	6/2/16	Police Cellular	$57.68
	58842	9764937612	6/2/16	Engrg Cellular	$270.73
	58842	9764937612	6/2/16	Water Distribution Cellular	$230.87
	58842	9764937612	6/2/16	WTP Cellular	$249.72

Schedule of Checks for the Checks Issued Since the May 17, 2016 Meeting

Name	*Check #*	*Invoice #*	*Check Date*	*Description*		*Amount*
	58842	9764937612	6/2/16	Collections Cellular		$182.52
	58842	9764937612	6/2/16	Storm Cellular		$117.20
	58842	9764937612	6/2/16	WWTP Cellular		$173.04
	58842	9764937612	6/2/16	Utilities Manager Cellular		$57.68
	58842	9764937612	6/2/16	City Mgr Cellular		$57.68
	58842	9764937612	6/2/16	Finance Director Cellular		$133.07
	58842	9764937612	6/2/16	City Council Cellular		$403.74
	58842	9765154539	6/2/16	CSO Modem		$21.98
					Check Total	**$2,467.41**
Voyager						
	58843	869344283619	6/2/16	Vehicle Fuel		$2,237.65
					Check Total	**$2,237.65**
Whole Earth Construction LLC						
	58844	9012	6/2/16	Raw Water Intake Structure Repair		$7,000.50
					Check Total	**$7,000.50**
Washington State Dept of Ecology						
	58845	2016RSWAR045543	6/2/16	2016 DOE NPDES Stormwater Permit		$6,420.00
	58845	2016WAR301500	6/2/16	Roundabout SW Permit Fee		$598.00
	58845	L9400002	6/2/16	loan installment		$275,973.35
					Check Total	**$282,991.35**
Washington State Department of Transportation						
	58846	RE41JA8678L010	6/2/16	Final Plan Review		$2,253.74
					Check Total	**$2,253.74**
Washington State Patrol						
	58847	I16007802	6/2/16	Fingerprint processing fee April 2016		$73.75
					Check Total	**$73.75**
Washington Wastewater Collection Personnel Assoc						
	58848	05282016	6/2/16	Sewer Maint School - Debardi and Buse		$300.00
					Check Total	**$300.00**
					Batch Total	**$801,233.01**
Washington State Department of Revenue						
	ACH	April 2016	5/5/16	Excise Tax	Check Total	**$24,970.60**
				Total All Batches		**$828,876.61**

I hereby certify that the goods and services charged on the vouchers listed below have been furnished to the best of my knowledge. I further certify that the claims below to be valid and correct.

_____
City Treasurer

WE, the undersigned council members of the City of Snohomish, Washington, do hereby certify that the claim warrants #58749 through #58848 in the total of $828,876.61 through June 2, 2016 are approved for payment on June 7, 2016.

_____
Mayor

_____
Councilmember

_____
Councilmember

_____
Councilmember

CONSENT ITEM 8b

Date: June 7, 2016

To: City Council

From: Sharon Pettit, Building Fire Official

Subject: **2016 Retail Firework Stand Applications**

The purpose of this agenda item is to seek City Council approval for four permit applications received for retail fireworks stands related to the 2016 Fourth of July holiday. As established by SMC 5.54.040, the City Council is the permitting authority for retail fireworks retail stands.

The City has received four consumer retail firework stand applications for 2016 as follows:

1. Joseph Stabile, dba Wild West Fireworks
   Location: 1400 30th Street (King Charley's)
   Proposed Booth Type: 30-foot x 50-foot tent
   Proposed Security: Fencing, on-site security

2. Lost and Found Community Church
   Location: 1327 Avenue D – Haggen's Parking Lot
   Proposed Booth Type: 20-foot x 40-foot tent
   Proposed Security: Fencing, on-site security

3. Gospel Outreach NW / Midnight Cry Church
   Location: 1510 Bickford Avenue – (former Yakima Fruit Stand site)
   Proposed Booth Type: 20-foot x 40-foot tent
   Proposed Security: Fencing, on-site security

4. Lost and Found Community Church
   Location: 2801 Bickford Ave – Fred Meyer Parking Lot
   Proposed Booth Type: 20-foot x 40-foot tent
   Proposed Security: Fencing, on-site security

Pursuant to RCW 70.77.265, the Fire Official is required to investigate the applications and submit a report of findings and recommendations for or against issuance of the permits to the governing body of the City. RCW 70.77.270 provides no local discretion to deny applications that meet applicable state and local regulations. Legislative action to approve consistent applications must occur no later than June 10.

Findings:

The applications above were received by the May 10, 2016, deadline and reviewed for conformance with Chapter 5.54 SMC. Chapter 5.54 SMC requires findings of compliance with all applicable City ordinances.

As required under Chapter 5.54 SMC, structures must be locked and secured when businesses are closed. Staff finds that the fire-retardant tents, the typical structure for temporary retail fireworks stands, cannot be locked and secured. Council has previously approved applications for fire-retardant tents with the condition that chain link or similar fencing be used to secure the premises and inventories. Staff finds that there is a continuing need to impose this condition on the 2016 applications.

The property located at 1510 Bickford Avenue contains a steep slope adjacent the proposed tent location that extends to the west and north boundaries. Previous approvals for this location imposed the requirement to provide temporary safety fencing along the top of the slope to mitigate public safety issues. Staff finds that there is a continuing need to impose this condition.

The property located at 1400 30th Street is adjacent to Highway 9 and 30th Street and their associated rights-of-way. The submitted site plan indicates the stand is located outside of the right-of-way. The firework stand must also be located one hundred feet from the propane tank that serves King Charley's pursuant to SMC 5.54.100A. Staff finds that there is a need to impose conditions to provide a minimum separation of one hundred feet from the propane tank.

All application fees have been paid, and the Washington State Patrol Fire Prevention Bureau has issued each applicant a 2016 Consumer Fireworks Retail Sales Stand License. Once the City Council approves complying applications, the License is not considered valid until the City issues a permit and an onsite compliance inspection performed.

In the event a licensee violates the conditions of approval pursuant to Chapter 70.77 RCW and Chapter 5.54 SMC, the stand can be immediately closed, remaining fireworks seized and misdemeanor citations issued.

Retail fireworks may only be sold on July 1st, 2nd, 3rd and 4th from nine a.m. until ten p.m., and the hours of discharge or use are limited to nine a.m. to eleven p.m. on July 1st, 2nd, 3rd and 4th.

Conclusions:

Pursuant to the Findings above, the Building/Fire Official concludes that, with conditions of approval, the following applications comply with Chapter 5.54 SMC:

1. 1400 30th Street (King Charley's)
2. 1327 Avenue D – Haggen's Parking Lot
3. 1510 Bickford Avenue – (former Yakima Fruit Stand site)
4. 2801 Bickford Ave – Fred Meyer Parking Lot

Recommended conditions:

1. All firework stands shall provide on-site security at all times. The fireworks stands shall not be used for sleeping or habitation purposes.

2. Fire retardant tents shall be provided with an exterior temporary chain link or similar fence to meet the requirement to be securely locked.

3. The proposed stand at 1510 Bickford Avenue (former Yakima Fruit stand) shall provide temporary safety fencing along the top of the slope as described above to protect public safety.

4. Pursuant to SMC 5.54.100A, the proposed stand at 1400 30th Street shall be located at least one hundred feet from the propane tank located on that property.

STRATEGIC PLAN REFERENCE: Does not apply

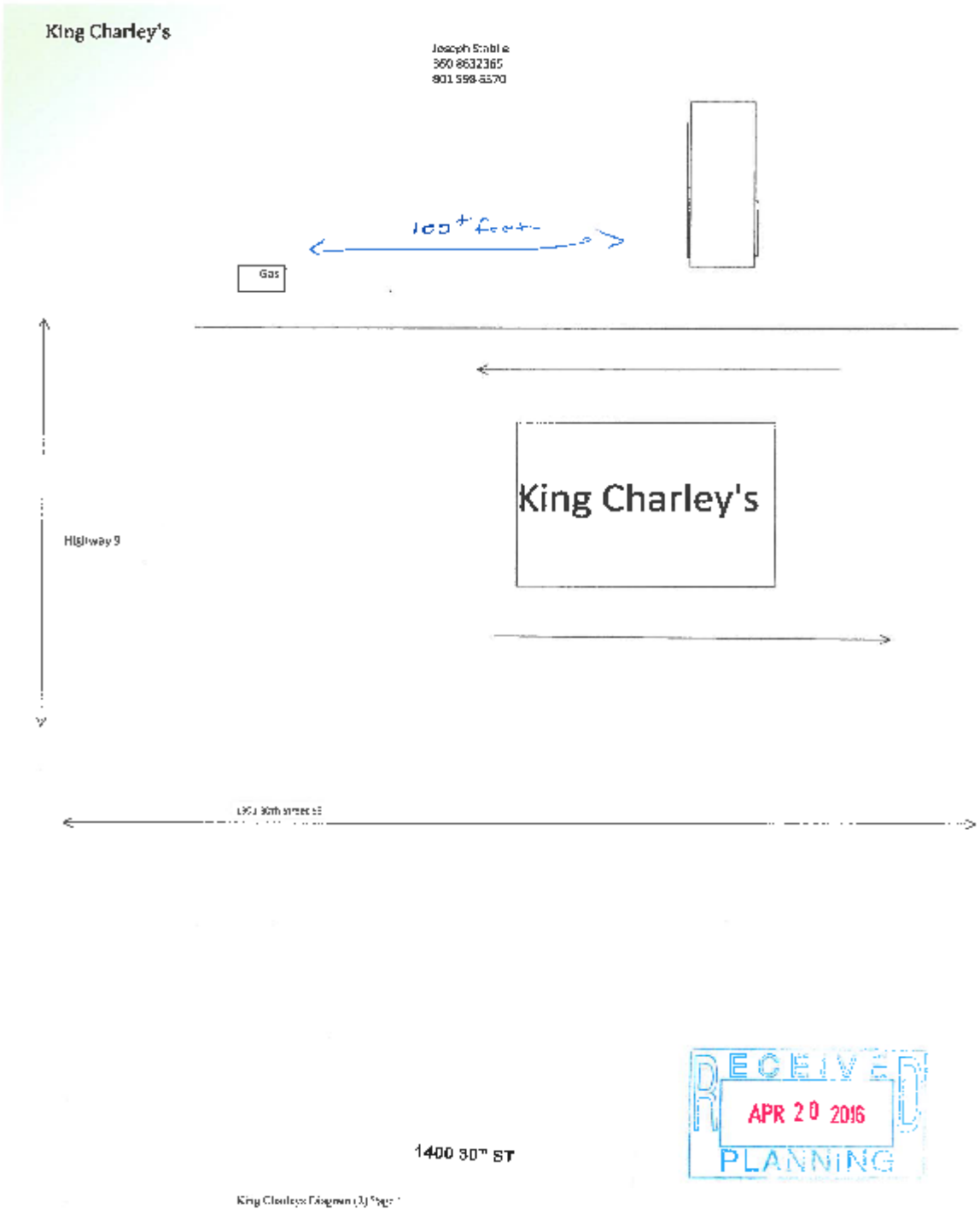
RECOMMENDATION: That the City Council APPROVE Applications 1, 2, 3, and 4, as listed, for operation of retail firework stands subject to the recommended conditions contained in this staff report.

ATTACHMENTS:

A. Site plan for 1400 30th Street
B. Site plan for 1327 Avenue D
C. Site plan for 1510 Bickford Avenue
D. Site plan for 2801 Bickford Avenue

ATTACHMENT A

1400 30th Street
Site Plan



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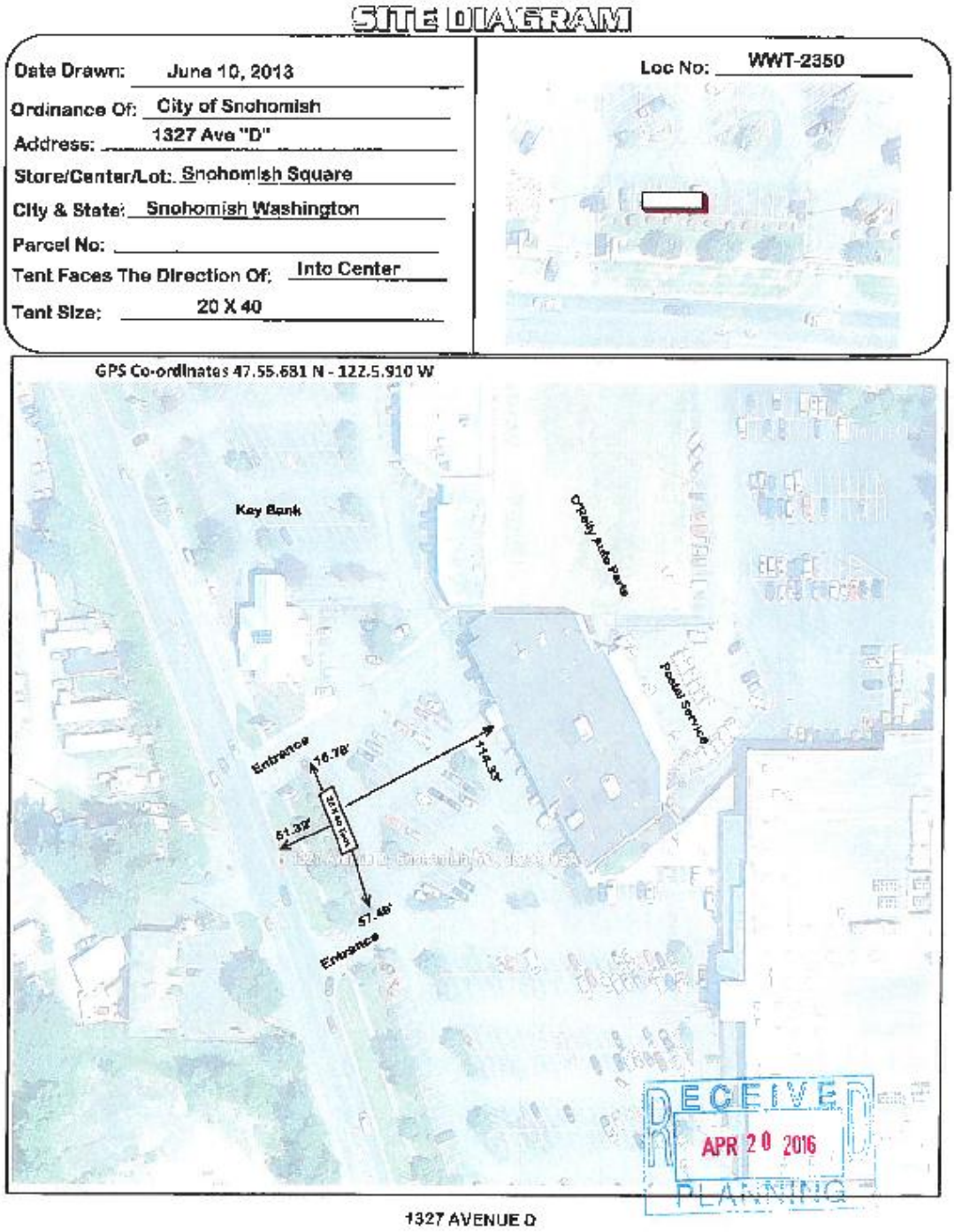
APR 20 2016
PLANNING

1400 30TH ST

King Charleys Diagram (1) Page 1

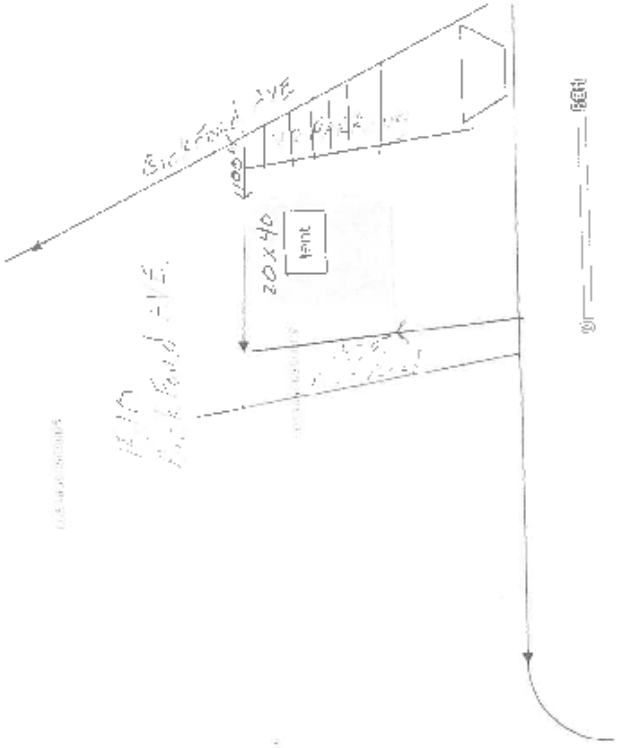
ATTACHMENT B

1327 Avenue D
Site Plan



ATTACHMENT C

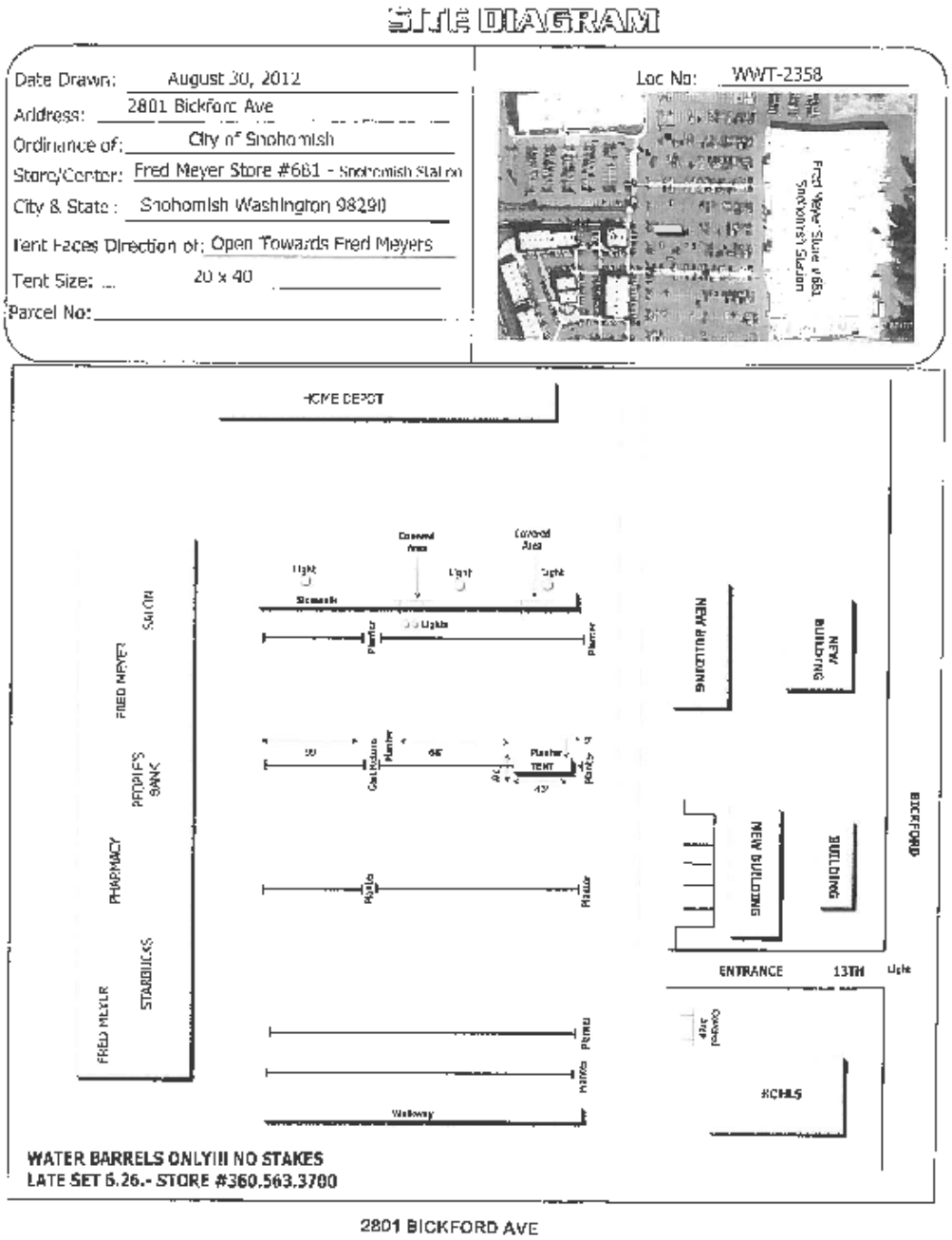
1510 Bickford Avenue
Site Plan



1510 BICKFORD AVE

ATTACHMENT D

2801 Bickford Avenue
Site Plan



CONSENT ITEM 8c

Date: June 7, 2016

To: City Council

From: Max Selin, Senior Utilities Engineer

Subject: **Reservoir No. 2 Pressure Reducing Valve Project**

The purpose of this agenda item is to authorize award and execution of a construction contract between the City of Snohomish and D&G Backhoe, Inc. in the total amount bid of $173,291.17 for the construction of the Reservoir No. 2 Pressure Reducing Valve project. This capital improvement project is identified and funded in the 2016 Budget.

BACKGROUND: In 2014, South Zone Reservoir No. 1 (Res. No. 1), which provides 1.0 million gallons of storage, needed significant costly structural, liner and cover repairs. In consideration that Res. No. 1 provided marginal benefit to the south zone storage capacity, City staff contracted with RH2 Engineering, Inc. (RH2) to perform a capacity and hydraulic analysis of the south zone reservoir storage system to evaluate whether the 5 million gallon South Zone Reservoir No. 2 (Res. No. 2) could solely provide sufficient storage capacity to meet all existing and future storage requirements of the water distribution system. The results concluded that Res. No. 2 is sufficient to meet required storage capacity and demands and in Fall 2014, Res. No. 1 was decommissioned.

The RH2 analyses also concluded in the event that Res. No. 2 is offline for maintenance, an additional 362/218 Zone Pressure Reducing Valve (PRV) is needed to satisfy fire flow requirements to the south water distribution zone. The analyses also concluded that the PRV will need to be located at the Res. No. 2 site, which is near the southeast corner of Pine Avenue and 13th Street, and connect to the existing 362 and 218 Zone piping with a 12-inch diameter water main. A PRV at this location will also function as the Res. No. 2 automated filling control system, a task that is currently performed on a manual basis.

BID OPENING: Bids were solicited through the public bid process and a bid opening was conducted on Monday, May 16, 2016. Seven bids were received and after review of the certified bid tabulation, it was determined that D&G Backhoe, Inc., of Snohomish, WA is the successful low bidder.

PROJECT FUNDING: This capital improvement project is identified in the 2016 Budget in the amount of $200,000 and is funded through the Water Utilities Capital Improvement Fund.

COST SAVINGS NOTE: City Engineering Staff will perform contract administration, construction management, and project inspection for this project. Utilizing City Engineering Staff in lieu of outside consultants results in a significant cost savings to the City thereby allowing more construction work to be completed.

STRATEGIC PLAN REFERENCE: Initiative #5: Become more environmentally sustainable

CONSENT ITEM 8c

RECOMMENDATION: That the City Council AUTHORIZE award and execution of a construction contract with D&G Backhoe, Inc., in a total amount not to exceed $191,000 including 10% contingency for the construction of the Reservoir No. 2 Pressure Reducing Valve Project

ATTACHMENT: Bid Tabulation Summary

Reservoir No. 2 Pressure Reducing Valve Project
Bid Tabulation

No.	Description	Qty	Unit	1 D&G Backhoe Unit Price	1 Amount	2 B&L Utility Inc. Unit Price	2 Amount	3 RRJ Company, LLC * Unit Price	3 Amount	4 Accord Contractors Unit Price	4 Amount	5 Larry Brown Construction, Inc.* Unit Price	5 Amount	6 Award Construction Unit Price	6 Amount	7 Gary Harper Construction, Inc. Unit Price	7 Amount
1	Mobilization and Demobilization	1	LS	$ 32,920.00	$ 32,920.00	$ 10,000.00	$ 10,000.00	$ 5,043.45	$ 5,043.45	$ 4,000.00	$ 4,000.00	$ 18,000.00	$ 18,000.00	$ 18,000.00	$ 18,000.00	$ 13,300.00	$ 13,300.00
2	SPCC PLAN	1	LS	$ 500.00	$ 500.00	$ 1,500.00	$ 1,500.00	$ 565.36	$ 565.36	$ 1,000.00	$ 1,000.00	$ 480.00	$ 480.00	$ 625.00	$ 625.00	$ 1,000.00	$ 1,000.00
3	Removal of Structures and Obstructions	1	LS	$ 1,000.00	$ 1,000.00	$ 500.00	$ 500.00	$ 2,035.69	$ 2,035.69	$ 3,000.00	$ 3,000.00	$ 7,000.00	$ 7,000.00	$ 3,400.00	$ 3,400.00	$ 17,700.00	$ 17,700.00
4	Surveying and Staking	1	LS	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,297.14	$ 2,297.14	$ 2,000.00	$ 2,000.00	$ 2,025.00	$ 2,025.00	$ 2,200.00	$ 2,200.00	$ 3,100.00	$ 3,100.00
5	TESC	1	LS	$ 1,000.00	$ 1,000.00	$ 1,500.00	$ 1,500.00	$ 7,071.80	$ 7,071.80	$ 1,000.00	$ 1,000.00	$ 2,800.00	$ 2,800.00	$ 3,500.00	$ 3,500.00	$ 5,200.00	$ 5,200.00
6	Unsuitable Foundation Excavation Including Haul	10	CY	$ 20.00	$ 200.00	$ 25.00	$ 250.00	$ 29.13	$ 291.30	$ 70.00	$ 700.00	$ 22.55	$ 225.50	$ 80.00	$ 800.00	$ 40.00	$ 400.00
7	Foundation Material	10	CY	$ 25.00	$ 250.00	$ 25.00	$ 250.00	$ 38.03	$ 380.30	$ 80.00	$ 800.00	$ 66.25	$ 662.50	$ 85.00	$ 850.00	$ 50.00	$ 500.00
8	Over Excavation Including Haul	10	CY	$ 25.00	$ 250.00	$ 25.00	$ 250.00	$ 42.06	$ 420.60	$ 70.00	$ 700.00	$ 22.55	$ 225.50	$ 65.00	$ 650.00	$ 30.00	$ 300.00
9	Asphalt Patching	20	SY	$ 50.00	$ 1,000.00	$ 50.00	$ 1,000.00	$ 193.00	$ 3,860.00	$ 50.00	$ 1,000.00	$ 285.00	$ 5,700.00	$ 285.00	$ 5,700.00	$ 155.00	$ 3,100.00
10	Asphalt Saw Cut	65	LF	$ 2.00	$ 130.00	$ 5.00	$ 325.00	$ 6.47	$ 420.55	$ 4.00	$ 260.00	$ 7.85	$ 510.25	$ 10.50	$ 682.50	$ 8.00	$ 520.00
11	Concrete Curb and Gutter	20	LF	$ 50.00	$ 1,000.00	$ 100.00	$ 2,000.00	$ 49.16	$ 983.20	$ 40.00	$ 800.00	$ 90.75	$ 1,815.00	$ 65.00	$ 1,300.00	$ 68.00	$ 1,360.00
12	Concrete Sidewalk	12	SY	$ 1.00	$ 12.00	$ 200.00	$ 2,400.00	$ 92.06	$ 1,104.72	$ 60.00	$ 720.00	$ 111.75	$ 1,341.00	$ 105.00	$ 1,260.00	$ 121.00	$ 1,452.00
13	12" DI Water Main CL 52	120	LF	$ 75.00	$ 9,000.00	$ 100.00	$ 12,000.00	$ 99.18	$ 11,901.60	$ 80.00	$ 9,600.00	$ 75.95	$ 9,114.00	$ 108.00	$ 12,960.00	$ 108.00	$ 12,960.00
14	10" DI Water Main CL 52	60	LF	$ 75.00	$ 4,500.00	$ 100.00	$ 6,000.00	$ 133.99	$ 8,039.40	$ 70.00	$ 4,200.00	$ 68.10	$ 4,086.00	$ 103.00	$ 6,180.00	$ 122.00	$ 7,320.00
15	Trench Excavation Safety Systems	1	LS	$ 1,000.00	$ 1,000.00	$ 500.00	$ 500.00	$ 3,571.49	$ 3,571.49	$ 3,000.00	$ 3,000.00	$ 1,100.00	$ 1,100.00	$ 1,500.00	$ 1,500.00	$ 4,300.00	$ 4,300.00
16	16-Inch Tapping Tee Assembly w/TB	1	EA	$ 6,200.00	$ 6,200.00	$ 10,000.00	$ 10,000.00	$ 7,448.87	$ 7,448.87	$ 12,500.00	$ 12,500.00	$ 7,800.00	$ 7,800.00	$ 7,500.00	$ 7,500.00	$ 6,900.00	$ 6,900.00
17	10-Inch Tapping Tee Assembly w/TB	1	EA	$ 6,600.00	$ 6,600.00	$ 8,000.00	$ 8,000.00	$ 5,999.69	$ 5,999.69	$ 11,800.00	$ 11,800.00	$ 6,040.00	$ 6,040.00	$ 4,800.00	$ 4,800.00	$ 6,800.00	$ 6,800.00
18	PRV Station	1	EA	$ 67,500.00	$ 67,500.00	$ 80,000.00	$ 80,000.00	$ 66,768.63	$ 66,768.63	$ 90,000.00	$ 90,000.00	$ 80,500.00	$ 80,500.00	$ 76,000.00	$ 76,000.00	$ 78,300.00	$ 78,300.00
19	12" DI 22.5° Bend (MJXMJ) w/TB	1	EA	$ 602.00	$ 602.00	$ 800.00	$ 800.00	$ 965.73	$ 965.73	$ 800.00	$ 800.00	$ 700.00	$ 700.00	$ 850.00	$ 850.00	$ 700.00	$ 700.00
20	12" DI 45° Bend (MJXMJ) w/TB	4	EA	$ 702.00	$ 2,808.00	$ 700.00	$ 2,800.00	$ 1,117.03	$ 4,468.12	$ 900.00	$ 3,600.00	$ 855.00	$ 3,420.00	$ 960.00	$ 3,840.00	$ 800.00	$ 3,200.00
21	12" DI 45° Bend (FLXFL) w/TB	1	EA	$ 1,090.00	$ 1,090.00	$ 700.00	$ 700.00	$ 1,547.28	$ 1,547.28	$ 2,000.00	$ 2,000.00	$ 855.00	$ 855.00	$ 1,350.00	$ 1,350.00	$ 1,700.00	$ 1,700.00
22	10" DI 22.5° Bend (MJXMJ) w/TB	1	EA	$ 440.00	$ 440.00	$ 700.00	$ 700.00	$ 801.04	$ 801.04	$ 1,000.00	$ 1,000.00	$ 865.00	$ 865.00	$ 690.00	$ 690.00	$ 1,300.00	$ 1,300.00
23	10" DI 45° Bend (MJXMJ) w/TB	1	EA	$ 450.00	$ 450.00	$ 700.00	$ 700.00	$ 824.02	$ 824.02	$ 1,000.00	$ 1,000.00	$ 570.00	$ 570.00	$ 690.00	$ 690.00	$ 1,300.00	$ 1,300.00
24	12" X 8" DI Reducer (MJXMJ)	1	EA	$ 475.00	$ 475.00	$ 700.00	$ 700.00	$ 769.99	$ 769.99	$ 1,000.00	$ 1,000.00	$ 550.00	$ 550.00	$ 720.00	$ 720.00	$ 900.00	$ 900.00
25	10" X 8" DI Reducer (MJXMJ)	1	EA	$ 360.00	$ 360.00	$ 700.00	$ 700.00	$ 646.60	$ 646.60	$ 1,000.00	$ 1,000.00	$ 435.00	$ 435.00	$ 610.00	$ 610.00	$ 550.00	$ 550.00
26	Import Trench Backfill	50	CY	$ 1.00	$ 50.00	$ 20.00	$ 1,000.00	$ 39.04	$ 1,952.00	$ 50.00	$ 2,500.00	$ 40.75	$ 2,037.50	$ 71.00	$ 3,550.00	$ 60.00	$ 3,000.00
27	5/8" Minus Crushed Surfacing Top Course	100	TN	$ 25.00	$ 2,500.00	$ 20.00	$ 2,000.00	$ 21.57	$ 2,157.00	$ 40.00	$ 4,000.00	$ 39.90	$ 3,990.00	$ 42.75	$ 4,275.00	$ 46.00	$ 4,600.00
28	Project Temporary Traffic Control	1	LS	$ 3,000.00	$ 3,000.00	$ 5,000.00	$ 5,000.00	$ 10,233.49	$ 10,233.49	$ 3,000.00	$ 3,000.00	$ 4,975.00	$ 4,975.00	$ 10,000.00	$ 10,000.00	$ 3,400.00	$ 3,400.00
29	Restoration, Trimming and Cleanup	1	LS	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 11,509.91	$ 11,509.91	$ 3,000.00	$ 3,000.00	$ 4,650.00	$ 4,650.00	$ 6,900.00	$ 6,900.00	$ 8,400.00	$ 8,400.00
30	Minor Changes	1	F.A.	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00	$ 10,000.00
				Subtotal	$ 158,837.00		$ 165,575.00		$ 174,078.97		$ 179,980.00		$ 182,472.25		$ 191,382.50		$ 203,562.00
				9.1% WSST	$ 14,454.17		$ 15,067.33		$ 15,841.19		$ 16,378.18		$ 16,604.97		$ 17,415.81		$ 18,524.14
				Total	$ 173,291.17		$ 180,642.33	*	$ 189,920.16		$ 196,358.18	*	$ 199,077.22		$ 208,798.31		$ 222,086.14

Notes:

* Corrected Total