City of Stanwood

City Council Packet

Stanwood City Council Regular Meeting

Thursday, August 11, 2022

AGENDA
CITY COUNCIL REGULAR MEETING
Thursday, August 11, 2022 – 7:00 p.m.

Stanwood-Camano School District
Administration Building Board Room
26920 Pioneer Highway, Stanwood, WA 98292

Members of the public may attend Stanwood City Council meetings
in-person at the address above, or Via Zoom.
Instructions to join the meeting by telephone or online are posted on the
City Website **https://www.stanwooodwa.org**

1. **CALL TO ORDER AND PLEDGE OF ALLEGIANCE**
2. **ROLL CALL**
3. **APPROVAL OF THE AGENDA**
4. **PRESENTATION:**
   Purple Heart City **4.1**
5. **PUBLIC COMMENTS**
   Written comments must be provided to the Clerk by 9:00 a.m. the day of the meeting via this link: https://stanwoodwa.org/FormCenter/City-Clerk-5/City-Council-Meeting-Remote-Public-Comme-61; verbal comments may be provided in-person, or online via Zoom, call 360-454-5213 for assistance.
   "In order to ensure compliance with RCW 42.17A.555, the city respectfully requests that public comments refrain from discussion of ballot measures or political campaigns."
6. **STAFF / DEPARTMENT REPORTS:** None
7. **COUNCIL COMMITTEE REPORTS**
   Finance Committee Meeting Minutes – July 28, 2022 **7.1**
8. **CONSENT AGENDA**
   a. Approve Vouchers and Payroll Checks **8.1**
   b. Approve City Council Regular Meeting Minutes – July 28, 2022 **8.7**
   c. Adopt Resolution 2022-14 – Electronic Fund Transfer Policy **8.15**
   d. Authorize the Mayor to Sign Security System Contracts **8.23**
9. **UNFINISHED BUSINESS:** None
10. **PUBLIC HEARING:** None
11. **NEW BUSINESS**
    a. Authorize the Mayor to Sign a Small Public Works Contract with Konnerup Construction, Inc. for the 273rd Sidewalk Project **11.1**
    b. Authorize the Mayor to Sign a Supplemental Agreement with Perteet, Inc. for Viking Way Phase 2 Cultural Resources Assessment and Noise Analysis. **11.21**
    c. Authorize the Mayor to Sign a Snohomish County Human Services Department Contractor Agreement **11.35**
    d. First and Second Reading and Adoption of Ordinance 1506 Revenue Bond, IS4 Projects **11.43**
12. **PUBLIC CLOSING COMMENTS**
13. **EXECUTIVE/LEGISLATIVE REPORTS**
    a. Mayor's Report
    b. City Administrator's Report
    c. Councilmember Reports/Questions
14. **RECESS TO EXECUTIVE SESSION:** None Scheduled at this time
15. **ADJOURN**

Upcoming Meetings:
September 8, 2022, Regular Meeting 7:00pm
September 22, 2022, Regular Meeting 7:00pm

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**4**
DATE:	August 11, 2022
SUBJECT:	Purple Heart City Presentation
CONTACT PERSON:	Shawn Smith, City Administrator
ATTACHMENTS:	A – Military Order of the Purple Heart, Purple Heart Trail Considerations, and Recommended Procedures

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SUMMARY STATEMENT

Drew James, Judge Advocate for the Department of Washington VFW, will have a presentation for the Council on the City of Stanwood becoming a Purple Heart City.

[Revised 01 January 2021]

Military Order of the Purple Heart
Purple Heart Trail Considerations
Recommended Procedures

General Information:

The Purple Heart Trail program began in1992 at Mt. Vernon, Virgina. The goal was to make the public aware of the Purple Heart Medal and what the medal represented. Roads, bridges, highways, and trails were designated as a part of the Purple Heart Trail. The Purple Heart Trail grew so did the request from businesses, colleges, universities, cities, towns, sports teams, airports, buildings, and many others.

The Purple Heart designation is an “Outward expression of an internal desire to recognize and Honor recipients of the Purple Heart”. The Purple Heart is presented to men and women of all military services that have been injured or killed in action against an enemy of the United States.

The Process to become a Purple Heart Designated Location:

Each State has a Department Commander and several Chapters, the process begins when a Department or Chapter Commander is notified that a location is interested in being designated a Purple Heart entity. It is recommended that a meeting be arranged to talk about options, dates of presentation and other items that will enhance the experience of Purple Heart recipients, their families, and members of the community.

Options for types of activities that Purple Heart locations can provide:

1. Many Cities, Towns, and Counties have canvased their citizens through news releases and notifications to churches and businesses to find Purple Heart recipients. Family members and Gold Star Families will have pictures and stories of their loved ones that have received the Purple Heart. The idea is to collect the information, stories and pictures and develop a booklet that others can see and read about the men and women of their community. Once the information is collected and published a date is set for a “Meet and Greet” where the families and recipients of the Purple Heart can have a cup of coffee and a cookie to talk about their family member. At this point the leadership of the community reads a Proclamation and is presented with a Plaque designating the City, Town, or County as a Purple Heart City, and placed on the Purple Heart Trail website.

2. Provide Purple Heart recipients with tax relief, reduced fees at parks, zoos, parking facilities and public events. Set aside August 7th each year as National Purple Heart Day, place signs that indicate that this location is a Purple Heart entity.

3. Businesses, Universities, Colleges, and other Learning Institutions will provide a Veterans Oasis or study area. Provide a reception to honor Purple Heart recipients and other veteran as students or business employees.

4. Sports teams, Stadiums and Medical Facilities draw from a large area and may not be able to have contact information to canvas individuals that use their facilities. These Facilities can still be a Purple Heart entity and will create an event that will lift our Purple Heart families and recipients with things like a Purple Heart game or Day.

5. Options to provide Purple Heart Recipients, and their families the honor they deserve is not limited to any one option. There are many stories that have never been told, some families receive the Purple Heart in the mail, and they need to be able to tell the story about their love ones.

Daniel M. Eddinger
Major, USA, (Ret)
National Coordinator
Purple Heart Trail
commander.mophct@gmail.com
828 707-5131

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CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**7**
DATE:	August 11, 2022
SUBJECT:	Finance/Personnel Committee Report
CONTACT PERSON:	David A. Hammond, Finance Director
ATTACHMENTS:	A – Finance/Personnel Committee Meeting Minutes

SUMMARY STATEMENT

The minutes of the July 28, 2022 Finance/Personnel Meeting are attached to this staff report for approval as presented.

	Finance & Personnel Committee Meeting Minutes Thursday, July 28th, 2022 | 6:00 PM

Councilmembers Present: Marcus Metz, Darren Robb, Tim Schmitt.

Staff present: Finance Director David Hammond

Committee Chair Marcus Metz called the meeting to order at 6:02 p.m.

1. Q2 Finance Report-
   The Committee asked questions and discussed key revenue line items

2. Electronic Funds Transfer Policy-
   The Committee discussed the policy and recommend Council approved

3. Monthly Utility Billing-Discussion Item-
   Committee discussed at great length and decided that at this time, the cost outweighs the benefits.

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**8a**
DATE:	August 11, 2022
SUBJECT:	Approval of Voucher and Payroll Checks
CONTACT PERSON:	Amy Bergemeier, Accounting Specialist
ATTACHMENTS:	A - Voucher Check Detail

SUMMARY STATEMENT

Approve issuance of Washington Federal Bank voucher checks 35663 through 35774 and electronic funds transfers in the amount of $1,275,559.10. Approve issuance of Washington Federal payroll benefit checks 2026 through 2028 and funds transfers in the amount of $61,729.62.

RECOMMENDED MOTION

MOTION TO APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK VOUCHER CHECKS 35663 THROUGH 35774 ELECTRONIC FUNDS TRANSFERS IN THE AMOUNT OF $1,275,559.10. APPROVE ISSUANCE OF WASHINGTON FEDERAL PAYROLL BENEFIT CHECKS 2026 THROUGH 2028 AND FUNDS TRANSFERS IN THE AMOUNT OF $61,729.92.

CHECK REGISTER

City Of Stanwood | Time: 09:03:21 Date: 08/03/2022

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Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3422	07/22/2022	Payroll	3	EFT		3,000.00	July 2022 Draw
3423	07/22/2022	Payroll	3	EFT		1,800.00	July 2022 Draw
3424	07/22/2022	Payroll	3	EFT		2,000.00	July 2022 Draw
3425	07/22/2022	Payroll	3	EFT		2,500.00	July 2022 Draw
3426	07/22/2022	Payroll	3	EFT		2,000.00	July 2022 Draw
3427	07/22/2022	Payroll	3	EFT		1,000.00	July 2022 Draw
3428	07/22/2022	Payroll	3	EFT		2,000.00	July 2022 Draw
3429	07/22/2022	Payroll	3	EFT		2,700.00	July 2022 Draw
3430	07/22/2022	Payroll	3	EFT		2,400.00	July 2022 Draw
3431	07/22/2022	Payroll	3	EFT		4,000.00	July 2022 Draw
3432	07/22/2022	Payroll	3	EFT		1,600.00	July 2022 Draw
3433	07/22/2022	Payroll	3	EFT		1,000.00	July 2022 Draw
3434	07/22/2022	Payroll	3	EFT		2,000.00	July 2022 Draw
3435	07/22/2022	Payroll	3	EFT		1,600.00	July 2022 Draw
3436	07/22/2022	Payroll	3	EFT		2,000.00	July 2022 Draw
3437	07/22/2022	Payroll	3	EFT		500.00	July 2022 Draw
3438	07/22/2022	Payroll	3	EFT		1,500.00	July 2022 Draw
3439	07/22/2022	Payroll	3	EFT		1,800.00	July 2022 Draw
3440	07/22/2022	Payroll	3	EFT		1,000.00	July 2022 Draw
3441	07/22/2022	Payroll	3	EFT		2,350.00	July 2022 Draw
3442	07/22/2022	Payroll	3	EFT		1,200.00	July 2022 Draw
3443	07/22/2022	Payroll	3	EFT		500.00	July 2022 Draw
3444	07/22/2022	Payroll	3	EFT		3,450.00	July 2022 Draw
3445	07/22/2022	Payroll	3	EFT		1,500.00	July 2022 Draw
3446	07/22/2022	Payroll	3	EFT		1,700.00	July 2022 Draw
3447	07/22/2022	Payroll	3	EFT		1,000.00	July 2022 Draw
3464	07/21/2022	Claims	3	EFT	US Bank	4,233.27	4485 5945 5564 1495
3574	07/15/2022	Claims	3	EFT	Washington Federal Bank	287.23	WA Fed Analysis Service Charge
3619	07/26/2022	Claims	3	EFT	HSA Bank	5.00	H.S.A Bank fee for July
3647	07/28/2022	Claims	3	EFT	WA St Dept of Revenue **	16,215.25	City of Stanwood
3590	07/26/2022	Payroll	3	2026	Dept of Labor and Industries	8,541.07	2ND Quarter L&I: 04/01/2022 - 06/30/2022
3591	07/26/2022	Payroll	3	2027	ESD - PFMLA	3,516.99	Pay Cycle(s) 04/01/2022 To 06/30/2022 - PFMLA
3592	07/26/2022	Payroll	3	2028	Employment Security Dept	1,571.56	2nd Quarter Unemployment: 04/01/2022 - 06/30/2022
3465	07/21/2022	Claims	3	35663	APP- Associated Petroleum Products	8,511.77	AP0100494
3466	07/21/2022	Claims	3	35664	Absolute Auto Repair Services	2,195.83	City of Stanwood
3467	07/21/2022	Claims	3	35665	Ace Hardware *	339.94	20013; 20013; 20013; 20013; 20013; 20013; 20013; 20013; 20013; 20013
3468	07/21/2022	Claims	3	35666	Advanced Analytical Solutions	431.01	001204 City of Stanwood
3469	07/21/2022	Claims	3	35667	Advanced Traffic Products	7,332.94	City of Stanwood
3470	07/21/2022	Claims	3	35668	American Planning Assn	336.00	City of Stanwood 077978
3471	07/21/2022	Claims	3	35669	Aramark Uniform Services Inc	107.88	937963000; 937963000
3472	07/21/2022	Claims	3	35670	BHC Consultants, LLC	7,055.92	City of Sanwood
3473	07/21/2022	Claims	3	35671	Badger Meter Inc	149.45	460708
3474	07/21/2022	Claims	3	35672	Berk	552.50	City of Stanwood
3475	07/21/2022	Claims	3	35673	Cascade Septic Pumping, LLC	340.00	City of Stanwood
3476	07/21/2022	Claims	3	35674	CivicPlus, LLC	6,016.85	City of Stanwood
3477	07/21/2022	Claims	3	35675	Confluence Environmental Company, Inc	2,850.88	City of Stanwood
3478	07/21/2022	Claims	3	35676	Daily Journal Of Commerce Inc	386.90	3941
3479	07/21/2022	Claims	3	35677	Databar Inc.	393.48	8952
3480	07/21/2022	Claims	3	35678	Department Of Commerce - Pwtfl	2,000.00	22-62310-004 City of Stanwood
3481	07/21/2022	Claims	3	35679	Edge Analytical Inc	205.00	STA01; STA01
3482	07/21/2022	Claims	3	35680	Emagined Security, Inc.	22,500.00	City of Stanwood

CHECK REGISTER

City Of Stanwood

Time: 09:03:21 Date: 08/03/2022

07/09/2022 To: 08/03/2022

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3483	07/21/2022	Claims	3	35681	Faber Construction Corp	404,098.04	City of Stanwood
3484	07/21/2022	Claims	3	35682	Hamilton Lumber LLC	363.89	City of Stanwood; City of Stanwood; 66
3485	07/21/2022	Claims	3	35683	Harmsen LLC	1,400.00	City of Stanwood
3486	07/21/2022	Claims	3	35684	ICONIX Waterworks (US) Inc.	34.37	CITSTA
3487	07/21/2022	Claims	3	35685	Lankford Associates, Inc.	4,062.50	City of Stanwood
3488	07/21/2022	Claims	3	35686	Lenz Enterprises Inc	10.00	City of Stanwood
3489	07/21/2022	Claims	3	35687	National Barricade Co LLC	823.71	City of Stanwood
3490	07/21/2022	Claims	3	35688	Chandler T O'Neill	92.00	City of Stanwood
3491	07/21/2022	Claims	3	35689	ODP Business Solutions, LLC	71.69	36274097
3492	07/21/2022	Claims	3	35690	PRI Management Group	159.00	City of Stanwood
3493	07/21/2022	Claims	3	35691	PUD Of Snohomish County *	9,837.63	200738672; 201942398; 200103539; 200128742; 200240505; 222799900; 200367373; 200633634; 200142180; 202694204; 202579512; 202670675; 202882056; 202727285; 221041510
3494	07/21/2022	Claims	3	35692	Pace Engineers, Inc	406.00	City of Stanwood; City of
3495	07/21/2022	Claims	3	35693	Pape' Machinery	3,134.98	6109854
3496	07/21/2022	Claims	3	35694	Perteet Inc.	5,680.00	City of Stanwood
3497	07/21/2022	Claims	3	35695	Puget Sound Hardware, Inc	418.83	City of Stanwood; city of stanwood
3498	07/21/2022	Claims	3	35696	Pye Barker Fire & Safety, LLC	403.95	C493803
3499	07/21/2022	Claims	3	35697	Quality Controls Corporation	1,360.00	City of Stanwood
3500	07/21/2022	Claims	3	35698	RH2 Engineering Inc	18,742.49	City of Stanwood; City of
3501	07/21/2022	Claims	3	35699	Refund - Cool Heat 365, LLC	183.75	City of Stanwood; City of Stanwood; City of Stanwood; City of Stanwood
3502	07/21/2022	Claims	3	35700	Refund -C.M. Heating, Inc.	52.50	City of Stanwood
3503	07/21/2022	Claims	3	35701	Safeway	22.79	191483
3504	07/21/2022	Claims	3	35702	Skagit Farmers Supply	250.71	135052; 135052; 135052
3505	07/21/2022	Claims	3	35703	Skagit Valley Publishing	86.63	48893
3506	07/21/2022	Claims	3	35704	Sno Co District Court	132.72	DCT34003
3507	07/21/2022	Claims	3	35705	Sno Co Information Services *	14,465.75	DIS1107
3508	07/21/2022	Claims	3	35706	Sno Co Sheriff's Office - CB	3,057.72	TIN 91-6001368
3509	07/21/2022	Claims	3	35707	Snohomish County 911	9,181.11	City of Stanwood
3510	07/21/2022	Claims	3	35708	Snohomish County Public Def Association	4,770.00	City of Stanwood; City of
3511	07/21/2022	Claims	3	35709	Snohomish County Treasurer	4.67	City of Stanwood
3512	07/21/2022	Claims	3	35710	Lisa Sokolik	72.54	City of Stanwood
3513	07/21/2022	Claims	3	35711	Everett Daily Herald/ Sound Publishing	278.88	14104597
3514	07/21/2022	Claims	3	35712	Stanwood Auto Parts	179.96	56100; 56100
3515	07/21/2022	Claims	3	35713	Stanwood City Utility	1,675.61	4724; 1271; 4252; 1328; 1332; 1473; 1573; 1675; 2416
3516	07/21/2022	Claims	3	35714	Stilly Auto Parts Napa	278.12	27197; 27197; 27197
3517	07/21/2022	Claims	3	35715	Taylor Driving School		Printing error - void
3518	07/21/2022	Claims	3	35716	Thompson Guildner & Associates Inc. P.S.		Printing error - void
3519	07/21/2022	Claims	3	35717	Transpogroup Inc		Printing error - void
3520	07/21/2022	Claims	3	35718	Utilities Underground Loc		Printing error - void
3521	07/21/2022	Claims	3	35719	Verizon Wireless		Printing error - void
3522	07/21/2022	Claims	3	35720	WA St Dept of Ecology *		Printing error - void
3523	07/21/2022	Claims	3	35721	WA St Treasurer		Printing error - void
3524	07/21/2022	Claims	3	35722	Wave Broadband		Printing error - void
3525	07/21/2022	Claims	3	35723	West Coast Code Consultants,		Printing error - void
3526	07/21/2022	Claims	3	35724	Ziply Fiber		Printing error - void

CHECK REGISTER

City Of Stanwood

Time: 09:03:21 Date: 08/03/2022

07/09/2022 To: 08/03/2022

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3552	07/25/2022	Claims	3	35725	Taylor Driving School	4,735.00	CITY OF STANWOOD
3553	07/25/2022	Claims	3	35726	Thompson Guildner & Associates Inc. P.S.	10,031.00	City of Stanwood
3554	07/25/2022	Claims	3	35727	Transpogroup Inc	24,985.00	City of Stanwood; City of
3555	07/25/2022	Claims	3	35728	Utilities Underground Loc	175.44	134200
3556	07/25/2022	Claims	3	35729	Verizon Wireless	345.05	742373248-00001
3557	07/25/2022	Claims	3	35730	WA St Dept of Ecology *	232,514.67	City of Stanwood; City of
3558	07/25/2022	Claims	3	35731	WA St Treasurer	513.92	City of Stanwood
3559	07/25/2022	Claims	3	35732	Wave Broadband	129.22	3201-0316547-01
3560	07/25/2022	Claims	3	35733	West Coast Code Consultants,	4,061.18	City of Stanwood
3561	07/25/2022	Claims	3	35734	Ziply Fiber	85.93	360-939-0579-080320-5
3648	07/28/2022	Claims	3	35735	Ace Hardware *	1,412.88	20013; 20013; 20013; 20013; 20013; 20013
3649	07/28/2022	Claims	3	35736	Aramark Uniform Services Inc	53.94	937963000
3650	07/28/2022	Claims	3	35737	Gaylynn Brien	120.00	city of stanwood
3651	07/28/2022	Claims	3	35738	Cascade Natural Gas Corp	137.13	953 540 0000 2; 931 607 9072 6; 839 440 0000 5; 498 440 0000 7; 127 540 0000 3; 022 201 7579 4; 608 440 0000 4
3652	07/28/2022	Claims	3	35739	Central Paving LLC	338,499.80	City of Stanwood
3653	07/28/2022	Claims	3	35740	Databar Inc.	3,614.71	8952 city of stanwood; 8952 city of stanwood; 8952 city of stanwood; 9852 city of stanwood
3654	07/28/2022	Claims	3	35741	Edge Analytical Inc	269.00	STA01
3655	07/28/2022	Claims	3	35742	Grainger Inc	73.84	City of Stanwood
3656	07/28/2022	Claims	3	35743	Hamilton Lumber LLC	50.26	City of Stanwood
3657	07/28/2022	Claims	3	35744	Hoists Direct LLC	1,555.50	city of stanwood
3658	07/28/2022	Claims	3	35745	ICONIX Waterworks (US) Inc.	172.54	CITSTA
3659	07/28/2022	Claims	3	35746	J.A. Brennan Associates, PLLC	553.50	City of Stanwood
3660	07/28/2022	Claims	3	35747	Lankford Associates, Inc.	16,875.00	City of Stanwood
3661	07/28/2022	Claims	3	35748	Lenz Enterprises Inc	334.82	city of stanwood; city of stanwood; city of stanwood
3662	07/28/2022	Claims	3	35749	Metron And Associates, Inc.	21,378.75	city of stanwood
3663	07/28/2022	Claims	3	35750	National Barricade Co LLC	331.45	City of Stanwood
3664	07/28/2022	Claims	3	35751	Navia Benefits	50.00	city of stanwood
3665	07/28/2022	Claims	3	35752	ODP Business Solutions, LLC	733.54	36274097; 36274097; 36274097; 36274097; 36274097; 36274097; 36274097; 36274097; 36274097; 36274097; 36274097
3666	07/28/2022	Claims	3	35753	PUD Of Snohomish County *	10,956.69	220923312; 222277832; 200794063; 202982351; 200208858; 202423729
3667	07/28/2022	Claims	3	35754	Pitney Bowes Inc- Purchase Power *	1,005.00	8000-9090-0519-5677
3668	07/28/2022	Claims	3	35755	Puget Tech LLC	1,209.00	City of Stanwood
3669	07/28/2022	Claims	3	35756	RH2 Engineering Inc	12,763.59	city of stanwood; city of stanwood
3670	07/28/2022	Claims	3	35757	Ricoh USA Inc- Maint	1,146.42	4250811; 4250811; 4250811; 4250811; 4250811; 4250811
3671	07/28/2022	Claims	3	35758	Ricoh USA, Inc.	576.73	1316669-3800237; 1316669-3800326
3672	07/28/2022	Claims	3	35759	Shred-it US JV LLC	43.28	1000283524
3673	07/28/2022	Claims	3	35760	Skagit Farmers Supply	114.16	135052; 135052
3674	07/28/2022	Claims	3	35761	Skagit Valley Publishing	416.64	48893; 48893; 48893; 48893; 48893
3675	07/28/2022	Claims	3	35762	Sno Co Dept Of Emergency Management	2,734.00	DEMSTNWD
3676	07/28/2022	Claims	3	35763	Stanwood Auto Parts	109.03	56100; 56100
3677	07/28/2022	Claims	3	35764	Summit Law Group	2,035.00	20150-1 DAS; 20150-7 MCB

CHECK REGISTER

City Of Stanwood

Time: 09:03:21 Date: 08/03/2022

07/09/2022 To: 08/03/2022

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
3678	07/28/2022	Claims	3	35765	TMG Services Inc	2,214.42	1920010
3679	07/28/2022	Claims	3	35766	Twin City Idlers	3,206.00	City of Stanwood; City of
3680	07/28/2022	Claims	3	35767	US Bank Na Custody/ Treas Div-Money Ctr	90.00	xxxxxxx717 city of stanwood
3681	07/28/2022	Claims	3	35768	USA Bluebook	805.09	478228
3682	07/28/2022	Claims	3	35769	Unum Life Insurance	176.80	City of Stanwood-0220603-036
3683	07/28/2022	Claims	3	35770	WA St Dept of Licensing *	840.00	City of Stanwood
3684	07/28/2022	Claims	3	35771	Washington State Patrol *	318.00	STA301
3685	07/28/2022	Claims	3	35772	Wave Broadband	149.62	3201-0316545-01
3686	07/28/2022	Claims	3	35773	Western Exterminator Company	188.83	683591; 683591
3687	07/28/2022	Claims	3	35774	Zumar Industries Inc	2,428.09	City of Stanwood

Fund	Amount		
001 General Fund	149,235.42		
101 Street Fund	16,708.93		
103 Street Construction Fund	403,596.02		
104 Park And Trail Improvement Fund	2,959.50		
115 Tourism And Promotion	4,415.00		
401 Sewer Fund	270,756.00		
403 Sewer Construction Fund	411,850.49		
410 Drainage Fund	10,225.20		
411 Drainage Construction Fund	2,850.88		
421 Water Fund	47,313.27		
422 Water Construction Fund	16,037.49		
630 Agency Fund	1,340.52		
		Claims:	1,275,559.10
* Transaction Has Mixed Revenue And Expense Accounts	1,337,288.72	Payroll:	61,729.62

CERTIFICATION: I, the undersigned do hereby certify under penalty of perjury, that the materials have been furnished, the services rendered or the labor performed as described herein and that the claim is a just, due and unpaid obligation against the City of Stanwood, and that I am authorized to authenticate and certify to said claim.

( ) Finance Director ( ) Auditing Officer [signature] Date: 8/3/22

( ) Deputy Finance Director

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CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**8b**
DATE:	August 11, 2022
SUBJECT:	City Council Regular Meeting Minutes – July 28, 2022,
CONTACT PERSON:	Lisa Sokolik, City Clerk
ATTACHMENTS:	A – Council Regular Meeting Minutes

SUMMARY STATEMENT

Minutes of the July 28, 2022, Regular City Council Meeting are attached.

RECOMMENDED MOTION

MOTION TO APPROVE THE MINUTES OF THE JULY 28, 2022, CITY COUNCIL REGULAR MEETING AS PRESENTED.

CITY OF STANWOOD

Regular Meeting of the City Council
Thursday, July 28, 2022 – 7:00 p.m.
In-Person & Zoom Online Meeting
MINUTES

1. Call to Order and Pledge of Allegiance

Mayor Sid Roberts called the meeting to order at 7:00 p.m. Councilmember Schmitt led the Pledge of Allegiance.

2. Roll Call

City Clerk Lisa Sokolik called the roll with the following Councilmembers present: Dani Gaumond, Marcus Metz, Darren Robb, Tim Pearce, Steve Shepro, Andreena Bergman and Tim Schmitt. The meeting was quorate.

Also present: City Administrator Shawn Smith, Community Development Director Patricia Love, Sergeant Karl Gilje, City Attorney Nikki Thompson, Utilities Supervisor Leigh Danielson, Assistant to the Administrator & Communications Manager Krista Hintz, and City Clerk Lisa Sokolik.

3. Approval of the Agenda

Motion by Councilmember Metz, second by Councilmember Pearce to approve the agenda as written. Motion carried unanimously.

4. Presentation - None

5. Public Comments

Written comments must be provided to the Clerk by 9:00 a.m. on the day of the meeting. Verbal comments may be provided by attending the meeting in person or via Zoom.

Written Comments – None

Verbal Comments

Robin Carmichael, Stanwood	Topic: City Tree Program
Cathy Wooten, Stanwood	Topic: Transportation Benefit District Fund and Tree City Program

6. Staff / Department Reports

a. Police Compstat Report – June 2022
b. Q2 Finance Report

7. Council Committee Reports

a. Community Development Committee Meeting Minutes – July 7, 2022
b. Economic Development Board Meeting Minutes – June 17, 2022
c. Planning Commission Meeting Minutes – June 13, 2022

d. Parks and Trails Advisory Committee – June 20, 2022
e. Public Works Committee Meeting Minutes – July 11, 2022

8. Consent Agenda

a. Approve Vouchers and Payroll Checks
b. Approve City Council Regular Meeting Minutes - July 14, 2022

Councilmember Robb noted an error on page 8.10 under Roll Call of Votes, he voted yes. The City Clerk will correct the minutes.

c. Adopt Resolution 2022-12, Approve Mayor Medical Benefit Change

Motion by Councilmember Robb, second by Councilmember Metz to approve the consent agenda items A - B. Motion carried unanimously.

9. Unfinished Business

10. Public Hearing

a. Resolution 2022-11 Declaration of Surplus Property

City Administrator Smith explained that state law (RCW 35.94.040) says any property purchased with utility funds cannot be destroyed, sold, or given away without holding a public hearing. Most of the items on the surplus list (page 10.5 of the council packet) are old, obsolete, broken, or were stolen during the break-in at the Public Works shop last year.

Council questions and comments:

- What lessons were learned from the break-in? Smith answered that the City is adding security to the PW Shop.

Mayor Roberts opened the Public Hearing to receive public comments. No public comments were received.

Motion by Councilmember Metz, second by Councilmember Robb to adopt Resolution 2022-11 declaring certain property to be surplus to the needs of the city and authorizing the Finance Director to arrange for and to execute the disposal of said property.

Roll call of votes was taken:

Councilmember Schmitt	*Yes*
Councilmember Gaumond	*Yes*
Councilmember Metz	*Yes*
Councilmember Robb	*Yes*
Councilmember Pearce	*Yes*
Councilmember Shepro	*Yes*
Councilmember Bergman	*Yes*

Motion carried unanimously.

b. Resolution 2022-13 Von Moos Development Agreement Amendment

Community Development Director Patricia Love said the Von Moos Development Agreement was put in place as part of the Schmitt Plat, located on the corner of 80th and 284th, and was approved in 2019. The property is zoned as a Traditional Neighborhood (TN) which requires three housing types. One subdivision has been completed and built out with single-family homes and a few duplexes. Lots 79, 80, and 81 per the agreement include two single-family home lots (80 and 81) and one multi-family lot (79). The amendment would allow temporary and accessory structures on the three lots.

The original agreement lists limited allowed uses. The Von Moos' have come back to the City asking to build a barn/storage facility on one of the lots. Per the agreement, if there is a change in usage, Council must approve and hold a public hearing.

All other segments of the agreement remain the same.

Council questions and comments:

- Building a pole barn on lot 80, is that considered a permanent or temporary usage? Love answered looking at it from a planning point of view, it is temporary as it won't prevent the future development of the larger lot. It doesn't prevent a multi-family unit from happening as the pole barn can be removed or a lot line adjustment can be made to go around the structure.
- Is the easement between lots 80 and 81 for vehicle access to the future development of the multi-family home on lot 79? Love answered yes.

Mayor Roberts opened the Public Hearing to receive public comments.

<u>Verbal Comments</u>

Cathy Wooten Stanwood	Topic:	Concerned that the one lot zoned for a multi-family unit is being used for something else, even temporarily.
Brian Von Moos Stanwood	Topic:	Offered some clarity: they have been upfront throughout this process on what their intentions are for the lots.

Love added that because of the long-term nature of the development plan, the pole barn is not detrimental to the agreement, it will allow the Von Moos family to put a pole barn/storage facility there so they can move on with their plans and in the future, if they decide to sell or develop, the agreement is set up to where that can happen.

Motion by Councilmember Shepro, second by Councilmember Bergman to approve Resolution 2022-13 for the Von Moos Development Agreement Amendment and to authorize the Mayor to sign the development agreement amendment in accordance with SMC 17.155.110, concomitant or development agreement.

Roll call of votes was taken:

Councilmember Schmitt	*Yes*
Councilmember Gaumond	*Yes*
Councilmember Metz	*Yes*

Councilmember Robb	*Yes*
Councilmember Pearce	*Yes*
Councilmember Shepro	*Yes*
Councilmember Bergman	*Yes*

Motion carried unanimously.

11. New Business

a. Twin City Mile Steering Committee Recommendation-Council Discussion

Community Development Director Patricia Love briefed the Council on the Twin City Mile project, the work that the Steering Committee has done, and discussed moving forward with the engineering design phase of the project.

The Steering Committee held three meetings; they stayed on time and on budget for the project. In May, a four-question survey was sent out. The support of the Committee and the comments from the community were overwhelming.

Since the project is a mile long, it has been broken out into smaller projects. The chart on page 11.15 (in the council packet) shows a tentative implementation schedule on how to move forward. The goal is to design and construct shorter-term projects, while the heavy long-term project design work is being done to keep the momentum alive and for the community to see that progress is being made.

The preliminary cost estimates, page 11.16, include underground work (sewer and/or water lines). The cost estimates are based on the design concepts, and at 30% design the numbers will be more accurate.

This project has been discussed by the Steering Committee, Community Development Committee, Public Works Committee, Planning Commission, and Economic Development Board, and all are overwhelming enthusiastic and excited about the project and want to see it move forward.

Council questions and comments:

- Any thought as to who will maintain the landscaping? Love answered staff has talked about whether to have property maintenance codified into the Stanwood Municipal Code, it sounds like a good idea, but it would be a lot of code enforcement, which would require a full-time code enforcer. This issue can be discussed more as we move through the process.
- Will the road be straight or curvy, page 11.10 shows both? Love said it could be either, whatever design is approved.
- The illustration on page 11.12 showed up on FaceBook which drummed up a lot of negative comments. Can the illustration be re-done so it doesn't look like the historical buildings are being removed and replaced with warehouses? Love answered that Lankford did a simple drawing due to time and budget. If the project moves forward, Lankford should be able to update the drawing.
- On page 11.15, is the implementation schedule suggesting at least one project be designed and built per budget cycle? Love explained that is what we're hoping to do so citizens can see progress being made on the mile.

- If Council approves tonight, will staff bring the item back in September with a more finite estimate? Love answered yes, and with a scope of work describing the different elements.
- Comment: liked the unifying nature of the project, the idea of carrying the bricks throughout, hearing the excitement from citizens, the crosswalk bump-outs by train tracks will help slow down traffic, and the parks at both ends of town. A lot of good thought has gone into this project.
- Comment: against the idea of making the street down the hill towards the train tracks a one-way.
- Comment: appreciative for all the work that has gone into this project by the Steering Committee and City; the bricks and continuity, the bump-outs, and the focus on pedestrian comfort and safety. At this stage, we couldn't ask for much better to get us moving forward with the actual design and getting things implemented.
- Comment: looking forward to getting started and getting it off the page.
- Comment: would like to see Stanwood historical plaques be added to the design.
- Comment: this would be a great time to celebrate the Norwegian heritage.

The Mayor added that there is a lot of work going into finding grants. Love said staff is working with a consultant who has a strong background in federal grants working in DC, as well as state grants.

Motion by Councilmember Pearce, second by Councilmember Shepro to accept the board and commission recommendations and direct staff to bring forward a design scope of work to the council for approval based on the proposed priority project list and implantation schedule.

Roll call of votes was taken:

Councilmember Schmitt	*Yes*
Councilmember Gaumond	*Yes*
Councilmember Metz	*Yes*
Councilmember Robb	*Yes*
Councilmember Pearce	*Yes*
Councilmember Shepro	*Yes*
Councilmember Bergman	*Yes*

Motion carried unanimously.

b. Storefront Improvement Program-Council Discussion

Community Development Director Patricia Love said the Storefront Improvement Program came out of the Steering Committee's conversations about the City putting a lot of investment into our infrastructure and making downtown look nice. There are a lot of historic buildings, and the question was how do we improve those buildings or incentivize property owners to improve their buildings? One thing that happens with main street revitalization, it encourages redevelopment by the property owners. One of the things we don't want to happen is for these small independent property owners or small businesses to get bought out by bigger businesses. We want to create incentives to keep our small businesses, keep the quaintness, and keep the character that we are trying to improve.

Love discussed the proposed Storefront Improvement Program that the Community Development Committee and the Planning Commission unanimously support.

Council questions and comments:

- Comment: would like to see $100,000 in the budget.
- Comment: the concept is good, having design standards is key.
- Comment: concern with large projects that the building would lose some of the historic uniqueness.
- Comment: if funds are exhausted quickly, staff could bring an update and status of the program to Council so they can re-evaluate upping the program budget.
- Has anyone talked to business owners to see if they would be interested in this program? Love said not yet, it has not been launched yet.
- Can there be small and large grants? Love said yes, the program can be structured however Council wants, $5,000 is a good minimum.
- Can business owners come back year after year to apply for a grant? Love said yes, but one concern could be that one business uses all the grant funds every year, so the policy could be written that first-time applicants get first approval and funds left can go to second-time applicants.
- Who decides on the upgrade, property owner or business owner? Love said anything needing a permit, the property owner would have to approve.
- Comment: would like to see more Scandinavian heritage, not just Norwegian and/or maybe some other historic elements like logging and farming.

Mayor Roberts asked if the grant can be used on the backside of the buildings, for example, where the Farmers Market sets up. Love said that section of town does have engagement on the rear side, so that section could be added to the program.

Motion by Councilmember Pearce, second by Councilmember Robb to support the storefront improvement program and request that staff prepare an adopting resolution and implantation plan for Council approval.

Roll call of votes was taken:

Councilmember Schmitt	*Yes*
Councilmember Gaumond	*Yes*
Councilmember Metz	*Yes*
Councilmember Robb	*Yes*
Councilmember Pearce	*Yes*
Councilmember Shepro	*Yes*
Councilmember Bergman	*Yes*

Motion carried unanimously.

12. Public Closing Comments

Cathy Wooten Stanwood	Topic: The City should find out where the brick road bricks came from; she heard from Holland? How many multi-family dwellings have been built in our developments?

13. Executive/Legislative Reports

a. Mayor's Report

- The next Walk with the Mayor is Friday, August 5th at 8:00 a.m., meet at City Hall.
- Remember to vote!
- Next Council meeting is on August 11th at 7:00 p.m., there will also be a Special Workshop starting at 5:00 p.m., Capital Improvement Plan (CIP) budget is on the agenda.
- The August 28th Council meeting is canceled for summer break.
- There has been a lot of talk about code enforcement. Stanwood is getting close to needing a part-time code enforcer.

b. City Administrator Report

- Good News! The City was awarded a $5,000 grant from the Washington State Finance Officers Association. The grant will cover the cost of the finance intern.
- The City's Building Official Scott Black passed the first of three exams to become a certified Building Official. He's now a certified residential plans examiner.
- July 29th is the last day to submit the Pros/Cons Statement Committee application. We've received 3 Pros so far, but no Cons.
- FEMA has recalculated its insurance rate structure. It resulted in a 66% decrease for Stanwood-Camano residents.
- National Night Out (NNO) is Tuesday, August 2nd, Moonlight Movies Night is Thursday, August 4th, and the Stanwood Fair starts Friday, August 5th (early access is the 4th).

c. Councilmember Reports/Questions

- The Sylvania Fair is this weekend.
- At the June 23rd council meeting, Councilmember Shepro motioned and seconded by Councilmember Schmitt to add to a future council meeting agenda the discussion of amending the Stanwood Municipal Code (SMC) to authorize initiative and referendum. Shepro has learned that the same issue is being proposed by staff with the SMC update process. Shepro will not be asking for the issue to be added to a future council meeting agenda at this time.
- Thank you to the Parks Crew for always keeping Lions Park cleaned and mowed.
- Councilmember Schmitt and Councilmember Shepro will be volunteering at the fair. Volunteers are still needed, so please consider volunteering.

14. Executive Session – None Scheduled

15. Adjourn

There being no further business before the Council, and hearing no objection to adjournment, Mayor Roberts adjourned the meeting at 8:33 p.m.

CITY OF STANWOOD	ATTEST:
Sid Roberts, Mayor	Lisa Sokolik, City Clerk

CITY OF STANWOOD
CITY COUNCIL
AGENDA STAFF REPORT

ITEM NUMBER:	**8c**
DATE:	August 11, 2022
SUBJECT:	Electronic Funds Transfer Policy
CONTACT PERSON:	David A. Hammond, Finance Director
ATTACHMENT:	A – Resolution 2022-14 – Electronic Funds Transfer policy

PURPOSE

Review, discuss and approve Resolution 2022-14 Electronic Funds Transfer policy, recommend approval to City Council.

RECOMMENDATION

Review and discuss requested Electronic Funds Transfer policy and adopt Resolution 2022-14.

BACKGROUND

The City of Stanwood routinely utilizes various EFT transaction (ACH and wire transfers, but has not developed a written procedure. Written procedures ensure control over the safety and accuracy of financial transactions. If approved, this policy will be incorporated into the city Consolidated Financial Management Policy when updated in coordination with the 2023-24 budget update (updated bi-annually).

COMMITTEE RECOMMENDATION

The finance committee reviewed this policy at their July 28, 2022, meeting and recommend approval.

FINANCIAL IMPLICATIONS

There are no costs associated with this policy, but it will improve internal control over transactions.

CITY OF STANWOOD
Stanwood, Washington

RESOLUTION NO. 2022-14

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANWOOD ADOPTING AN ELECTRONIC FUNDS TRANSFER POLICY.

WHEREAS, the City routinely utilizes various Electronic Funds Transfer (EFT) transaction (ACH and wire transfers); and

WHEREAS, the City has not yet developed a written procedure; and

WHEREAS, written policies and procedures are necessary to ensure proper internal controls over transactions and ensure that EFTs are initiated, executed and approved in a secure manner; and

WHEREAS, it is in the best interest of the public and City staff to establish written policies and procedures to ensure that public funds are properly safeguarded.

NOW, THEREFORE, **BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON AS FOLLOWS**:

1. The City hereby adopts the City of Stanwood Electronic Fund Transfer (EFT) Policy, attached to this Resolution as **Exhibit A**.

PASSED by the City Council and APPROVED by the Mayor this 11th day of August 2022.

CITY OF STANWOOD

By ___________________________
Sid Roberts, Mayor

ATTEST:

By ____________________________
Lisa Sokolik, City Clerk

APPROVED AS TO FORM:

By ___________________________
Nikki Thompson, City Attorney

EXHIBIT A

CITY OF STANWOOD FINANCE POLICY

POLICY SUBJECT: **AUTHORIZATION & PROCESSING OF ACH/ELECTRONIC FUNDS TRANSFERS**

1. PURPOSE AND SCOPE

The City of Stanwood makes payments to vendors and employees by electronic funds transfer and also receives funds from various parties as a routine business practice. All such payments must be properly authorized and executed to reduce the risk of erroneous or fraudulent transactions.

2. INTERNAL CONTROL REQUIREMENTS

To protect EFT transactions from internal and external threats, the following controls will be adhered to:

a. Implementation of bank offered security measures to prevent unauthorized individuals from initiating or modifying a transfer, i.e., use of positive pay.
b. Each user initiating or approving bank transactions must have separate bank User IDs.
c. Separate users must initiate and authorize electronic transactions.
d. Use of pre-established templates for specific transaction types and specific accounts may be authorized in advance by the Finance Director, however, new templates must be initiated by one user and authorized by the Finance Director.
e. The process for creating, securing, sending and authenticating direct deposit transmittal files to prevent unauthorized modification or submission is documented below.
f. Adherence to City of Stanwood computer policies and procedures to protect the computers and computing processes used for EFTs from computer malware.
g. Regardless of payment method, i.e., wire transfer, ACH or paper warrant (check), employees shall adhere to the authorization and processing requirements outlined in Section 13 in the City Procurement Policies and Procedures Manual.
h. Changes to employee direct deposit must be processed using the Direct Deposit Authorization Form, under no circumstances will account changes be authorized by telephone or email.
i. Changes to vendor ACH accounts must be processed using the EFT (ACH/Wire Transfer) Authorization Form, under no circumstances will account changes be authorized by telephone or email.

3. Types of Payments Made via ACH:

a. **Vendor Payments:** In its normal course of business, the City of Stanwood remits the following types of vendor payments via ACH: Supplier payments, Employee reimbursements, routine payments to the WA State Treasurer.
b. **Wire Transfers:** transfer for investment purchases, bond proceeds, interest payments and maturities are routinely processed by wire between the City and US Bank (custodial account) and between the City and the Local Government Investment Pool.
c. **Customer Direct Debit:** Customers have the option to direct the city to directly debit their bank account to make their payments.
d. **Payroll – Fulltime Employees:** in order to standardize procedures and reduce the number of individual transactions, the City of Stanwood highly encourages all employees to be paid by ACH direct deposit.
e. **Payroll – Part-time Employees:** The city will offer all part-time employees the option to be paid by ACH direct deposit.
f. **Payroll – Temporary Employees:** The city will offer all temporary employees the option to be paid by ACH direct deposit.

For suppliers and employees being paid by paper warrant (check), the city shall adhere to the requirements for payment approvals and accounts payable documentation and processing as described in City of Stanwood Financial Management Policy, and other applicable laws.

With very few exceptions, checks issued to suppliers should only be delivered to the supplier by United States mail or its equivalent. Payroll checks may be delivered directly to the employee. Exceptions must be documented and authorized by the Finance Director. Under no circumstances is a check to be mailed earlier than the dated date of the check.

4. TRAINING

To ensure consistent compliance with procedures, employees tasked with processing, reconciling and record-keeping will train in proper procedures and internal controls prior to conducting these functions.

5. DEFINITIONS

a. Automated Clearing House (ACH) - A nationwide payment and collection system that provides for electronic distribution and settlement of funds. Although the term Electronic Fund Transfer (EFT) is technically more inclusive than the term ACH, the term EFT is often used synonymously with ACH and Wire Transfer. Wire transfers execute directly between two accounts, as opposed to a clearinghouse, so they process more quickly, but they are more expensive.
b. Electronic funds transfer (EFT) - refers to the disbursement from a bank account by means of wire, direct deposit, ACH or other electronic means.
c. NACHA (National Automated Clearing House Association) is the steward of the electronic system that connects all U.S. bank accounts and facilitates the movement of money among them. NACHA

6. RECORD-KEEPING

a. **Transaction records will include:**

   i. Chronological number of the EFT payment.
   ii. Time and date of disbursement.
   iii. Payee - name, address and account number.
   iv. Amount of disbursement.
   v. Purpose of disbursement.
   vi. BARS or other accounting system expenditure/expense account number.
   vii. Name and number of fund(s).
   viii. Disbursing bank's unique transaction identification number, if available.
   ix. Receiving bank or financial institution's identification number.

b. A file must be maintained of authorizations by payees who have thereby agreed to have moneys added to their accounts electronically.

c. The Finance Director should notify the disbursing bank that access to files, records and documentation of all EFT transactions involving the Finance Director should be provided to the State Auditor when required for the conduct of the statutory post audit.

7. PROCEDURES:

a. **Origination of ACH File:**

   i. **ACH File Database:** The City of Stanwood creates ACH files from SpringBrook, which are downloaded in proper ACH format.
   ii. **Transmission**: Several options are available to transmit the file to the ACH originating bank, either through a gateway provider, or directly to the bank. The City of Stanwood generates and transmits payroll, employee reimbursement and supplier payment files via Washington Federal.
   iii. **Retention**: ACH and EFT data files are required to be maintained for six years after the end of the fiscal year (per Local Government Records Retention Manual, DANS GS2011-185.

b. **Authorizations**

   i. All employees whose net pay is to be direct deposited must complete a Direct Deposit Authorization Form. This form is submitted to the city Payroll Office along with a deposit slip for a Savings Account or a voided check for a Checking Account. In lieu of a deposit slip or voided check, the employee may provide documentation from the employee's financial institution indicating the transit-routing number and the account number.
   ii. The authorization form shall provide the employee the ability to change bank account information. Employees should notify the Payroll Office immediately but no later than seven working days prior to the effective pay date. Exceptions may be granted up to 4 working days prior to pay date for closed or compromised accounts.
   iii. An employee desiring to discontinue participating in the ACH program may submit a revocation request. The request will be acted on depending upon whether participation is mandatory or not.
   iv. Retention of authorization forms and any requests for revocation of authorization will be maintained until superseded and released from all audits.

v. The City of Stanwood does not allow telephone or email-initiated entries or changes to authorizations.

c. **Transaction Advices**

i. Participating employees are provided a hard copy Direct Deposit advice (paystub) on the payroll pay date, specifying details of the employee's gross pay, tax withholdings, statutory and voluntary deductions, net pay and other information.

ii. Suppliers being paid by ACH credit will be advised of the payment by email.

d. **Cancellation of Transactions**

i. If it is learned that a supplier or employee does not have a right to a payment or the payment amount is in excess of the amount due the supplier/employee, then the payment is to be cancelled. Actions to take will depend upon where the payment is in the timeline of the transaction.

1. If the ACH file has not been transmitted to Washington Federal but the payment process has been finalized, staff will void the batch to remove the incorrect payment.
2. If the ACH file has not been transmitted to Washington Federal and the ACH process has begun, staff will remove the incorrect payment prior to finalizing the batch.
3. If the ACH file has already been transmitted to Washington Federal, staff would complete a Washington Federal ACH Service Request for Item Delete/Reversal and fax to Washington Federal.

e. **Cut-off Times and Close Outs**

i. The following cutoff times are established for ACH file transmissions:

1. The ACH file auto-generated at the conclusion of the payroll process is scheduled to transmit two (2) banking days prior to payroll issue/check date.
2. The ACH file transmission for suppliers is generated two (2) banking days prior to issue/check date.

f. **Funding outbound ACH transactions**

i. Funding of ACH files is deemed to be a critical function that must be performed accurately and timely, in order to avoid the overdrawing of bank accounts.

ii. The settlement bank account which accommodates the funding of outbound ACH transactions for Payroll and outbound ACH Supplier transaction is the City’s General Bank Account held at Washington Federal.

iii. Funding of ACH/EFT transactions must occur for settlement no later than the following day.

g. **Reporting of inbound ACH transactions**

i. The settlement bank account which accommodates the receipt of inbound ACH transactions is the City’s General Bank Account held at Washington Federal.

ii. The city receives notice monthly from the Office of State Treasurer (OST) about two days prior to receipt. The transmittal is recorded in various funds and revenue accounts and is posted by the cashier as part of the daily cashiering batch.

iii. For online permit payments made via PayRoc, notice is by the cashier via email. Individual payments are posted by the cashier into his/her daily cashiering batch using permit information obtained from the Community Development Dept.. Payments are deposited by PayRoc directly into the City's General Checking account held by Washington Federal.
iv. Utility payments made online utilize Xpress Billpay. Payments made in this manner are imported into Springbrook using the appropriate FTP protocol. Payments are deposited by Xpress Billpay directly into the City's General Checking account held by Washington Federal.
v. As additional departments allow online payments, protocol will mirror item iii under this section.

h. **Reconciliation**
i. All Bank Statements shall be reconciled monthly as part of a global reconciliation.
ii. Individuals responsible for bank account reconciliations should not also be responsible for handling cash. Additionally, these individuals should only have inquiry access to Washington Federal, thus negating their ability to record receipts or process disbursements.
iii. All Bank Reconciliations are performed in accordance with BARS Manual standards. Completed bank reconciliations are reviewed by a second reviewer and recorded accordingly. Any reconciling item adjustments are recorded and reviewed by a second reviewer as part of the monthly reconciliation process.
iv. All reconciliations are reviewed, signed, and dated by a second Finance Department employee. All journal entries for adjustments are prepared by the responsible party and reviewed by a second Finance Department employee once completed.
v. All outstanding items are reconciled prior to the end of the succeeding month. Large checks over six months old are reviewed monthly. Abandoned checks are escheated to the state each year per state regulations.

i. **Returns**
i. In the case of outbound transactions for supplier and payroll payments, an ACH Returns account is not utilized. Instead, the returns will be credited to the settlement bank account at Washington Federal from which the funds were originally disbursed.
ii. Returned items are monitored as part of the daily deposit process. Any returned items are forwarded to the appropriate Finance staff member (Payroll for Direct Deposit and AP for all other ACH payments), to be researched and either voided or reissued as appropriate. A second Finance Department employee reviews all such returns and their related disposition.

j. **Paying Invoices**
i. All invoices for banking services received (e.g., Washington Federal, etc.) shall be paid timely, in accordance with established City of Stanwood procedures for accounts payable.
ii. Responsibility for inspecting the invoices received and approving for payment is that of the Finance Department.

k. **Signatures and Approvals:**

i. The U.S. Federal ESIGN Act of 2000 gives the same legal protection to online signing as to traditional pen-and-paper signing.

ii. The City of Stanwood utilizes Adobe Pro e-sign for routing of documents and for the collection of signatures.

iii. Approval Signatures collected through Adobe Pro's e-sign routing process are original and official.

8. REFERENCES

i. City of Stanwood Financial Management Policy, Section 7.c.-Payment Approvals.

ii. RCW 39.58.750 – authorizes local government use of EFT and directs the State Auditor to prescribe accounting procedures for EFT transaction processing.

iii. BARS MANUAL Section 3.8.11 – provides accounting procedures and recommended internal controls to safeguard local government resources when utilizing EFT.

iv. BARS MANUAL Section 3.1.9 – provides guidance regarding appropriate bank reconciliation practices.

v. **E-Commerce Contacts:**

The Finance Department will maintain an updated list of WaFed contacts.

9. FORMS

i. **EFT (ACH/Wire Transfer) Authorization Form (authorization to pay vendors by ACH)**

ii. **Direct Deposit Authorization Form (payroll)**

iii. **Direct Debit Authorization Form (utility bill payment method)**

CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**8d**
DATE:	August 11, 2022
SUBJECT:	Authorize the Mayor to Sign Contract(s) for Security Cameras, Cloud-based Software Licensing and Installation
CONTACT PERSON:	Kevin Hushagen, Public Works Director

PURPOSE

The purpose of this agenda item is to authorize the mayor to sign contract(s) for security cameras, cloud-based software licensing and installation.

BACKGROUND

The City Council previously approved the purchase and installation of security cameras at the public works shop sites. Unfortunately, staff's preliminary budget was too low. Council initially approved budget amendment three to the 2021-22 budget, which included $30,000 for this project, with the cost allocated between the utility funds and the General Fund, with the designation of $7,250 to come from the city's 2021 ARPA allocation.

Staff members have worked with our IT partners at Snohomish County to design a system and have received quotes for the equipment/cloud licensing ($31,636) and install/configuration ($24,580). Including tax, the contracts total $61,276. Also required are additional Information technology equipment costs of $2,724, which will be incurred under our current interlocal agreement with the County. One reason for the increased project cost is that staff has included a camera at Heritage Park, which was not part of the original project.

Staff has not completed the competitive procurement process, so the specific vendor is not identified in this report. The vendor may be selected from a state contract allowing the City to benefit from very good pricing, or the installation portion of the project may be performed by one of the city's two on-call electrical contractors.

Staff recommends the increased project budget be allocated to the benefitting funds using the same allocation formula. However, the cost allocation to ARPA funds will be greater, as the system now includes a camera at Heritage Park, which cannot be charged to Utility funds. This increases the ARPA allocation from $7,250 an additional $12,716, which may be designated from the 2022 ARPA allocation (ARPA total will be $19,966). The chart below accounts for the cost allocation.

Security Camera Prject Budget Allocation			
		Current Budget	Revised Budget
General Fund	$	4,000.00	$13,033.33
Streets	$	3,250.00	$ 6,933.33
Water	$	6,250.00	$11,833.33
Sewer	$	13,250.00	$26,766.67
Stormwater	$	3,250.00	$ 5,433.33
Totals	$	30,000.00	$64,000.00

In addition to the project purchase and install cost, staff estimates ongoing operating costs. The software license price includes five years of licensing, after which annual licensing is estimated to be approximately $2,500 per year. Additional costs will include a monthly internet connection at Heritage Park, approximately $1,440 per year, which will be a general fund cost.

ANALYSIS

Fiscal Impact			
This item increases the project budget from $25,000 to $68,000, which includes a 10% contingency.			
Fund(s):	This project will be allocated between the three utility funds and the General Fund, with the general fund portion funded by ARPA allocation.		
Contract Amount:	$61,276	**Project Estimate:**	$64,000
Budget Authorized	**[X) Yes [ ] No**	**Amendment Required**	**[ ) Yes [X] No** **[ ] Monitor**

RECOMMENDATIONS

Staff Recommendation:

Staff recommends authorizing the mayor to execute the purchase and installation contract(s).

Committee/Board Recommendation:

The Public Works Committee has not reviewed this proposal prior to the August 11, 2022, City Council Meeting.

CITY COUNCIL OPTIONS

1. Authorizing the mayor to execute the purchase and installation contract(s) raising the maximum amount payable to $64,000.
2. Send to Public Works Committee for discussion.

PROPOSED MOTION

I MOVE TO AUTHORIZE THE MAYOR TO SIGN CONTRACT(S) FOR ACQUISITION OF SECURITY CAMERAS, CLOUD-BASED SOFTWARE, AND INSTALLATION AND CONFIGURATION NOT TO EXCEED $64,000

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CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**11a**
DATE:	August 11, 2022
SUBJECT:	Authorize the Mayor to Sign a Contract with Konnerup Construction, Inc. for the 273rd PL NW Pedestrian Pathway project
CONTACT PERSON:	Kevin Hushagen, Public Works Director
ATTACHMENTS:	A – Certified Bid Tab B – Konnerup Contract

PURPOSE

The purpose of this agenda item is to authorize the mayor to sign a contract with Konnerup Construction, Inc. to complete the 273rd PL NW Pedestrian Pathway project.

BACKGROUND

The 273rd Pedestrian Path Project will add sidewalks and pedestrian ramps on 273rd between 102nd Ave NW and 100th Ave NW. There are currently no pedestrian walkway features on this section of 273rd. This project will add more pedestrian accessibility and safety in the vicinity of Stanwood Elementary school.

ANALYSIS

Fiscal Impact			
This item is included in Budget, charging 11,277.50 to streets and 102,497.50 to Transportation Benefit Destrict			
Fund(s):			
Amount:		**Project Estimate:**	113, 775.00
Budget Authorized	**[X) Yes [ ] No**	**Amendment Required**	**[ ) Yes [X] No** **[ ] Monitor**

RECOMMENDATIONS

Staff Recommendation:

Staff recommends awarding the low bidder, Konnerup Construction, Inc. the 273rd PL NW Pedestrian Path project in the amount of $113,775.00.

Committee/Board Recommendation:

The Public Works Committee has not reviewed this proposal prior to the August 11, 2022, City Council Meeting.

CITY COUNCIL OPTIONS

1. Approve the Mayor to sign a contract with Konnerup Construction, Inc. for the 273rd PL NW Pedestrian Path project in the amount of $113,775.00.
2. Send to Public Works Committee for discussion
3. Reject all bids and delay the project

PROPOSED MOTION

I MOVE TO AUTHORIZE THE MAYOR TO SIGN A CONTRACT WITH KONNERUP CONSTRUCTION, INC. FOR THE 273RD PL NW PEDESTRIAN PATH PROJECT IN THE AMOUNT NOT TO EXCEED $113,775.00.

ATTACHMENT A

BID TABULATION
273rd PL NW Pedestrian Path Project
Bid Opening: Thursday July 21, 2022 @ 2:00PM

					Engineer's Estimate		CJ Johnson Construction		Konner UP		SRV Construction		WSB Excavation & Utilities		Colacurcio Brothers		Northern Construction LLC	
	Spec. Ref.	ITEM DESCRIPTION	UNITS	QTY	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT	UNIT PRICE	AMOUNT
1	1-04.4 SP	Minor Changes	EST	1	$ 5,000	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00	$ 5,000.00
2	1-05.4 SP	ADA Features Surveying	LS	1	$ 3,000	$ 3,000.00	$ 9,160.00	$ 9,160.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 2,000.00	$ 3,500.00	$ 3,500.00	$ 11,500.00	$ 11,500.00
3	1-09.7 SP	Mobilization	LS	1	$ 20,000	$ 20,000.00	$ 26,070.00	$ 26,070.00	$ 15,000.00	$ 15,000.00	$ 19,750.00	$ 19,750.00	$ 13,000.00	$ 13,000.00	$ 14,000.00	$ 14,000.00	$ 12,703.82	$ 12,703.82
4	1-10.5 SP	Project Temporary Traffic Control	LS	1	$ 5,500	$ 5,500.00	$ 10,950.00	$ 10,950.00	$ 12,000.00	$ 12,000.00	$ 18,000.00	$ 18,000.00	$ 12,000.00	$ 12,000.00	$ 20,000.00	$ 20,000.00	$ 24,840.00	$ 24,840.00
5	2-01.5 SP	Clearing and Grubbing	LS	1	$ 7,500	$ 7,500.00	$ 10,060.00	$ 10,060.00	$ 3,000.00	$ 3,000.00	$ 4,450.00	$ 4,450.00	$ 20,000.00	$ 20,000.00	$ 8,800.00	$ 8,800.00	$ 4,057.49	$ 4,057.49
6	2-02.5 SP	Removal of Structures and Obstructions	LS	1	$ 5,000	$ 5,000.00	$ 9,060.00	$ 9,060.00	$ 3,000.00	$ 3,000.00	$ 4,200.00	$ 4,200.00	$ 2,000.00	$ 2,000.00	$ 6,000.00	$ 6,000.00	$ 4,465.43	$ 4,465.43
7	2-09.5 SP	Shoring and Trench Safety	LS	1.0	$ 1,000	$ 1,000.00	$ 530.00	$ 530.00	$ 1,000.00	$ 1,000.00	$ 100.00	$ 100.00	$ 500.00	$ 500.00	$ 300.00	$ 300.00	$ 506.00	$ 506.00
8	4-04.5 SP	Crushed Surfacing Top Course	TN	75	$ 120	$ 9,000.00	$ 136.00	$ 10,200.00	$ 50.00	$ 3,750.00	$ 38.00	$ 2,850.00	$ 35.00	$ 2,625.00	$ 70.00	$ 5,250.00	$ 44.35	$ 3,326.25
9	5-04.5 SP	HMA Cl. ½" PG 58H-22	TN	75	$ 300	$ 22,500.00	$ 469.00	$ 35,175.00	$ 320.00	$ 24,000.00	$ 235.00	$ 17,625.00	$ 300.00	$ 22,500.00	$ 275.00	$ 20,625.00	$ 517.50	$ 38,812.50
10	7-04.5 SP	PVC Storm Sewer Pipe 12-Inch Diam	LF	40	$ 220	$ 8,800.00	$ 115.00	$ 4,600.00	$ 120.00	$ 4,800.00	$ 125.00	$ 5,000.00	$ 200.00	$ 8,000.00	$ 150.00	$ 6,000.00	$ 115.37	$ 4,614.80
11	7-05.5 SP	Skid Resistant Surfacing	EA	1	$ 2,000	$ 2,000.00	$ 810.00	$ 810.00	$ 500.00	$ 500.00	$ 600.00	$ 600.00	$ 3,000.00	$ 3,000.00	$ 1,000.00	$ 1,000.00	$ 805.00	$ 805.00
12	7-05.5 SP	Catch Basin Type 1	EA	2	$ 3,000	$ 6,000.00	$ 3,700.00	$ 7,400.00	$ 2,000.00	$ 4,000.00	$ 1,900.00	$ 3,800.00	$ 4,000.00	$ 8,000.00	$ 4,000.00	$ 8,000.00	$ 2,531.38	$ 5,062.76
13	7-08.5 SP	4"-8" Quarry Spalls (As Necessary)	TN	10	$ 200	$ 2,000.00	$ 93.00	$ 930.00	$ 70.00	$ 700.00	$ 124.00	$ 1,240.00	$ 35.00	$ 350.00	$ 100.00	$ 1,000.00	$ 34.50	$ 345.00
14	8-01.5 SP	Temporary Erosion and Sedimentation Control	LS	1	$ 2,000	$ 2,000.00	$ 6,610.00	$ 6,610.00	$ 2,000.00	$ 2,000.00	$ 4,450.00	$ 4,450.00	$ 3,000.00	$ 3,000.00	$ 4,000.00	$ 4,000.00	$ 3,480.27	$ 3,480.27
15	8-02.5 SP	Property Restoration	LS	1	$ 5,000	$ 5,000.00	$ 9,420.00	$ 9,420.00	$ 3,000.00	$ 3,000.00	$ 6,800.00	$ 6,800.00	$ 10,000.00	$ 10,000.00	$ 5,000.00	$ 5,000.00	$ 6,649.99	$ 6,649.99
16	8-04.5 SP	Cement Conc. Traffic Curb and Gutter	LF	100	$ 100	$ 10,000.00	$ 78.00	$ 7,800.00	$ 90.00	$ 9,000.00	$ 100.00	$ 10,000.00	$ 70.00	$ 7,000.00	$ 150.00	$ 15,000.00	$ 59.44	$ 5,944.00
17	8-04.5 SP	Cement Conc. Pedestrian Curb	LF	60	$ 75	$ 4,500.00	$ 61.00	$ 3,660.00	$ 80.00	$ 4,800.00	$ 100.00	$ 6,000.00	$ 40.00	$ 2,400.00	$ 150.00	$ 9,000.00	$ 46.21	$ 2,772.60
18	8-14.5 SP	Cement Conc. Sidewalk	SY	15	$ 200	$ 3,000.00	$ 327.00	$ 4,905.00	$ 175.00	$ 2,625.00	$ 200.00	$ 3,000.00	$ 200.00	$ 3,000.00	$ 200.00	$ 3,000.00	$ 114.05	$ 1,710.75
19	8-14.5 SP	Cement Conc. Curb Ramp Type Single Direction	EA	1	$ 4,000	$ 4,000.00	$ 3,370.00	$ 3,370.00	$ 2,250.00	$ 2,250.00	$ 2,965.00	$ 2,965.00	$ 5,000.00	$ 5,000.00	$ 4,500.00	$ 4,500.00	$ 4,621.06	$ 4,621.06
20	8-14.5 SP	Cement Conc. Curb Ramp Type Parallel	EA	2	$ 4,000	$ 8,000.00	$ 3,340.00	$ 6,680.00	$ 2,250.00	$ 4,500.00	$ 2,965.00	$ 5,930.00	$ 5,000.00	$ 10,000.00	$ 4,500.00	$ 9,000.00	$ 4,046.06	$ 8,092.12
21	8-14.5 SP	Cement Conc. Curb Ramp Type Perpendicular	EA	1	$ 4,000	$ 4,000.00	$ 2,730.00	$ 2,730.00	$ 2,250.00	$ 2,250.00	$ 2,965.00	$ 2,965.00	$ 5,000.00	$ 5,000.00	$ 4,500.00	$ 4,500.00	$ 3,471.06	$ 3,471.06
22	8-21.5 SP	Permanent Signing	LS	1	$ 500	$ 500.00	$ 824.00	$ 824.00	$ 1,000.00	$ 1,000.00	$ 500.00	$ 500.00	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,000.00	$ 1,150.00	$ 1,150.00
23	8-22.5 SP	Plastic Crosswalk Line	SF	180	$ 15	$ 2,700.00	$ 6.00	$ 1,080.00	$ 20.00	$ 3,600.00	$ 20.00	$ 3,600.00	$ 13.00	$ 2,340.00	$ 15.00	$ 2,700.00	$ 9.58	$ 1,724.40
					Base Bid Subtotal	$ 141,000.00		$ 177,024.00		$ 113,775.00		$ 130,825.00		$ 147,715.00		$ 157,175.00		$ 155,655.30
					Total Base Bid with Tax	**$ 141,000.00**		**$ 177,024.00**		**$ 113,775.00**		**$ 130,825.00**		**$ 147,715.00**		**$ 157,175.00**		**$ 155,655.30**

SHAWN A. SMITH
STATE OF WASHINGTON
38369
REGISTERED
PROFESSIONAL ENGINEER
8.4.2022
EXPIRES 5/7/24

SMALL PUBLIC WORKS CONTRACT (Under $350,000)

THIS SMALL PUBLIC WORKS CONTRACT ("Contract") is made and entered into this 22nd day of July, 2022 by and between the **CITY OF STANWOOD**, Washington, a Washington State municipal corporation ("City"), and **KONNERUP CONSTRUCTION, INC,** a Washington Inc. ("Contractor").

WHEREAS, the City desires to accomplish certain public works entitled **273rd PL NW Pedestrian Path Project** ("the Project") having an estimated cost $350,000 or less; and

WHEREAS, the City solicited written Bid Proposals for the Project.

WHEREAS, whereas the City received and reviewed written Bid Proposals for the Project, and has determined that Contractor is the lowest responsible bidder; and

WHEREAS, the Contractor and the City desire to enter into this Contract for the Project in accordance with the terms and conditions of this Contract.

NOW, THEREFORE, in consideration of the terms, conditions and agreements contained herein, the City and Contractor agree as follows:

1. Scope of Work—the Project.

The Contractor shall perform, carry out and complete the 273rd PL NW Pedestrian Path Project ("Project") in accordance with this Contract and the incorporated Contract Documents specified in Section

2. The Project shall be completed no later than **20 working days from notice to proceed**.

2. Contract Documents.

The following documents are incorporated into the Contract by this reference:

A. ☒ Plans and Contract Drawings.

B. ☒ Scope of Work.

C. ☒ Proposal/Bid Submittal (attached).

D. ☒ 2018 Standard Specifications for Road, Bridge, and Municipal Construction (WSDOT/APWA) ("Standard Specifications") (referenced but not attached).

E. ☒ WSDOT Amendments to the Standard Specifications (referenced but not attached)

F. ☒ Current APWA Supplement General Special Provisions (referenced but not attached).

G. ☒ City of Stanwood Streets and Utilities Standards (referenced but not attached)

H. ☒ Addenda **(if any)**

I. ☒ Payment and Performance Bond (attached).

J. ☐ Retainage Bond (attached) (optional-see Section 5).

In the event of any inconsistencies or conflicts between the language of this Contract and these incorporated documents, the language of the Contract shall prevail over the language of the documents.

3. Commencement of Work.

Work shall not proceed under this Contract until the Contractor has met following conditions:

A. Contract has been signed and fully executed by the parties.

B. The Contractor has provided the City with the certificates of insurance required under Section 22.

C. The Contractor has obtained a City of Stanwood Business License.

D. The Contractor has provided the City with satisfactory documentation that Contractor is licensed and bonded as a contractor in the Washington State.

These conditions shall be satisfied within ten (10) calendar days of the City's Notice of Award of the Contract to the Contractor. Upon satisfaction of these conditions, the City shall issue a Notice to Proceed, and Contractor shall commence work within five (5) calendar days of the date of said Notice.

4. Time is of the Essence/Liquidated Damages.

Time is of the essence in the performance of this Contract. The Contractor shall diligently pursue the Project work to physical completion by the date specified in Section 1. If said work is not completed within the time specified, the Contractor agrees to pay the City as liquidated damages the sum set forth in Section 1-08.9 of the Standard Specifications for each and every calendar day said work remains uncompleted after expiration of the specified time.

5. Payment for Project.

A. **Total Contract Sum for Project.** Excluding approved changes orders, the City shall pay the Contractor for satisfactory completion of the Project under the Contract a total Contract Sum not to exceed **$113,775.00 (ONE HUNDRED THIRTEEN THOUSAND SEVEN HUNDRED SEVENTY-FIVE DOLLARS)** in accordance with the bid price in the bid Proposal or proposal price in the Proposal and including all applicable Washington State Sales Tax. The total Contract Sum includes all expenses and costs incurred in planning, designing and constructing the Project, including, but not limited to, applicable sales and use taxes, costs and expenses for overhead, profit, labor, materials, supplies, permits, subcontractors, consultants, and professional services necessary to construct and complete the Project.

B. **Payments shall be for Performance of Project Work.** Payments for work provided hereunder shall be made following the performance of such work, unless otherwise permitted by law and approved in writing by the City. No payment shall be made for any work rendered by the Contractor except as identified and set forth in this Contract.

C. **Right to Withhold Payments if Work is Unsatisfactory.** If during the course of the Contract, the work rendered does not meet the requirements set forth in the Contract, the Contractor shall correct or modify the required work to comply with the requirements of the Contract. The City shall have the right to withhold payment for such work until it meets the requirements of the Contract.

D. **Payments**. Subject to F below, progress payments shall be based on the timely submittal by the Contractor of the City's standard payment request form. The form shall be appropriately completed and signed by the Contractor. Applications for payment not signed and/or completed shall be considered incomplete and ineligible for payment consideration. The City shall initiate authorization for payment after receipt of a satisfactorily completed payment request form and shall make payment to the Contractor within approximately thirty (30) calendar days thereafter.

E. **Payments for Alterations and/or Additions**. Requests for changes orders and/or payments for any alterations in or additions to the work provided under this Contract shall be in accordance with the change order process set forth in Section 1-04.4 of the Standard Specifications.

F. **Final Payment.** Pursuant to RCW Chapter 60.28, a sum equal to five percent (5%) of the monies earned by the Contractor will be retained from payments made by the City to the Contractor under this Contract. This retainage shall be used as a trust fund for the protection and payment (1) to the State with respect to taxes imposed pursuant to RCW Title 82 and (2) the claims of any person arising under the Contract.

Monies retained under the provisions of RCW Chapter 60.28 shall, at the option of the Contractor, be:

1. Retained in a fund by the City; or

2. Deposited by the City in an escrow (interest-bearing) account in a bank, mutual saving bank, or savings and loan association (interest on monies so retained shall be paid to the Contractor). Deposits are to be in the name of the City and are not to be allowed to be withdrawn without the City's written authorization. The City will issue a check representing the sum of the monies reserved, payable to the bank or trust company. Such check shall be converted into bonds and securities chosen by the Contractor as the interest accrues.

At or before the time the Contract is executed, the Contractor shall designate the option desired. The Contractor in choosing option (2) agrees to assume full responsibility to pay all costs that may accrue from escrow services, brokerage charges or both, and further agrees to assume all risks in connection with the investment of the retained percentages in securities. The City may also, at its option, accept a bond in lieu of retainage.

Release of the retainage will be made sixty (60) calendar days following the Final Acceptance of the Project provided the following conditions are met:

1. A release has been obtained from the Washington State Department of Revenue.

2. Affidavits of Wages Paid for the Contractor and all Subcontractors are on file with the Contracting Agency (RCW 39.12.040).

3. A certificate of Payment of Contributions Penalties and Interest on Public Works Contract is received from the Washington State Employment Security Department.

4. Washington State Department of Labor and Industries (per Section 1-07.10 of the Standard Specifications) shows the Contractor is current with payments of industrial insurance and medical premiums.

5. All claims, as provided by law, filed against the retainage have been resolved.

6. If requested by the City, the Contractor shall provide the City with proof that insurance required under Section 22 remains in effect.

G. **Final Acceptance.** Final Acceptance of the Project occurs when the Public Works Director has determined that the Project is one hundred percent (100%) complete and has been constructed in accordance with the Plans and Specifications.

H. **Payment in the Event of Termination**. In the event this Contract is terminated by the either party, the Contractor shall not be entitled to receive any further amounts due under this Contract until the work specified in the Scope of Work is satisfactorily completed, as scheduled, up to the date of termination. At such time, if the unpaid balance of the amount to be paid under the Contract exceeds the expense incurred by the City in finishing the work, and all damages sustained by the City or which may be sustained by the City or which may be sustained by the reason of such refusal, neglect, failure or discontinuance of Contractor performing the work, such excess shall be paid by the City to the Contractor. If the City's expense and damages exceed the unpaid balance, Contractor and his surety shall be jointly and severally liable therefore to the City and shall pay such difference to the City. Such expense and damages shall include all reasonable legal expenses and costs incurred by the City to protect the rights and interests of the City under the Contract.

I. **Maintenance and Inspection of Financial Records**. The Contractor and its subcontractors shall maintain reasonable books, accounts, records, documents and other evidence pertaining to the costs and expenses allowable, and the consideration paid under this Contract, in accordance with reasonable and customary accepted accounting practices. All such books of account and records required to be maintained by this Contract shall be subject to inspection and audit by representatives of City and/or of the Washington State Auditor at all reasonable times, and the

Contractor shall afford the proper facilities for such inspection and audit to the extent such books and records are under control of the Contractor, and all Project Contracts shall similarly provide for such inspection and audit rights. Such books of account and records may be copied by representatives of City and/or of the Washington State Auditor where necessary to conduct or document an audit. The Contractor shall preserve and make available all such books of account and records in its control for a period of three (3) years after final payment under this Contract, and subcontracts shall impose similar duties on the subcontractors.

6. **Term of Contract.**

The term of this Contract shall commence upon full execution of this Contract by the City and Contractor and shall terminate upon final payment by the City to the Contractor, unless sooner terminated by either party under Section 7 or applicable provision of the Contract.

7. Termination of Contract.

A. Except as otherwise provided under this Contract, either party may terminate this Contract upon ten (10) working days' written notice to the other party in the event that said other party is in default and fails to cure such default within that ten-day period, or such longer period as provided by the non-defaulting party. The notice of termination shall state the reasons therefore and the effective date of the termination.

B. The City may also terminate this Contract in accordance with the provisions of Section 1-08.10 of the Standard Specifications.

8. Status of Contractor.

The Contractor is a licensed, bonded and insured contractor as required and in accordance with the laws of the State of Washington. Contractor is acting as an independent contractor in the performance of each and every part of this Contract. No officer, employee, volunteer, and/or agent of either party shall act on behalf of or represent him or herself as an agent or representative of the City. Contractor and its officers, employees, volunteers, agents, contractors and/or subcontractors shall make no claim of City employment nor shall claim against the City any related employment benefits, social security, and/or retirement benefits. Nothing contained herein shall be interpreted as creating a relationship of servant, employee, partnership or agency between Contractor and the City.

9. Permits.

The Contractor will apply for, pay for and obtain any and all City, county, state and federal permits necessary to commence, construct and complete the Project. All required permits and associated costs shall be included in the Total Contract Sum for Project.

10. Business License Required.

The Contractor shall obtain a City of Stanwood business license prior to commencement of work under this Contract.

11. Work Ethic.

The Contractor shall perform all work and services under and pursuant to this Contract in timely, professional and workmanlike manner.

12. City Ownership of Work Products.

All work products (reports, maps, designs, specifications, etc.) prepared by or at the request of Contractor regarding the planning, design and construction of the Project shall be the property of the City. Contractor shall provide the City with paper and electronic copies of all work products in possession or control of Contractor at the request of final payment from Contractor or upon written request from the City.

13. Job Safety.

A. **General Job Safety**. Contractor shall take all necessary precaution for the safety of employees on the work site and shall comply with all applicable provisions of federal, state and local regulations, ordinances and codes. Contractor shall erect and properly maintain, at all times, as required by the conditions and progress of the work, all necessary safeguards for the protection of workers and the public and shall post danger signs warning against known and unusual hazards.

B. **Trench Safety Systems.** The Contractor shall ensure that all trenches are provided with adequate safety systems as required by RCW Chapter 49.17 and WAC 296-155-650 and -655. The Contractor is responsible for providing the competent person and registered professional engineer required by WAC 296-155-650 and -655.

14. Prevailing Wages.

Contractor shall pay its employees, and shall require its subcontractors to pay their employees, prevailing wages as required by and in compliance with applicable state and/or federal law and/or regulations, including but not limited to RCW Chapter 39.12 and RCW Chapter 49.28. Prior to final payment under this Contract, Contractor shall certify in writing that prevailing wages have been paid for all work on the Project as required and in accordance with applicable law and/or regulations.

15. Taxes and Assessments.

The Contractor shall be solely responsible for compensating its employees, agents, and/or subcontractors and for paying all related taxes, deductions, and assessments, including, but not limited to, applicable use and sales taxes, federal income tax, FICA, social security tax, assessments for unemployment and industrial injury, and other deductions from income which may be required by law or assessed against either party as a result of this Contract.

16. Nondiscrimination Provision.

During the performance of this Contract, the Contractor shall comply with all applicable equal opportunity laws and/or regulations and shall not discriminate on the basis of race, age, color, sex, sexual orientation, religion, national origin, creed, veteran status, marital status, political affiliation, or the presence of any sensory, mental or physical handicap. This provision shall include but not be limited to the following: employment, upgrading, demotion, transfer, recruitment, advertising, layoff or termination, rates of pay or other forms of compensation, selection for training, and the provision of work and services under this Contract. The Contractor further agrees to maintain notices, posted in conspicuous places, setting forth the provisions of this nondiscrimination clause. The Contractor understands that violation of this provision shall be cause for immediate termination of this Contract and the Contractor may be barred from performing any services or work for the City in the future unless the Contractor demonstrates to the satisfaction of the City that discriminatory practices have been eliminated and that recurrence of such discriminatory practices is unlikely.

17. The Americans with Disabilities Act.

The Contractor shall comply, and shall require its subcontractors to comply, with the Americans with Disabilities Act of 1990, 42 U.S.C. § 12101 et seq. (ADA), and its implementing regulations, and Washington State's anti-discrimination law as contained in RCW Chapter 49.60 and its implementing regulations, with regard to the work and services provided pursuant to this Contract. The ADA provides comprehensive civil rights to individuals with disabilities in the area of employment, public accommodations, public transportation, state and local government services, and telecommunications.

18. Compliance With Law.

The Contractors shall perform all work and services under and pursuant to this Contract in full compliance with any and all applicable laws, rules, and regulations adopted or promulgated by any governmental agency or regulatory body, whether federal, state, local, or otherwise.

19. Guarantee of Work.

A. The Contractor guarantees and warrants all of its work, materials, and equipment provided and utilized for this Project to be free from defects for a period of one (1) year from the date of final acceptance of the Project work. The Contractor shall remedy any defects in its Project work, and the materials, and equipment utilized in the Project and pay for any damages resulting therefrom which shall appear within a period of one (1) year from the date of final acceptance of the Project work unless a longer period is specified. The City will give notice of observed defects with reasonable promptness.

B. The guarantee/warranty period shall be suspended from the time a significant defect is first documented by the City until the work or equipment is repaired or replaced by the Contractor and accepted by the City. In the event that fewer than ninety (90) calendar days remain in the guarantee period after acceptance of such repair or replacement (after deducting the period of suspension above), the guarantee period shall be extended to allow for at least ninety (90) calendar days guarantee of the work from the date of acceptance of such repair or equipment.

C. The Contractor shall also provide the City with manufacturer's warranties for all components, materials and equipment installed as part of the Project.

D. Any repairs or replacement required during the warranty period shall be performed within 30 calendar days following notification by the City.

20. Contractor's Risk of Loss.

It is understood that the whole of the work under this Contract is to be done at the Contractor's risk, and that he has familiarized himself with all existing conditions and other contingencies likely to affect the work, and has made his bid accordingly, and that he shall assume the responsibility and risk of all loss or damage to materials or work which may arise from any cause whatsoever prior to completion.

21. Indemnification and Hold Harmless.

A. The Contractor shall indemnify, defend and hold the City, its elected officials, agents, officers and/or employees and volunteers harmless from and against any and all claims, demands, liabilities, losses, costs, damages or expenses of any nature whatsoever (including all costs and attorneys' fees) to or by third parties arising from, resulting from or connected with the work and services performed or to be performed under this Contract by the Contractor and/or its directors, officers, agents, employees, consultants, and/or subcontractors to the fullest extent permitted by law and subject to the limitations provided below.

B. The Contractor's duty to indemnify the City shall not apply to liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the sole negligence of the City or its elected officials, agents, officers and/or employees.

C. The Contractor's duty to indemnify the City for liability for damages arising out of bodily injury to persons or damage to property caused by or resulting from the concurrent negligence of (a) the City and/or its elected officials, agents, officers and/or employees, and (b) the Contractor and/or its directors, officers, agents, employees, consultants, and/or subcontractors, shall apply only to the extent of negligence of Contractor and/or its directors, officers, agents, employees, consultants, and/or subcontractors.

D. Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Contractor and the City, its officers, officials, employees, and volunteers, the Contractor's liability hereunder shall be only to the extent of the Contractor's negligence.

It is further specifically and expressly understood that the indemnification provided herein constitutes the Contractor's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated by the parties.

E. Nothing contained in this section or Contract shall be construed to create a liability or a right of indemnification by any third party.

F. The provisions of this section shall survive the expiration or termination of this Contract with respect to any event occurring prior to such expiration or termination.

22. Insurance.

A. **Insurance Term.**

The Contractor shall procure and maintain for the duration of the Agreement, insurance against claims for injuries to persons or damage to property which may arise, as required in this Section, without interruption from or in connection with the performance commencement of the Contractor's work through the term of the work hereunder by the Contractor, their agents, representatives, employees or subcontractors contract and for thirty (30) days after the Physical Completion date, unless otherwise indicated herein.

B. **No Limitation.**

Contractor's maintenance of insurance, its scope of coverage and limits as required herein shall not be construed to limit the liability of the Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or in equity.

C. **Minimum Scope of Insurance.**

Contractors required insurance shall be of the types and coverage as stated below:

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

2 Commercial General Liability insurance shall be written on at least as broad as ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, stop gap liability, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide the per project general aggregate limit using ISO form CG 25 03 05 09 or an equivalent endorsement There shall be no e exclusion for liability arising from explosion, collapse or underground property damage. The City shall be named as an additional insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO Additional Insured endorsement CG 20 10 10 01 and Additional Insured- Completed Operations endorsement CG 20 37 10 01 or substitute endorsements providing at least as broad of coverage.

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

4. ☒ Required. Builders Risk insurance covering interests of the City, the Contractor, Subcontractors, and Sub-contractors in the work. Builders Risk insurance shall be on a special perils policy form and shall insure against the perils of fire and extended coverage and physical loss or damage including flood, earthquake, theft, vandalism, malicious mischief, and collapse. The Builders Risk insurance shall include coverage for temporary

buildings, debris removal and damage to materials in transit or stored off-site. This Builders Risk insurance covering the work will have a deductible of $5,000 for each occurrence, which will be the responsibility of the Contractor. Higher deductibles for flood and earthquake perils may be accepted by the City upon written request by the Contractor and written acceptance by the City. Any increased deductibles accepted by the City will remain the responsibility of the Contractor. The Builders Risk insurance shall be maintained until final acceptance of the work by the City. An installation floater may be acceptable in lieu of Builders Risk for renovation projects only if approved in writing by the City.

5. ☐ Required. Contractors Pollution Liability insurance covering losses caused by pollution conditions that arise from the operations of the Contractor. Contractors Pollution Liability insurance shall be written in an amount of at least $2,000,000 per loss, with an annual aggregate of at least $2,000,000. Contractors Pollution Liability shall cover bodily injury, property damage, cleanup costs and defense including costs and expenses incurred in the investigation, defense, or settlement of claims.

If the Contractors Pollution Liability insurance is written on a claims-made basis, the Contractor warrants that any retroactive date applicable to coverage under the policy precedes the effective date of this contract; and that continuous coverage will be maintained, or an extended discovery period will be exercised for a period of three (3) years beginning from the time that work under the contract is completed.

The City shall be named by endorsement as an additional insured on the Contractors Pollution Liability insurance policy.

If the scope of services as defined in this contract includes the disposal of any hazardous materials from the job site, the Contractor must furnish to the City evidence of Pollution Liability insurance maintained by the disposal site operator for losses arising from the insured facility accepting waste under this contract. Coverage certified to the Public Entity under this paragraph must be maintained in minimum amounts of $2,000,000 per loss, with an annual aggregate of at least $2,000,000.

Pollution Liability coverage at least as broad as that provided under ISO Pollution Liability-Broadened Coverage for Covered Autos Endorsement CA 99 48 shall be provided, and the Motor Carrier Act Endorsement (MCS 90) shall be attached.

D. **Minimum Amounts of Insurance.**

The Contractor shall maintain the following insurance limits:

1. Automobile Liability insurance with a minimum combined single limit for bodily injury and property damage of $1,000,000 per accident.
2. Commercial General Liability insurance shall be written with limits no less than $3,000,000 each occurrence, $3,000,000 general aggregate and a $2,000,000 products-completed operations aggregate limit.

3. ☐ Required. Builders Risk insurance shall be written in the amount of the completed value of the project with no coinsurance provisions.

4. ☐ Required. Contractors Pollution Liability shall be written in the amounts set forth above.

E. **City Full Availability of Contractor Limits**

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

F. **Other Insurance Provisions.**

The Contractor's Automobile Liability, Commercial General Liability, and Builders Risk insurance policies shall be primary insurance with respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be in excess of the Contractor's insurance and shall not contribute with it.

G. **Acceptability of Insurers.**

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

H. **Verification of Coverage.**

The Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the Automobile Liability and Commercial General Liability insurance of the Contractor before commencement of the work. Before any exposure to loss may occur, the Contractor shall file with the City a copy of the Builders Risk insurance policy that includes all applicable conditions, exclusions, definitions, terms, and endorsements related to this project. Throughout the term of this Contract, upon request by the City , the Contractor shall furnish certified copies of all required insurance policies, including endorsements, required in this contract and evidence of all subcontractors' coverage.

☒ Required. Before any exposure to loss may occur, the Contractor shall file with the City a copy of the Builders Risk insurance policy that includes all applicable conditions, exclusions, definitions, terms and endorsements related to this Project.

☐ Required. Before any exposure to loss may occur, the Contractor shall file with the City a copy of the Pollution Liability insurance that includes all applicable conditions, exclusions, definitions, terms and endorsements related to this Project.

I. **Contractor's Insurance for Other Losses**.

The Contractor shall assume full responsibility for all loss or damage from any cause whatsoever to any tools, Contractor's employee-owned tools, machinery, equipment, or motor vehicles owned or rented by the Contractor, or the Contractor's agents, suppliers or subcontractors as well as to any temporary structures, scaffolding and protective fences.

J. **Subcontractors.**

The Contractor shall include all subcontractors as insured under its policies or shall furnish separate certifications and endorsements for each subcontractor. All coverage for subcontractors shall be subject to all of the same insurance requirements as stated herein for the Contractor.

The Contractor shall cause each and every Subcontractor to provide insurance coverage that complies with all applicable requirements of the Contractor-provided insurance as set forth herein, except the Contractor shall have sole responsibility for determining the limits of coverage as required to be obtained by Subcontractors. The Contractor shall ensure that the City is an additional insured on each and every Subcontractor's Commercial General liability insurance policy using an endorsement at least as broad as ISO Additional Insured endorsement CG 20 10 10 01 for ongoing operations and CG 27 37 10 01 for completed operations.

K. **Waiver of Subrogation.**

The Contractor and the City waive all rights against each other, any of their subcontractors, sub-subcontractors or lower tier subcontractors, agents and employees, each of the other, for damages caused by fire or other perils to the extent covered by Builders Risk insurance or other property insurance obtained pursuant to the Insurance Requirements Section of this Contract or other property insurance applicable to the work. The policies shall provide such waivers by endorsement or otherwise.

L. **Notice of Cancellation of Insurance.**

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

M. **Failure to Maintain Insurance**

Failure on the part of the Contractor to maintain the insurance as required shall constitute a material breach of contract, upon which the City may, after giving five (5) business days' notice to the Contractor to correct the breach, immediately terminate the contract or, at its discretion, procure or renew such insurance and pay any and all premiums in connection therewith, with any sums so expended to be repaid to the City on demand, or at the sole discretion of the City, offset against funds due the Contractor from the City.

23. Assignment and Subcontractors.

A. The Contractor shall not assign this Contract or any interest herein, nor any money due to or to become due hereunder, without first obtaining the written consent of the City.

B. The Contractor shall not subcontract any part of the services to be performed hereunder without first obtaining the consent of the City and complying with the provisions of this section.

C. In the event the Contractor does assign this Contract or employ any subcontractor, the Contractor agrees to bind in writing every assignee and subcontractor to the applicable terms and conditions of the Contract documents.

D. The Contractor shall, before commencing any work, notify the City in writing of the names of any proposed subcontractors. The Contractor shall not employ any subcontractor or other person or organization (including those who are to furnish the principal items or materials or equipment), whether initially or as a substitute, against whom the City may have reasonable objection. Each subcontractor or other person or organization shall be identified in writing to the City by the Contractor prior to the date this Contract is signed by the Contractor. Acceptance of any subcontractor or assignee by the City shall not constitute a waiver of any right of the City to reject defective work or work not in conformance with the contract documents. If the City, at any time, has reasonable objection to a subcontractor or assignee, the Contractor shall submit an acceptable substitute.

E. The Contractor shall be fully responsible for all acts and omissions of its assignees, subcontractors and of persons and organization directly or indirectly employed by it and of persons and organizations for whose acts any of them may be liable to the same extent that it is responsible for the acts and omissions of person directly employed by it.

F. The Contract does not and shall not create or be construed to create any relationship, contractual or otherwise, between the City and any subcontractor or assignee. Nothing in the Contract shall create any obligation on the part of the City to pay or to assure payment of any monies due any subcontractor or assignee.

24. **Severability.**

A. If a court of competent jurisdiction holds any part, term or provision of this Contract to be illegal or invalid, in whole or in part, the validity of the remaining provisions shall not be affected, and the parties' rights and obligations shall be construed and enforced as if the Contract did not contain the particular provision held to be invalid.

B. If any provision of this Contract is in direct conflict with any statutory provision of the State of Washington, that provision which may conflict shall be deemed inoperative and null and void insofar as it may conflict, and shall be deemed modified to conform to such statutory provision.

25. Integration and Supersession.

This Contract sets forth all of the terms, conditions, and Contracts of the parties relative to the Project, and supersedes any and all such former Contracts which are hereby declared terminated and of no further force and effect upon the execution and delivery hereof. There are no terms, conditions, or Contracts with respect thereto except as provided herein, and no amendment or modification of this Contract shall be effective unless reduced to writing and executed by the parties. In the event of any conflicts or inconsistencies between this Contract and the Declaration, the terms of this Contract shall control in all cases.

26. Non-Waiver.

A waiver by either party hereto of a breach of the other party hereto of any covenant or condition of this Contract shall not impair the right of the party not in default to avail itself of any subsequent breach thereof. Leniency, delay or failure of either party to insist upon strict performance of any Contract, covenant or condition of this Contract, or to exercise any right herein given in any one or more instances, shall not be construed as a waiver or relinquishment of any such Contract, covenant, condition or right.

27. Survival.

Any provision of this Contract which imposes an obligation after termination or expiration of this Contract shall survive the term or expiration of this Contract and shall be binding on the parties to this Contract.

28. Contract Representatives and Notices.

This Contract shall be administered for the City by the **PUBLIC WORKS DIRECTOR KEVIN HUSHAGEN** and shall be administered for the Contractor by the Contractor's Contract Representative, **JUSTIN KONNERUP, PRESIDENT** Unless stated otherwise herein, all notices and demands shall be in writing and sent or hand-delivered to the parties at their addresses as follows:

To City:	To Contractor:
KEVIN HUSHAGEN CITY OF STANWOOD 10220 270TH STREET NW STANWOOD, WA 98292 360-629-9782 KEVIN.HUSHAGEN@CI.STANWOOD.ORG	JUSTIN KONNERUP, PRESIDENT KONNERUP CONSTRUCTION, INC. PO BOX 882 STANWOOD, WA 98292 425-508-0847 JTKONNERUP@GMAIL.COM

or to such addresses as the parties may hereafter designate in writing. Notices and/or demands shall be sent by registered or certified mail, postage prepaid, or hand delivered. Such notices shall be deemed effective when mailed or hand-delivered at the addresses specified above.

29. Third Parties.

The City and Contractor are the only parties to this Contract and are the only parties entitled to enforce its terms. Nothing in this Contract gives, is intended to give, or shall be construed to give or provide, any right or benefit, whether directly or indirectly or otherwise, to third persons.

30. Governing Law.

This Contract shall be governed by and construed in accordance with the laws of the State of Washington.

31. Venue.

The venue for any action to enforce or interpret this Contract shall lie in the Superior Court of Washington for Snohomish County, Washington.

32. Attorney Fees

Should either the City or the Contractor commence any legal action relating to the provisions of this Contract or the enforcement thereof, the prevailing party shall be awarded judgment for all costs of litigation including, but not limited to, costs, expert witnesses, and reasonable attorney fees.

33. Authority

The person executing this Agreement on behalf of Contractor represents and warrants that he or she has been fully authorized by Contractor to execute this Agreement on its behalf and to legally bind Contractor to all the terms, performances and provisions of this Agreement. The person executing this Contractor on behalf of the City represents and warrants that he or she has been fully authorized by the City to execute this Contractor on its behalf and to legally bind the City to all the terms, performances and provisions of this Contractor.

34. Counterparts.

This Contract may be executed in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same Contract.

IN WITNESS WHEREOF, the parties hereto have caused this Contract to be executed the day and year first hereinabove written.

CITY OF STANWOOD	**KONNERUP CONSTRUCTION, INC.**
By______________________________	By ______________________________
Sid Roberts, Mayor	Justin Konnerup, President
Approved as to form:	Attest:
______________________________	______________________________
Nikki Thompson, City Attorney	Lisa Sokolik, City Clerk

Acknowledgement of Waiver of Contractor's Industrial Insurance Immunity:

______________________________	______________________________
City	Contractor

ATTACHMENTS:

1. PLANS/DRAWINGS
2. SCOPE OF WORK
3. PROPOSAL BID FORM
4. PAYMENT & PERFORMANCE BOND

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CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**11b**
DATE:	August 11, 2022
SUBJECT:	Authorize the Mayor to Sign Supplemental Agreement with Perteet, Inc. to conduct a Cultural Resources Assessment and Noise Analysis for the Viking Way Phase II Project
CONTACT PERSON:	Kevin Hushagen, Public Works Director
ATTACHMENTS:	A – Supplemental Agreement

PURPOSE

The purpose of this agenda item is to authorize the mayor to sign a supplemental agreement with Perteet Inc. for their work on Viking Way Phase 2 Cultural Resources Assessment and a Noise Analysis.

BACKGROUND

WSDOT has requested a Cultural Resources Assessment and a Noise Analysis as part of our NEPA permitting process. These two items were not initially scoped by Perteet for the project.

ANALYSIS

Fiscal Impact			
This item increases Perteet's design contract by $15,865			
Fund(s):			
Amount:	$15,865	**Project Estimate:**	$347,499
Budget Authorized	**[X) Yes [ ] No**	**Amendment Required**	**[ ) Yes [X] No [ ] Monitor**

RECOMMENDATIONS

Staff Recommendation:

Staff recommends approving the supplemental agreement to move permitting along for the project.

Committee/Board Recommendation:

The Public Works Committee has not reviewed this proposal prior to the August 11, 2022, City Council Meeting.

CITY COUNCIL OPTIONS

1. Approve the Mayor to sign the supplemental agreement for an increase of $15,865 raising the maximum amount payable to $347,499
2. Send to Public Works Committee for discussion

PROPOSED MOTION

I MOVE TO AUTHORIZE THE MAYOR TO SIGN A SUPPLEMENTAL AGREEMENT WITH PERTEET INC. TO CONDUCT A CULTURAL RESOURCES ASSESSMENT AND NOISE ANALYSIS FOR THE VIKING WAY PHASE II PROJECT NOT TO EXCEED $15,865

ATTACHMENT A

Washington State Department of Transportation

Supplemental Agreement Number 2	Organization and Address Perteet, Inc. 2707 Colby Avenue, Suite 900 Everett, WA 98201 Phone: (425) 252-7700	
Original Agreement Number		
Project Number	Execution Date August 4, 2021	Completion Date July 31, 2023
Project Title City of Stanwood Viking Way Extension Design-Phase 2	New Maximum Amount Payable $347,499	
Description of Work See attached Exhibit "A", Scope of Services		

The Local Agency of City of Stanwood

desires to supplement the agreement entered in to with Perteet, Inc.

and executed on August 4, 2021 and identified as Agreement No. ________

All provisions in the basic agreement remain in effect except as expressly modified by this supplement.

The changes to the agreement are described as follows:

I

Section 1, SCOPE OF WORK, is hereby changed to read:

See attached Exhibit "A", Scope of Services.

II

Section IV, TIME FOR BEGINNING AND COMPLETION, is amended to change the number of calendar days for completion of the work to read: No Change

III

Section V, PAYMENT, shall be amended as follows:

These additional services will cause an increase in the amount of $15,865 for a new maximum amount payable of $347,499. This supplement also incorporates WSDOT Accepted ICR's FYE 2021 for Perteet and subconsultants.

as set forth in the attached Exhibit A, and by this reference made a part of this supplement.
If you concur with this supplement and agree to the changes as stated above, please sign in the Appropriate spaces below and return to this office for final action.

By: Perteet, Inc.

Crystal L. Donner

Consultant Signature

By: City of Stanwood

Approving Authority Signature

Date

DOT Form 140-063
Revised 09/2005

11.23

City of Stanwood Viking Way Extension Design - Phase 2

Summary of Payments

	Basic Agreement	Supplement #1 Time Extension	Supplement #2	Total
Direct Salary Cost	$ 60,236	-	$ 3,511	$ 63,747
Overhead (Including Payroll Additives)	$ 118,350	-	$ 6,408	$ 124,758
Direct Non-Salary Costs	$ 134,978	-	$ 4,893	$ 139,871
Fixed Fee	$ 18,070	-	$ 1,053	$ 19,123
Management Reserve	$ -	-		$ -
Total	$ 331,634	-	$ 15,865	$ 347,499

EXHIBIT A
SUPPLEMENT #2 – SCOPE OF SERVICES
Viking Way Extension – Phase 2

INTRODUCTION

The City of Stanwood is proposing to construct a new roadway from the existing terminus near 91st Avenue NW to 92nd Avenue NW. The project is federally funded and is therefore subject to Section 106 of the NHPA. WSDOT submitted an APE and received concurrence. Under this scope of services, Perteet will conduct an archaeological survey and prepare a cultural resources assessment to DAHP report standards.

WSDOT also requested a noise assessment be prepared for the project. Michael Minor & Associates (MM&A) (Subconsultant) will perform traffic noise analysis services as detailed herein.

Consultant's services will be limited to those expressly set forth herein. If the service is not specifically identified herein, it is expressly excluded. Consultant will have no other obligations, duties, or responsibilities associated with the project except as expressly provided in this Agreement.

Transferring Budget within Contract Maximum: The level of effort is specified in the scope of services. The budget may be transferred between discipline tasks at the discretion of the Consultant, provided that the total contracted amount is not exceeded. The Consultant will have the flexibility to manage budget within a given discipline on a subtask level.

GENERAL SCOPE OF SERVICES

This Scope of Services describes the work elements to be accomplished by the Consultant as summarized under each Task. This scope consists of the following elements:

Optional Services With prior written approval by the Client and written notice-to-proceed, work elements described in this scope of services as optional services (as directed) may be produced by the Consultant.

(The task numbers below correspond to the original Scope of Services.)

Task 6 – Environmental Documentation and Permitting (Supplemented; Perteet and MM&A)

The extra services are identified in the detailed Scope of Services below.

SCOPE OF SERVICES DEFINED

Task 6 – Environmental Documentation and Permitting (Supplemented)

6.10 Cultural Resources Assessment (Perteet)

The Consultant will check DAHP's Washington Information System for Architectural and Archaeological records Data (WISAARD) for information about previous cultural resources assessments in the project vicinity and identified archaeological sites. Other background information will be collected from previous geotechnical studies, local historical societies, libraries, and ethnographic accounts. Concerned Tribes will be contacted to solicit additional information about the project vicinity and will be invited to observe field investigations.

Prior to the field survey, Perteet will submit a utility locate request, as required by law. The City will mark the locate area with white paint. A professional archaeologist will conduct a survey of the project Area of Potential Effect (APE). The fieldwork will include pedestrian survey of the area of proposed ground disturbance and up to 4 shovel probes will be excavated in areas free of impervious surfaces and buried utilities. Each shovel probe will measure 40 cm in diameter and will be excavated by shovel to one meter below the surface or until culturally sterile deposits are encountered. Where Holocene sediments extend more than one meter, shovel probe excavations will be extended by hand auger. Spoils from the shovel probes will be screened through ¼ inch mesh to identify buried cultural material. If artifacts are identified, they will be bagged, labelled and returned to their probe of origin. Fire modified rock, if present, will be counted and weighed and recorded on shovel probe forms. Each shovel probe will be recorded with a Global Positioning System (GPS) unit with submeter accuracy. The sediments and cultural material from each probe will be described on standard forms.

Perteet will prepare a report that will include a description of the project, a summary of the background research, and an assessment of the project's potential to impact cultural resources. The report may include recommendations for ways to complete identification of archaeological sites, including an inadvertent discovery plan or archaeological monitoring during ground disturbance. The report will be suitable for submission to WSDOT and the DAHP.

Assumptions:

- No Historic buildings will be evaluated or recorded;
- If at any time human remains are encountered, work will cease, and local law enforcement, the DAHP, WSDOT, and affected Tribes will be notified;
- The consultant will have access to the portion of the APE within the PUD yard for pedestrian survey;
- The city will mark the locate area with white paint;
- Up to 4 shovel probes will be excavated;
- Up to one (1) site inventory form will be completed; if multiple sites are identified, a budget adjustment would be required to complete documentation;
- WSDOT will conduct Tribal consultation as required for Section 106 compliance; and
- The report will undergo one (1) round of review.

Deliverables:

- Draft report, 1 PDF by email
- Final report, 1 PDF by email

6.11 Noise Analysis (MM&A)

Michael Minor & Associates (MM&A) will perform a traffic noise analysis for the Viking Way Extension – Phase 2 project in Stanwood Washington. Detailed scoping information is provided below. The initial scope assumes that the project will not have any noise impacts or result in any noise mitigation. However, because the project includes a new roadway in a new location, use of the FHWA Low Volume Road Tool (LVRT) is prohibited. The second screening option under WSDOT policy is to use a straight-line model using the FHWA Traffic Noise Model (TNM version 2.5). The following methods will be followed:

- The model shall use the Build condition traffic information and receiver distances from the roadway to determine traffic noise impacts in the Build Condition and compare the Existing condition to the Build condition to determine whether substantial sound level increases (at least 10 dBA) are expected.
- Roadways shall extend at least 1,500 feet beyond the final receiver(s) perpendicular to the roadway on either side of the project.
- No topography shall be included in the model, only the roadway(s), receiver(s), and traffic information.
- Total roadway width, both directions, including paved shoulders shall be included in the model.
- Representative receiver locations can be used. They shall, at a minimum, include receiver location(s) closest to the roadway and receivers placed at 25 to 50 foot increments from the roadway to determine the distance from the roadway to which impacts extend.

Detailed Noise Analysis Assumptions:

- CAD files in AutoCAD or MicroStation for the existing roadway alignment and proposed roadway alignment, including aerial photo(s), will be provided by the project engineers.
- Traffic data, including turning movements at the intersection, will be provided by project traffic engineers, and will include peak hour volumes for existing and future Build, with posted speed limits, and percentage of vehicle types (e.g., passenger vehicles, medium trucks, and heavy trucks).

Detailed Noise Analysis Deliverables:

- Noise analysis technical report (draft and final)
- TNM files

Detailed Noise Analysis Time Frame:

- Typical time to complete a noise analysis of this type is 8 to 10 weeks from NTP assuming the project team provides all necessary data.

Detailed Noise Analysis Fee:

- The cost estimate for the noise analysis is $4,818.27.

Additional (Optional) Services

The Consultant may provide additional services as directed by the Client which are not identified in this Scope of Services. Additional services shall not commence without written authorization and approval from the Client and a supplement to the contract.

Services Not Included in this Scope of Services

1. Additional Archaeological Site Inventory Forms (up to 1 included in scope)
2. Archaeological site delineation and testing
3. Monitoring and Inadvertent Discovery Plan
4. Archaeological Monitoring

Consultant Fee Determination Summary – Exhibit D

PERTEET

2707 Colby Avenue, Suite 900, Everett, WA 98201 | P 425.252.7700

Project: Viking Way Extension Design - Phase 2 - Supp 02
Client: City of Stanwood

Hourly Costs Plus Fixed Fee Estimate

Classification	Hours	Rate	Amount
Sr. Engineer / Mgr	10.00	61.00	$610
Lead Planner/Manager	24.00	48.95	$1,175
Cultural Resources Specialist II	34.00	39.13	$1,330
Cultural Resources Specialist II	10.00	39.59	$396
Total Direct Salary Costs	**78.00**		**$3,511**
Overhead @		182.52%	$6,408
Fixed Fee @		30.00%	$1,053
Total Labor Costs			**$10,972**

Reimbursables

Expenses	Amount
	$
Total Expenses	**0**

In-House Costs	Qty	Rate	Amount
Mileage - $.625	120	$0.625	$75.00
Total In-House Costs			**$75.00**

Subconsultants

Subconsultants	Cost	Markup	Amount
Michael Minor & Associates, Inc.	$4,818.00	1.00	$4,818.00
Total Subconsultants	**$4,818.00**		**$4,818.00**

CONTRACT TOTAL	$15,865.00

Rates shown reflect the typical compensation rate of employees assigned to the billing category listed. Each category may have multiple employees assigned to that billing category and each employee may have a different hourly rate of pay. Employee compensation is subject to adjustment in June of each calendar year.

Prepared By: Russell D Craven   Date: July 27, 2022

Washington State Department of Transportation

Development Division
Contract Services Office
PO Box 47408
Olympia, WA 98504-7408
7345 Linderson Way SW
Tumwater, WA 98501-6504

TTY: 1-800-833-6388
www.wsdot.wa.gov

July 20, 2022

Perteet, Inc.
2707 Colby Avenue, Suite 900
Everett, WA 98201

Subject: Acceptance FYE 2021 ICR – Risk Assessment Review

Dear Denice Moan:

Based on Washington State Department of Transportation's (WSDOT) Risk Assessment review of your Indirect Cost Rate (ICR), we have accepted your proposed FYE 2021 ICR of 182.52% of direct labor (rate includes 0.10% Facilities Capital Cost of Money). This rate will be applicable for WSDOT Agreements and Local Agency Contracts in Washington only. This rate may be subject to additional review if considered necessary by WSDOT. Your ICR must be updated on an annual basis.

Costs billed to agreements/contracts will still be subject to audit of actual costs, based on the terms and conditions of the respective agreement/contract.

This was not a cognizant review. Any other entity contracting with your firm is responsible for determining the acceptability of the ICR.

If you have any questions, feel free to contact our office at **(360) 705-7019** or via email **consultantrates@wsdot.wa.gov**.

Regards;

ERIK K. JONSON
Contract Services Manager

EKJ:ah

Washington State Department of Transportation

Development Division
Contract Services Office
PO Box 47408
Olympia, WA 98504-7408
7345 Linderson Way SW
Tumwater, WA 98501-6504

TTY: 1-800-833-6388
www.wsdot.wa.gov

June 23, 2022

Michael Minor & Associates, Inc.
4923 SE 26th Avenue
Portland, OR 97202

Subject: Acceptance FYE 2021 ICR – Audit Office Review

Dear Michael Minor:

Transmitted herewith is the WSDOT Audit Office's memo of "Acceptance" of your firm's FYE 2021 Indirect Cost Rate (ICR) of 79.49% of direct labor. This rate will be applicable for WSDOT Agreements and Local Agency Contracts in Washington only. This rate may be subject to additional review if considered necessary by WSDOT. Your ICR must be updated on an annual basis.

Costs billed to agreements/contracts will still be subject to audit of actual costs, based on the terms and conditions of the respective agreement/contract.

This was not a cognizant review. Any other entity contracting with your firm is responsible for determining the acceptability of the ICR.

If you have any questions, feel free to contact our office at **(360) 705-7019** or via email **consultantrates@wsdot.wa.gov**.

Regards;

ERIK K. JONSON
Contract Services Manager

EKJ:ah

Washington State Department of Transportation

Development Division
Contract Services Office
PO Box 47408
Olympia, WA 98504-7408
7345 Linderson Way SW
Tumwater, WA 98501-6504

TTY: 1-800-833-6388
www.wsdot.wa.gov

July 22, 2022

1 Alliance Geomatics, LLC
1261 A 120th Avenue NE
Bellevue, WA 98005

Subject: Acceptance FYE 2021 ICR – CPA Report

Dear Michael Paradis:

We have accepted your firms FYE 2021 Indirect Cost Rate (ICR) of 149.56% of direct labor (rate includes 0.36% Facilities Capital Cost of Money) based on the "Independent CPA Report," prepared by Clifton Larson Allen, LLP. This rate will be applicable for WSDOT Agreements and Local Agency Contracts in Washington only. This rate may be subject to additional review if considered necessary by WSDOT. Your ICR must be updated on an annual basis.

Costs billed to agreements/contracts will still be subject to audit of actual costs, based on the terms and conditions of the respective agreement/contract.

This was not a cognizant review. Any other entity contracting with the firm is responsible for determining the acceptability of the ICR.

If you have any questions, feel free to contact our office at **(360) 705-7019** or via email **consultantrates@wsdot.wa.gov**.

Regards;

ERIK K. JONSON
Contract Services Manager

EKJ:ah

Washington State
Department of Transportation

Development Division
Contract Services Office
PO Box 47408
Olympia, WA 98504-7408
7345 Linderson Way SW
Tumwater, WA 98501-6504

TTY: 1-800-833-6388
www.wsdot.wa.gov

July 22, 2022

HWA GeoSciences, Inc.
21312 30th Drive SE, Suite 110
Bothell, WA 98021

Subject: Acceptance FYE 2021 ICR – CPA Report

Dear Vasiliy Babko:

We have accepted your firms FYE 2021 Indirect Cost Rate (ICR) of 208.31% of direct labor (rate includes 0.22% Facilities Capital Cost of Money) based on the "Independent CPA Report," prepared by Thomas W Maxwell CPA. This rate will be applicable for WSDOT Agreements and Local Agency Contracts in Washington only. This rate may be subject to additional review if considered necessary by WSDOT. Your ICR must be updated on an annual basis.

Costs billed to agreements/contracts will still be subject to audit of actual costs, based on the terms and conditions of the respective agreement/contract.

This was not a cognizant review. Any other entity contracting with the firm is responsible for determining the acceptability of the ICR.

If you have any questions, feel free to contact our office at **(360) 705-7019** or via email **consultantrates@wsdot.wa.gov**.

Regards;

ERIK K. JONSON
Contract Services Manager

EKJ:ah

Washington State Department of Transportation

Development Division
Contract Services Office
PO Box 47408
Olympia, WA 98504-7408
7345 Linderson Way SW
Tumwater, WA 98501-6504

TTY: 1-800-833-6388
www.wsdot.wa.gov

July 18, 2022

Universal Field Services, Inc.
111 Main Street, Suite 105
Edmonds, WA 98020

Subject: Acceptance FYE 2021 ICR – Cognizant Review

Dear Mitch Legel:

We have accepted your firms FYE 2021 Indirect Cost Rate (ICR) of 32.97% of direct labor based on the "Cognizant Review" from the Oklahoma State Department of Transportation. This rate will be applicable for WSDOT Agreements and Local Agency Contracts in Washington only. This rate may be subject to additional review if considered necessary by WSDOT. Your ICR must be updated on an annual basis.

Costs billed to agreements/contracts will still be subject to audit of actual costs, based on the terms and conditions of the respective agreement/contract.

Any other entity contracting with your firm is responsible for determining the acceptability of the ICR.

If you have any questions, feel free to contact our office at **(360) 705-7019** or via email **consultantrates@wsdot.wa.gov.**

Regards;

ERIK K. JONSON
Contract Services Manager

EKJ:ah

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CITY OF STANWOOD
CITY COUNCIL
AGENDA STAFF REPORT

ITEM NUMBER:	**11c**
DATE:	August 11, 2022
SUBJECT:	Snohomish County Human Services Dept. Contractor Agreement-Low Income Household Water Assistance Program.
CONTACT PERSON:	David A. Hammond, Finance Director
ATTACHMENTS:	A – Snohomish County Human Services Dept. Contractor Agreement B – Energy Assistance Program Flyer

PURPOSE

Review, discuss and authorize the mayor to sign Snohomish County Human Services Dept. Contractor Agreement.

RECOMMENDATION

Authorize the mayor to sign Snohomish County Human Services Dept. Contractor Agreement.

BACKGROUND

Snohomish County recently launched the Low-Income Household Water Assistance Program (LIHWAP) to provide emergency water and sewer assistance to low-income households who are disconnected or are in imminent threat of disconnection. LIHWAP is a federally funded block grant administered by the U.S. Department of Health and Human Services and The Office of Community Services. LIHWAP primarily assist households with their water and sewer bills by applying an assistance grant directly to the water provider on behalf of the eligible households.

The Water Assistance program has the same eligibility criteria as the Low-income Housing Energy Assistance program. The flyer, attachment B, describes the Energy program and criteria to qualify clients for the Energy and/or Water Assistance programs.

COMMITTEE RECOMMENDATION

The finance committee reviewed this program at their July 28, 2022 meeting and recommend approval.

FINANCIAL IMPLICATIONS

There are no costs associated with this policy, but it may provide opportunities for Stanwood utility customers to obtain financial assistance.

SNOHOMISH COUNTY HUMAN SERVICES DEPARTMENT
3000 Rockefeller Avenue, MIS 305, Everett. WA 98201
(425) 388-7200

WATER AND WASTEWATER CONTRACTOR AGREEMENT

VA-WS-22-30-________

Name and Address of Water and Wastewater Services Contractor:	Contact Person Name, Phone Number, Email:

THE WATER AND WASTEWATER SERVICES CONTRACTOR AND COUNTY HEREBY ACKNOWLEGE AND AGREE TO THE TERMS OF THIS AGREEMENT. SIGNATURES FOR BOTH PARTIES ARE REQUIRED. BY SIGNING, THE CONTRACTOR IS CERTIFYING THAT THE CONTRACTOR IS NOT DEBARRED, SUSPENDED, OR OTHERWISE EXCLUDED FROM PARTICIPATING IN FEDERALLY FUNDED PROGRAMS.

Either the County or the Contractor may terminate this Agreement with or without cause and without cost by giving the other party at least 60 calendar days written notice. Termination by either party shall not discharge any obligation owed by either party on behalf of the household that has been awarded the benefit.

V. County Responsibilities

The County will:

A. Provide outreach activities in an equitable manner to ensure notification of program is given to the potentially eligible households.

B. Screen for low-income households—particularly those with the lowest incomes—that pay a high proportion of household income for drinking water and wastewater services.

C. Based on established criteria, determine household eligibility for LIHWAP based on the Washington Grantee Plan.

D. Accept referrals for LIHWAP benefits by the Contractor by email, phone or through an online application portal.

E. Provide authorization for approval and services.

F. Review invoice(s) submitted by the Contractor. The COUNTY may request additional documentation and/or clarification of charges as needed. County may not pay Contractor without all required and requested documentation/clarification of charges.

G. Provide payment to the Contractor after receipt of proper invoices, and any additional required documentation or clarification, for services rendered pursuant to this Agreement, upon full compliance by the Contractor with the terms herein.

H. Payment Set up: To be handled through fiscal department where a pay list and checks are sent for an individual or in a batch for households.

I. Comply with all relevant state and federal laws and regulations in its implementation of the LIHWAP. The County shall provide notice of any changes or amendments to policies or guidelines for the LIHWAP. Such notice may be distributed by email.

J. The County will collect and retain the following program data indicators from the Households. BELOW ARE EXAMPLES OF THE MINIMUM DATA INDICATORS FROM THE TERMS AND CONDITIONS:

F. Not serve as the Contractor for a household in which s/he is a current recipient of assistance from the LIHWAP. (For these purposes, current will be defined as during the present federal fiscal year.) [Applies to privately owned Water Companies]

G. Not serve as the Contractor for a dwelling/property that s/he owns. [Applies to privately owned Water Companies]

VII. Financial Information/Billing

The Contractor shall:

A. Provide water and/or wastewater services to each eligible and approved residential household for which payment is provided under LIHWAP.

B. Charge LIHWAP households using the Contractor's normal billing process.

C. Restore water services for eligible household upon payment by COUNTY.

D. After receiving LIHWAP payment for restoration of water services, maintain services for at least 30 days.

E. Charge all LIHWAP eligible households the same price charged for home drinking water and/or wastewater services billed to non-eligible households, as determined by the approved rate setting process.

F. Not apply LIHWAP payments to account balances that have previously been written off or paid with other funds.

G. Not apply LIHWAP payments to commercial accounts. Contractor may only use LIHWAP payments for residential accounts.

H. Not discriminate against a LIHWAP eligible household with respect to terms, deferred payment plans, credit, conditions of sale, or discounts offered to other customers.

I. Post all payments to customer accounts within three to five business days of Contractor receipt of funds. Note: LIHWAP payments may be used to pay past due and/or outstanding balances for customers whose accounts are currently open/active, and the household is approved for LIHWAP assistance.

1. Written information to the County on an applicant household's home drinking water and/or wastewater costs, bill payment history, and/or arrearage history for no more than the previous 12 monthly billing periods even when it may be from a prior occupant household.

2. The itemized amount, cost, and type of water assistance and services provided for households approved for assistance under this award.

3. The type of water assistance used by household, i.e., drinking water and wastewater.

4. The impact of each grantee's LIHWAP program on recipient and eligible households (e.g., amount of assistance to each household, and whether assistance restored water service or prevented shutoff).

5. The Contractor shall also notify the County of any household situation that threatens life, health, or safety.

IX. Joint Duties

The Contractor and the County agree to meet with designated staff either in person or virtually when a schedule is agreed-upon to review any recommendations, accomplishments, unmet needs, and lessons learned.

X. General Conditions

A. AUTHORITIES: Nothing herein shall be construed as authority for either party to make commitments that will bind the other party beyond the scope of services contained herein.

B. DISCRIMINATION: The Contractor shall not discriminate against any household because of race, religion, color, sex, national origin, age, disability, political beliefs, sexual orientation, gender identity, or any other basis prohibited by federal or state law relating to discrimination.

C. CONFIDENTIALITY: The Contractor and the COUNTY agree that any information and data obtained as to personal facts and circumstances related to households shall be collected and held confidential, during and following the term of this Agreement, and shall not be disclosed without the individual's and COUNTY's written consent and only in accordance with federal or state law. Water Company providers who utilize, access, or store personally identifiable information as part of the performance of this Agreement are required to safeguard this information and immediately notify the COUNTY of any breach or suspected breach in the security of

Mary Jane Brell Vujovic, Director *(Date)* Department of Human Services	*(Signature)* *(Date)* *(Title)*

ATTACHMENT B

Snohomish County Energy Assistance Program

Having trouble paying your P.U.D., Puget Sound Energy, Cascade Natural Gas, Propane, Oil, or Wood Bill?

Water/Sewer assistance may be available too.

Beginning 10/04/2021

Call 425.388.3880 M-F

Apply Online [Energy Assistance | Snohomish County, WA - Official Website (snohomishcountywa.gov)]

Snohomish County E. A. P.
3000 Rockefeller Ave, M/S 305
Everett, WA 98201

You may qualify for assistance - $100 up $2,500

INCOME GUIDELINES			
Number of People in HH	LIHEAP 150% FPL	CNG WEAF 200% FPL	PSE HELP 80% AMI
1	$1,610	$2,147	$ 5,558
2	$2,178	$2,903	$ 6,350
3	$2,745	$3,660	$ 7,146
4	$3,313	$4,417	$ 7,937
5	$3,880	$5,173	$ 8,575
Call for larger family sizes			
Based on earned income minus 20% tax allowance. Guidelines are for the 2021 – 2022 program year.			

YOU MUST MEET THE FOLLOWING GUIDELINES:

- Live in Snohomish County
- Have a heating bill in your name
- Have a combined household in-come at or below the level shown for Income Guidelines

We assist Section 8 and other housing program tenants

PROOF OF DOCUMENTATION

1. **Picture ID for everyone 18 years +**
2. **SS Cards for all household members**
3. **Proof of income for the previous month for all household members 18 and over.**
4. **Current utility bill.**

Equal Opportunity, Interpreters available,
Special services for the homebound.

11.41

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CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT

ITEM NUMBER:	**11d**
DATE:	August 11, 2022
SUBJECT:	First and Second Reading, and adoption of Ordinance 1506 – Providing for the issuance, sale and delivery of Water, Wastewater and Stormwater Revenue Bonds, 2022
CONTACT PERSON:	David A. Hammond, Finance Director
ATTACHMENTS:	A –Ordinance 1506—Water, Wastewater and Stormwater Revenue Bonds, 2022

PURPOSE

The purpose of this agenda item is for the City Council to hold the first and second reading, and adopt Ordinance 1506 providing for the issuance, sale and delivery of Water, Sewer and Stormwater Revenue Bonds, 2022. Due to the competitive nature of the bond sale and the duration of bank bids, this matter is time sensitive, and staff recommends conducting first and second reading and proceeding with final adoption.

BACKGROUND

This $3,480,000 bond issuance will finance Stormwater capital infrastructure improvements, which include construction of three phases of the Irvine Slough Stormwater Separator project. The projects are included in the city's approved 2022-2027 Capital Improvement Plan for construction beginning in 2022.

- Phase Three: Construct conveyance from 94th Street to the Irvine Slough.
- Project Two: Construct pump station from 92nd Street to the Stillaguamish River.
- Project Five: Reroute/replace existing conveyance from Heritage Park south to new conveyance at 92nd St.

This borrowing was anticipated and included in the 2018 utility rate study, i.e., annual debt service is included in drainage rates. Proceeds and debt service for this bond issuance were included in the 2021-2022 biennial budget and $1,450,000 was appropriated to construct the improvements in 2022 to be funded with the bond proceeds. The contract for this phase of construction has been executed and work is expected to commence within days. The remaining work will be included in the 2023-24 biennial budget. The total project cost for all three phases is estimated at $5.1 million, with $3.48 million financed by bonds and the remainder financed with Drainage Fund Balance specifically designated for this purpose.

Similar to the City's 2021 revenue bond issue, Ordinance 1506 is a "delegation ordinance." The Mayor and the Finance Director will each be appointed as the Designated Representative of the City and each of them acting alone will be authorized to conduct the bond sale in the manner and upon the terms deemed most advantageous to the City within the parameters set by the City Council. The following are key terms:

Term:	No greater than 21 years
True Interest rate:	No greater than 4.25 percent
Loan amount	$3,480,000.00

CITY COUNCIL OPTIONS

1. Approve first and second reading and final adoption of Ordinance 1506 providing for the issuance, sale and delivery of Water, Sewer and Stormwater Revenue Bonds, 2022.

2. Do not approve first and second reading and final adoption of Ordinance 1506 providing for the issuance, sale and delivery of Water, Sewer and Stormwater Revenue Bonds, 2022 and direct staff to areas of concern.

RECOMMENDED MOTION

MOTION TO APPROVE THE FIRST AND SECOND READING AND FINAL ADOPTION OF ORDINANCE 1506 PROVIDING FOR THE ISSUANCE, SALE AND DELIVERY OF WATER SEWER AND STORMWATER REVENUE BONDS, 2022.

CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1506

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing or setting parameters with respect to certain terms and covenants of water and sewer revenue bonds to provide funds to pay or reimburse costs of certain stormwater conveyance improvements included in the City's Capital Improvement Plan and to pay costs of issuing and selling the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; combining the City's drainage system with its water and sewer system for financing purposes; and providing for related matters.

Passed August 11, 2022

This document prepared by:

Foster Garvey P.C.
1111 Third Avenue, Suite 3000
Seattle, Washington 98101
(206) 447-6264

TABLE OF CONTENTS

CITY OF STANWOOD, WASHINGTON

ORDINANCE NO. 1506

AN ORDINANCE of the City of Stanwood, Washington, relating to contracting indebtedness; providing for the issuance and fixing or setting parameters with respect to certain terms and covenants of water and sewer revenue bonds to provide funds to pay or reimburse costs of certain stormwater conveyance improvements included in the City's Capital Improvement Plan and to pay costs of issuing and selling the bonds; appointing the City's designated representative to approve the final terms of the sale of the bonds; combining the City's drainage system with its water and sewer system for financing purposes; and providing for related matters.

THE CITY COUNCIL OF THE CITY OF STANWOOD, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. Definitions. As used in this ordinance, the following words have the following meanings:

"*2019 Bond*" the Water and Sewer Revenue Bond, 2019, authorized by the 2019 Ordinance in the original principal amount of $3,239,000.

"*2019 Ordinance*" means Ordinance No. 1478, authorizing the issuance, sale and delivery of the 2019 Bond.

"*2021 Bonds*" means the Water and Sewer Revenue and Refunding Bonds, 2021, authorized by the 2021 Ordinance in the original principal amount of $5,515,000.

"*2021 Ordinance*" means Ordinance No. 1498, authorizing the issuance, sale and delivery of the 2021 Bonds.

"*Annual Debt Service*" for any Parity Bonds for any calendar year means all the interest, plus all principal (including all mandatory redemption and sinking fund installments) payable in that year, less any interest payable from the proceeds of those Parity Bonds in that year, less any Tax Credit Subsidy Payments for those Parity Bonds scheduled to be received in that year. For purposes of calculating Annual Debt Service, Variable Interest Rate Bonds shall be assumed to bear interest at a fixed rate equal to (1) the highest rate borne during the preceding 24 months by any outstanding Variable Interest Rate Bonds or (2) if no Variable Interest Rate Bonds are outstanding at the time of calculation, the rate borne by other variable rate debt, the interest rate for which is determined by reference to an index comparable to the index to be used to determine the interest rate on those Variable Interest Rate Bonds.

"*Assessment Bonds*" means, at the time of calculation, that portion of all Parity Bonds then outstanding equal to (1) the aggregate principal amount of nondelinquent ULID Assessments then remaining to be collected and paid into the Bond Fund plus (2) the principal amount of ULID Assessments previously paid into and then on deposit in the Bond Fund.

"*Authorized Denomination*" means, unless otherwise specified in the Bond Purchase Agreement, $5,000 or any integral multiple thereof within a maturity of a Series.

"*Average Annual Debt Service*" means, at the time of calculation, the sum of the Annual Debt Service for each calendar year in which Parity Bonds are scheduled to be outstanding, divided by the integral number of those years.

"*Beneficial Owner*" means, with respect to a Bond, the owner of any beneficial interest in the Bond, and includes any person who, directly or indirectly, through any contract, arrangement, understanding, relationship, or otherwise has or shares (a) voting power that includes the power to vote, or to direct the voting of, the Bond, and/or (b) investment power that includes the power to dispose, or to direct the disposition of, the Bond.

"*Bond*" means each bond issued pursuant to and for the purposes provided in this ordinance.

"*Bond Counsel*" means the firm of Foster Garvey P.C., its successor or any other attorneys or firm of attorneys with a nationally recognized standing as bond counsel in the field of municipal finance selected by the City.

"*Bond Fund*" means that special fund of the City known as the Water and Sewer Revenue Bond Fund created pursuant to Section 10 of Ordinance No. 1300.

"*Bond Purchase Agreement*" means an offer or term sheet to purchase a Series, setting forth certain terms and conditions of the issuance, sale and delivery of that Series, which offer is authorized to be accepted by the Designated Representative on behalf of the City, if consistent with this ordinance.

"*Bond Register*" means the books or records maintained by the Registrar for the purpose of identifying ownership of the Bond, which contains the name and mailing address of the Registered Owner.

"*Capital Improvement Plan*" means the capital improvement plans of the System described in the City's water system plan, general sewer plan and stormwater management plan, as well as the City's adopted capital facilities plan and capital improvement plan, including the purchase, acquisition or construction of such systems and improvements and any additions and betterments thereto.

"*City*" means the City of Stanwood, Washington, a municipal corporation duly organized and existing under the laws of the State.

"*City Council*" means the legislative authority of the City, as duly and regularly constituted from time to time.

"*Code*" means the United States Internal Revenue Code of 1986, as amended, and applicable rules and regulations promulgated thereunder.

"*Construction Fund*" means the Water and Sewer Revenue Bond Construction Fund created by Section 12 of Ordinance No. 1300.

"*Contract Resource Obligation*" means an obligation of the City, designated as a Contract Resource Obligation in accordance with Section 19, to make payments for water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service to another person or entity (including without limitation any Separate Utility System).

"*Coverage Requirement*" means, for any calendar year, Net Revenue in that calendar year, plus all nondelinquent ULID Assessments due in that calendar year, that is not less than the sum of (1) 1.00 times the Annual Debt Service in that calendar year for Assessment Bonds and (2) 1.25 times the Annual Debt Service in that calendar year for all Parity Bonds that are not Assessment Bonds.

"*Credit Facility*" means any bond insurance, collateral, security, letter of credit, guaranty, surety bond or similar credit enhancement facility providing for or securing the payment of all or part of the principal of and interest on any Parity Bonds that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the three highest categories (without regard to any gradations within a rating category) by either Moody's Investors Service, Inc., or S&P Global Ratings, their respective successors or any other nationally-recognized securities rating agencies rating Parity Bonds at the request of the City.

"*Designated Representative*" means the officer of the City appointed in Section 5 to serve as the City's designated representative in accordance with RCW 39.46.040.

"*DTC*" means The Depository Trust Company, New York, New York, or its nominee.

"*Final Terms*" means the terms and conditions for the sale of a Series, including the amount, date or dates, denominations, interest rate or rates (or mechanism for determining interest rate or rates), payment dates, final maturity, redemption or prepayment rights, price and other terms or covenants.

"*Finance Director*" means the finance director of the City or such other officer of the City who succeeds to substantially all of the responsibilities of that office.

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

"*Future Parity Bond Authorizing Ordinance*" means an ordinance of the City authorizing the issuance of Future Parity Bonds.

"*Future Parity Bonds*" means any and all water and sewer revenue bonds of the City issued after the date of the issuance of the Bonds, the payment of the principal of and interest on which is secured by a lien and charge on Net Revenue, ULID Assessments and Tax Credit Subsidy Payments equal in rank with the lien and charge on Net Revenue, ULID Assessments and Tax Credit Subsidy Payments required to be paid into the Bond Fund to pay and secure the payment of the principal of and interest on the Outstanding Parity Bonds and the Bonds.

"*Government Obligations*" means direct, noncallable obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America.

"*Gross Revenue*" means all earnings and revenues received by the City from the operation of the System, including: (1) revenues from the sale, lease or furnishing of commodities, services, properties or facilities; (2) earnings from the investment of money in the Bond Fund, the Construction Fund and any other fund of the System; and (3) connection and capital improvement charges collected by the System. Gross Revenue does not include: (1) ULID Assessments; (2) Tax Credit Subsidy Payments; (3) proceeds of Parity Bonds or any other borrowings; (4) earnings or proceeds from any investments in a trust, defeasance or escrow fund created to defease or refund obligations relating to the System or held in a special account for the purpose of paying a rebate to the United States Government under the Code; (5) income and revenue that may not legally be pledged for revenue bond debt service; (6) federal grants, state grants and gifts from any source that are allocated to capital projects; (7) payments received under any Credit Facility or Reserve Insurance; (8) insurance or condemnation proceeds used for the replacement of capital projects or equipment; and (9) earnings of and revenues received by the City from a Separate Utility System.

"*Independent Utility Consultant*" means a licensed professional engineer, an independent certified public accountant, or a financial consultant, experienced in the design, construction, operation or financing of municipal utilities.

"*Issue Date*" means, with respect to a Bond, the date of initial issuance and delivery of the Bond to the Purchaser in exchange for the purchase price of the Bond.

"*Letter of Representations*" means the Blanket Issuer Letter of Representations between the Issuer substantially in the form on file with the Issuer, as it may be amended from time to time, and any successor or substitute letter relating to the operational procedures of the Securities Depository.

"*Maximum Annual Debt Service*" means, at the time of calculation, the maximum amount of Annual Debt Service in any calendar year in which Parity Bonds are scheduled to be outstanding.

"*MSRB*" means the Municipal Securities Rulemaking Board.

"*Net Revenue*" means, for any calendar year, Gross Revenue in that calendar year, less Operation and Maintenance Costs in that calendar year, less deposits into the Rate Stabilization Account allocated to that calendar year, plus withdrawals from the Rate Stabilization Account allocated to that calendar year.

"*Official Statement*" means an offering document, disclosure document, private placement memorandum, or similar disclosure document provided to purchasers and potential purchasers in connection with the initial offering of a Series in conformance with Rule 15c2-12 or other applicable regulations of the SEC.

"*Operation and Maintenance Costs*" means all reasonable expenses incurred by the City in causing the System to be operated and maintained in good repair, working order and condition, including: (1) costs incurred in connection with the acquisition of water or the securing of water rights; (2) payments made to any public or private entity for water treatment, sewage treatment and disposal service, stormwater service or other utility service; (3) pro-rata allocations or charges for the City's administration expenses that represent a reasonable distribution and share of actual costs; (4) payments of premiums for insurance on the System; (5) taxes levied or imposed by the State; and (6) payments made in respect of any Contract Resource Obligation. Operation and Maintenance Costs do not include: (1) depreciation; (2) taxes levied or imposed by the City or payments made to the City in lieu of taxes; (3) capital additions to and capital replacements of the System; and (4) any other non-cash gains or losses with respect to any real or personal property, investment or agreement that the City may be required to recognize under generally accepted accounting principles.

"Outstanding Parity Bonds" means the outstanding principal of the 2019 Bond and the outstanding 2021 Bonds.

"*Outstanding Parity Bond Ordinances*" means the 2019 Ordinance and the 2021 Ordinance.

"*Owner*" means, without distinction, the Registered Owner and the Beneficial Owner.

"*Parity Bond Authorizing Ordinances*" means the Outstanding Parity Bond Ordinances, this ordinance and any Future Parity Bond Authorizing Ordinance.

"*Parity Bonds*" means the Outstanding Parity Bonds, the Bonds and any Future Parity Bonds.

"Parity Conditions" means the conditions for issuing Future Parity Bonds set forth in Section 17.

"*Principal and Interest Account*" means the account of that name created in the Bond Fund pursuant to Section 10 of Ordinance No. 1300.

"*Projects*" means such water, sewer and stormwater improvements of the System and other projects that are included from time to time in the Capital Improvement Plan, and includes without limitation: (1) construction of stormwater conveyance improvements from 94th Street to the Irvine Slough; (2) construction of a stormwater pump station from 92nd Street to the Stillaguamish River; (3) rerouting and replacement of existing stormwater conveyance facilities from Heritage park south to newly constructed stormwater conveyance improvements at 92nd Street; (4) acquisition, construction and installation of all necessary furniture, equipment, apparatus, accessories, fixtures and appurtenances; (5) acquisition of real property and all appurtenant improvements, structures and interests therein; (6) incidental costs incurred in connection with carrying out and accomplishing the foregoing; and (7) costs related to the issuance, sale and delivery of Bonds.

"*Purchaser*" means the corporation, firm, association, partnership, trust, bank, financial institution or other legal entity or group of entities selected by the Designated Representative to serve as purchaser in a private placement or direct purchase of any Series or underwriter or initial purchaser in a negotiated sale of any Series.

"*Rate Stabilization Account*" means the Rate Stabilization Account created pursuant to Section 15 of Ordinance No.1300.

"*Rating Agency*" means any nationally recognized rating agency then maintaining a rating on the Bonds at the request of the City.

"*Record Date*" means, unless otherwise specified in the Bond Purchase Agreement, the Registrar's close of business on the 15th day of the month preceding an interest payment date. With respect to redemption or prepayment of a Bond prior to its maturity, "Record Date" means the Registrar's close of business on the date on which the Registrar prepares the notice of redemption or prepayment.

"*Registered Owner*" means, with respect to a Bond, the person in whose name that Bond is registered on the Bond Register. For so long as the City utilizes the book-entry only system for the Bonds under the Letter of Representations, Registered Owner shall mean the Securities Depository.

"*Registrar*" means, with respect to each Bond, the Fiscal Agent or any other bond registrar selected by the City for the Bond.

"*Reserve Account*" means the account of that name created in the Bond Fund pursuant to Section 10 of Ordinance No. 1300.

"*Reserve Insurance*" means any bond insurance, letter of credit, guaranty, surety bond or similar credit enhancement device obtained by the City to provide for part or all of the Reserve Requirement, if any, for any Parity Bonds that is issued by an institution which has been assigned a credit rating at the time of issuance in one of the three highest categories (without regard to any gradations within a rating category) by either Moody's Investors Service, Inc., or S&P Global Ratings, their respective successors or any other nationally-recognized securities rating agencies rating Parity Bonds at the request of the City.

"*Reserve Requirement*" means , for the Bonds, the amount, if any, designated as such in the Bond Purchase Agreement, which amount shall not exceed, as of the date of calculation, the least of: (1) Maximum Annual Debt Service on all outstanding Parity Bonds secured by the Reserve Account; (2) 125% of Average Annual Debt Service on all Parity Bonds secured by the Reserve Account; and (3) 10% of the original proceeds of each series of outstanding Parity Bonds secured by the Reserve Account, reduced by the corresponding principal amount of any such series of Parity Bonds thereafter redeemed, prepaid, or defeased at the option of the City, in whole or in part.

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

"*SEC*" means the United States Securities and Exchange Commission.

"*Securities Depository*" means DTC, any successor thereto, any substitute securities depository selected by the City that is qualified under applicable laws and regulations to provide the services proposed to be provided by it, or the nominee of any of the foregoing.

"*Separate Utility System*" means any water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service or facilities that may be created, acquired or constructed by the City as provided in Section 18.

"*Series of Bonds*" or "*Series*" means a series of Bonds issued pursuant to this ordinance.

"*State*" means the State of Washington.

"*System*" means the water system, the sanitary sewage system and, as herein provided, the drainage system of the City and all betterments and extensions thereof made at any time and shall include any utility systems hereafter combined with the System.

"*System of Registration*" means the system of registration for the Bonds forth in Ordinance No. 631 and this ordinance.

"*Tax Credit Subsidy Bond*" means any Parity Bond that is designated by the City as a "build America bond," "recovery zone economic development bond" or other tax credit bond pursuant to the Code, and with respect to which the City is eligible to receive a tax credit payment from the United States Treasury.

"*Tax Credit Subsidy Payment*" means the tax credit payment the City is entitled to receive from the United States Treasury in respect of any Tax Credit Subsidy Bond.

"*Term Bond*" means each Bond designated as a term bond and subject to mandatory sinking fund redemption or prepayment in the years and amounts set forth in the Bond Purchase Agreement.

"*ULID*" means utility local improvement district.

"*ULID Assessments*" means all assessments levied and collected in any ULID of the City created for the acquisition or construction of additions to and extensions and betterments of the System if such assessments are pledged to be paid into the Bond Fund (less any prepaid assessments permitted by law to be paid into a construction fund or account). ULID Assessments include installments thereof and any interest or penalties that may be due thereon.

"*Undertaking*" means an undertaking to provide continuing disclosure entered into pursuant to Section 23.

"*Variable Interest Rate*" means a variable interest rate or rates to be borne by a series of Parity Bonds or any one or more maturities within a series of Parity Bonds. The method of computing such a variable interest rate shall be specified in the applicable Parity Bond Authorizing Ordinance, which ordinance also shall specify either (1) the particular period or periods of time or manner of determining such period or periods of time for which each value of such variable interest rate shall remain in effect or (2) the time or times upon which any change in such variable interest rate shall become effective.

"*Variable Interest Rate Bonds*" means, for any period of time, Parity Bonds that bear a Variable Interest Rate during that period, except that Parity Bonds the interest rate or rates on which shall have been fixed for the remainder of the term thereof no longer shall be deemed to be Variable Interest Rate Bonds.

"*Water-Sewer Funds*" means collectively the City's previously established water fund, sewer fund and, as herein provided, drainage fund.

Section 2. Recitals and Findings. The City takes note of the following facts and makes the following findings and determinations:

(a) Pursuant to Ordinance No. 937, passed by the City Council on December 18, 1995, the City combined its water system and sewer system into the System.

(b) The Outstanding Parity Bond Ordinances authorize the City to combine any utility systems of the City with the System, and it is in the best interests of the City and the ratepayers of the System and of the drainage system of the City to combine the existing drainage system into the System for financing purposes.

(c) The City has determined that it is necessary and in the best interests of the City to carry out the Capital Improvement Plan.

(d) The City is in need of carrying out the Projects, the estimated cost of which is $5,100,000, and the City does not have available sufficient funds to pay the cost. The life of the Projects to be acquired or constructed with the proceeds of the Bonds will exceed the term of the Bonds.

(e) Pursuant to the Outstanding Parity Bond Ordinances, the City reserved the right to issue additional water and sewer revenue bonds of the City secured by a lien and charge on the Net Revenue and ULID Assessments on a parity with the Outstanding Parity Bonds if the Parity Conditions are met.

(f) With respect to the Parity Conditions: (1) all payments required by the Outstanding Parity Bonds are provided for in this ordinance or have been provided for or made into the Bond Fund, and no deficiency exists in such fund; and (2) all other conditions set forth in the Parity Conditions will have been met and satisfied before the Bonds are delivered to the Purchaser.

(g) Pursuant to chapters 35A.40, 35.41, 35.67, 39.44 and 39.46 RCW, the City is authorized to issue revenue bonds to carry out the Projects.

(h) For the purposes of providing funds to pay or reimburse costs of carrying out the Projects, it is in the best interests of the City and the ratepayers of the System to issue, sell and deliver the Bonds to the Purchaser, pursuant to the terms set forth in the Bond Purchase Agreement as approved by the Designated Representative consistent with this ordinance.

Section 3. Drainage System Combined with System. The drainage system of the City shall be operated for financing purposes as combined with the System, and the existing drainage fund of the City is deemed to be included in the Water-Sewer Funds for financing purposes.

Section 4. Purpose and Authorization of Bonds. The City specifies, adopts and orders the Capital Improvement Plan and the carrying out of the Projects. The City is authorized to issue, sell and deliver the Bonds to pay or reimburse costs of the Projects.

Section 5. Appointment of Designated Representative; Description of Bonds. The Mayor and the Finance Director are each appointed as the Designated Representative of the City and each of them acting alone is authorized and directed to conduct the sale of the Bonds, in the manner and upon the terms deemed most advantageous to the City, and to approve the Final Terms of each Series of Bonds, with such additional terms and covenants as the Designated Representative deems advisable, within the parameters set forth in Exhibit A, which is attached to this ordinance and incorporated by this reference.

Section 6. Registrar; Registration and Transfer of Bonds.

(a) *Registration of Bonds*. Each Bond shall be issued only in registered form as to both principal and interest and the ownership of each Bond shall be recorded on the Bond Register.

(b) *Registrar; Duties*. Unless otherwise specified in the Bond Purchase Agreement, the Fiscal Agent is appointed as initial Registrar. The Registrar shall keep, or cause to be kept, sufficient books for the registration and transfer of the Bonds, which shall be open to inspection by the City at all reasonable times. The Registrar is authorized, on behalf of the City, to authenticate and deliver Bonds transferred or exchanged in accordance with the provisions of the Bonds and this ordinance, to serve as the City's paying agent for the Bonds, and to carry out all of the Registrar's powers and duties under this ordinance and the System of Registration. The Registrar shall be responsible for its representations contained in the Certificate of Authentication on each Bond. The Registrar may become an Owner with the same rights it would have if it were not the Registrar and, to the extent permitted by law, may act as depository for and permit any of its officers or directors to act as members of, or in any other capacity with respect to, any committee formed to protect the rights of Owners.

(c) *Bond Register; Transfer and Exchange*. The Bond Register shall contain the name and mailing address of each Registered Owner and the principal amount and number of each Bond held by each Registered Owner. A Bond surrendered to the Registrar may be exchanged for a Bond or Bonds in any Authorized Denomination of an equal aggregate principal amount and of the same Series, maturity and interest rate. A Bond may be transferred only if endorsed in the manner provided thereon and surrendered to the Registrar. Any exchange or transfer shall be without cost to the Owner or transferee. The Registrar shall not be obligated to exchange any Bond or transfer registered ownership during the period between the applicable Record Date and the maturity date or date fixed for redemption or prepayment.

(d) *Securities Depository; Book-Entry Only Form*. If a Bond is to be issued in book-entry only form, DTC shall be appointed as initial Securities Depository and the Bond initially shall be registered in the name of Cede & Co., as the nominee of DTC. Each Bond registered in the name of the Securities Depository shall be held fully immobilized in book-entry only form by the Securities Depository in accordance with the provisions of the Letter of Representations. Registered ownership of any Bond registered in the name of the Securities Depository may not be transferred except: (i) to any successor Securities Depository; (ii) to any substitute Securities Depository appointed by the City; or (iii) to any person as provided in this ordinance if the Bond is no longer to be held in book-entry only form. Upon the resignation of the Securities Depository, or upon a termination of the services of the Securities Depository by the City, the City may appoint a substitute Securities Depository. If (i) the Securities Depository resigns and the City does not appoint a substitute Securities Depository, or (ii) the City terminates the services of the Securities Depository, the Bonds no longer shall be held in book-entry only form and the registered ownership of each Bond may be transferred to any person as provided in this ordinance.

Neither the City nor the Registrar shall have any obligation to participants of any Securities Depository or the persons for whom they act as nominees regarding accuracy of any records maintained by the Securities Depository or its participants. Neither the City nor the Registrar shall be responsible for any notice that is permitted or required to be given to the Registered Owner of a Bond registered in the name of the Securities Depository except such notice as is required to be given by the Registrar to the Securities Depository.

Section 7. Form and Execution of Bonds.

(a) *Form of Bonds; Signatures and Seal*. Each Bond shall be prepared in a form consistent with the provisions of this ordinance and State law. Each Bond shall be signed by the Mayor and the City Clerk, either or both of whose signatures may be manual or in facsimile, and the seal of the City or a facsimile reproduction thereof shall be impressed or printed thereon. If any officer whose manual or facsimile signature appears on a Bond ceases to be an officer of the City authorized to sign bonds before the Bond bearing his or her manual or facsimile signature is authenticated by the Registrar, or issued or delivered by the City, that Bond nevertheless may be authenticated, issued and delivered and, when authenticated, issued and delivered, shall be as binding on the City as though that person had continued to be an officer of the City authorized to sign bonds. Any Bond also may be signed on behalf of the City by any person who, on the actual date of signing of the Bond, is an officer of the City authorized to sign bonds, although he or she did not hold the required office on its Issue Date.

(b) *Authentication*. Only a Bond bearing a Certificate of Authentication in substantially the following form, manually signed by the Registrar, shall be valid or obligatory for any purpose or entitled to the benefits of this ordinance: "Certificate Of Authentication. This Bond is one of the fully registered City of Stanwood, Washington, Water and Sewer Revenue Bonds, [Series], described in the Bond Ordinance." The authorized signing of a Certificate of Authentication shall be conclusive evidence that the Bond so authenticated has been duly executed, authenticated and delivered and is entitled to the benefits of this ordinance.

Section 8. Payment of Bonds. Principal of and premium, if any, and interest on each Bond shall be payable in lawful money of the United States of America. Principal of and premium, if any, and interest on each Bond registered in the name of the Securities Depository are payable in the manner set forth in the Letter of Representations. Unless otherwise specified in the Bond Purchase Agreement, principal of and premium, if any, and interest on each Bond not registered in the name of the Securities Depository are payable by electronic transfer on the payment date, or by check or draft of the Registrar mailed on the interest payment date to the Registered Owner at the address appearing on the Bond Register on the Record Date. The City is not required to make electronic transfers except pursuant to a request by a Registered Owner in writing received on or prior to the Record Date and at the sole expense of the Registered Owner. The final installment of principal of each Bond not registered in the name of the Securities Depository is payable only upon presentation and surrender of the Bond by the Registered Owner to the Registrar. The Bonds are not subject to acceleration under any circumstances.

Section 9. Redemption and Prepayment Provisions.

(a) *Optional Redemption or Prepayment*. The Bonds shall be subject to redemption or prepayment at the option of the City on terms acceptable to the Designated Representative, as set forth in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A.

(b) *Mandatory Redemption or Prepayment*. Each Bond that is designated as a Term Bond in the Bond Purchase Agreement, consistent with the parameters set forth in Exhibit A and except as set forth below, shall be called for redemption or prepayment at a price equal to the stated principal amount to be redeemed, plus accrued interest, on the dates and in the amounts as set forth in the Bond Purchase Agreement. If a Term Bond is redeemed or prepaid under the optional redemption or prepayment provisions, defeased or purchased by the City and surrendered for cancellation, the stated principal amount of the Term Bond so redeemed, prepaid, defeased or purchased (irrespective of its actual redemption, prepayment or purchase price) shall be credited against one or more scheduled mandatory redemption or prepayment installments for that Term Bond. The City shall determine the manner in which the credit is to be allocated and shall notify the Bond Registrar in writing of its allocation prior to the earliest mandatory redemption or prepayment date for that Term Bond for which notice of redemption or prepayment has not already been given

(c) *Selection of Bonds for Redemption or Prepayment; Partial Redemption or Prepayment*. If fewer than all of the outstanding Bonds are to be redeemed or prepaid at the option of the City, the City shall select the Series and maturities to be redeemed or prepaid. If fewer than all of the outstanding Bonds of a maturity of a Series are to be redeemed or prepaid, unless otherwise specified in the Bond Purchase Agreement or the Official Statement, the Securities Depository shall select Bonds registered in the name of the Securities Depository to be redeemed or prepaid in accordance with the Letter of Representations, and the Bond Registrar shall select all other Bonds to be redeemed or prepaid randomly in such manner as the Bond Registrar shall determine. All or a portion of the principal amount of any Bond that is to be redeemed or prepaid may be redeemed or prepaid in any Authorized Denomination. If less than all of the outstanding principal amount of any Bond is redeemed or prepaid, upon surrender of that Bond to the Bond Registrar, there shall be issued to the Registered Owner, without charge, a new Bond (or Bonds, at the option of the Registered Owner) of the same Series, maturity and interest rate in any Authorized Denomination in the aggregate principal amount to remain outstanding.

(d) *Notice of Redemption or Prepayment*. Notice of redemption or prepayment of each Bond registered in the name of the Securities Depository shall be given in accordance with the Letter of Representations. Notice of redemption or prepayment of each other Bond, unless waived by the Registered Owner or otherwise specified in the Bond Purchase Agreement, shall be given by the Bond Registrar not less than 20 nor more than 60 days prior to the date fixed for redemption or prepayment by first-class mail, postage prepaid, to the Registered Owner at the address appearing on the Bond Register on the Record Date. The requirements of the preceding sentence shall be satisfied when notice has been mailed as so provided, whether or not it is actually received by an Owner. In addition, the redemption or prepayment notice shall be mailed or sent electronically within the same period to the MSRB (if required under the Undertaking), to each Rating Agency, and to such other persons and with such additional information as the Finance Director shall determine, but these additional mailings shall not be a condition precedent to the redemption or prepayment of any Bond.

(e) *Rescission of Optional Redemption or Prepayment Notice*. In the case of an optional redemption or prepayment, the notice of redemption or prepayment may state that the City retains the right to rescind the redemption or prepayment notice and the redemption or prepayment by giving a notice of rescission to the affected Registered Owners at any time on or prior to the date fixed for redemption or prepayment. Any notice of optional redemption or prepayment that is so rescinded shall be of no effect and each Bond for which a notice of optional redemption or prepayment has been rescinded shall remain outstanding.

(f) *Effect of Redemption or Prepayment*. Interest on each Bond called for redemption or prepayment shall cease to accrue on the date fixed for redemption or prepayment, unless either the notice of optional redemption or prepayment is rescinded as set forth above, or money sufficient to effect such redemption or prepayment is not on deposit in the Bond Fund or in a trust account established to refund or defease the Bond.

(g) *Purchase of Bonds*. The City reserves the right to purchase any or all of the Bonds offered to the City in the open market at any time at any price acceptable to the City plus accrued interest to the date of purchase.

<u>Section 10</u>. <u>Failure to Pay Bonds</u>. If the principal of any Bond is not paid when the Bond is properly presented at its maturity or date fixed for redemption or prepayment, the City shall, unless otherwise specified in the Bond Purchase Agreement, be obligated to pay, but only from the sources pledged by this ordinance, interest on that Bond at the same rate provided in the Bond from and after its maturity or date fixed for redemption or prepayment until that Bond, both principal and interest, is paid in full or until sufficient money for its payment in full is on deposit in the Bond Fund or in a trust account established to refund or defease the Bond, and the Bond has been called for payment by giving notice of that call to the Registered Owner.

<u>Section 11</u>. <u>Application of Bond Proceeds – Projects</u>. The Construction Fund has been previously created as a special fund of the City designated the Water and Sewer Revenue Bond Construction Fund. Proceeds of the Bonds issued for purposes of carrying out the Projects received by the City shall be deposited in the Construction Fund and used to pay or reimburse costs of the Projects. Until needed to pay costs of the Projects, the City may invest proceeds on deposit in the Construction Fund temporarily in any legal investment, and the investment

earnings may be retained in the Construction Fund and be spent for the purposes of that fund, except that earnings subject to a federal tax or rebate requirement may be withdrawn from the Construction Fund and used for those tax or rebate purposes.

Section 12. Bond Fund; Payments to Bond Fund.

(a) There has previously been created a special fund known as the Water and Sewer Revenue Bond Fund (the "Bond Fund"), which fund is divided into two accounts: the Principal and Interest Account and the Reserve Account. The Finance Director may create such accounts and subaccounts in the Bond Fund as may be convenient for the payment of Parity Bonds as long as the maintenance of such accounts or subaccounts does not conflict with the rights of the owners of Parity Bonds. The City shall set aside and pay into the Bond Fund all ULID Assessments and Tax Credit Subsidy Payments upon their receipt and, out of the Net Revenue, certain fixed amounts without regard to any fixed proportion, namely:

(i) Into the Principal and Interest Account, on or before each date on which principal of and premium, if any, or interest on the Bonds are due, the amount, together with other money on deposit therein, sufficient to pay such principal and premium, if any, and interest; and

(ii) Into the Reserve Account, at the times required by this ordinance, the amount necessary to make the amount on deposit therein equal to the Reserve Requirement, if any.

(b) When the total amount in the Bond Fund equals the total amount of principal of and premium, if any, and interest due on all outstanding Parity Bonds, no further payment need be made into the Bond Fund. If the City fails to set aside and pay into the Bond Fund the amounts set forth above, the Registered Owner may bring action against the City and compel such setting aside and payment.

(c) Except as otherwise expressly provided in this ordinance, the Reserve Account shall be maintained at all times at not less than the Reserve Requirement. The City may provide for all or any part of the Reserve Requirement through Reserve Insurance. In the event that there is a deficiency in the Principal and Interest Account that prevents making any payment of principal of and interest on Parity Bonds secured by the Reserve Account when due, that deficiency shall be made up from the Reserve Account, first, by the withdrawal of cash therefrom, second, from the proceeds of the sale of investments held therein, and third, from pro rata draws on each Reserve Insurance credited thereto. Any deficiency created in the Reserve Account by reason of any such withdrawal shall then be made up in not more than 12 approximately equal monthly installments from Net Revenue available in accordance with the flow of funds set forth in Section 15, ULID Assessments and Tax Credit Subsidy Payments, first, to reinstate each Reserve Insurance, pro rata, and second, to make up any remaining deficiency. The money in the Reserve Account may be applied to pay or provide for the payment when due of the last outstanding Parity Bonds secured by the Reserve Account. Any money in the Reserve Account in excess of the Reserve Requirement may be withdrawn and deposited in the Water-Sewer Funds of the City to be applied in accordance with the flow of funds set forth in Section 15. The City may specify the Reserve Requirement for the Bonds and any Future Parity

Bonds, which may be zero. The City may establish one or more separate reserve subaccounts for any or all Parity Bonds, and money in a reserve subaccount or any Reserve Insurance credited to the reserve subaccount shall be used only to pay principal of and premium, if any, and interest on the Parity Bonds secured by the reserve subaccount.

(d) The City may provide for the purchase for cancellation, redemption, prepayment or defeasance of Parity Bonds by the use of money on deposit in any account in the Bond Fund so long as the money remaining in those accounts is sufficient to satisfy the required deposits in those accounts for the remaining Parity Bonds.

(e) All money in the Bond Fund may be kept in cash or invested in legal investments maturing or subject to redemption or repurchase at the option of the City, (i) for investments in the Principal and Interest Account, not later than the dates when the funds are required for the payments therefrom, and (ii) for investments in the Reserve Account, not later than five years from the date the investments are first acquired. Earnings from investments in the Principal and Interest Account shall be retained therein. Earnings from investments in the Reserve Account shall be retained therein until the amount therein is equal to the Reserve Requirement and thereafter may be withdrawn and deposited in the Water-Sewer Funds of the City to be applied in accordance with the flow of funds set forth in Section 15. In computing the amount on hand in the Reserve Account, Reserve Insurance shall be valued at the lesser of the face amount thereof or the amount available thereunder, and all other investments shall be valued at market at least annually and on the business day following (i) any redemption or defeasance of Parity Bonds and (ii) any withdrawal therefrom to make up any deficiency in the Principal and Interest Account. Any deficiency in the Reserve Account resulting from the valuation of investments held therein shall be made up in approximately equal installments within six months after the date of that valuation.

(f) Notwithstanding any other provision of this Section, so long as there is no deficiency in the Bond Fund, any earnings in the Bond Fund that are subject to federal arbitrage rebate requirements may be withdrawn from the Bond Fund for deposit in a separate account created for the purpose of complying with those rebate requirements.

(g) The City may create sinking fund accounts or other accounts in the Bond Fund for the payment or securing the payment of Parity Bonds so long as the maintenance of those accounts does not conflict with the rights of the owners of Parity Bonds.

<u>Section 13</u>. <u>Finding as to Sufficiency of Revenue; Pledge and Lien Position</u>.

(a) The City Council finds and determines that the Gross Revenue and benefits to be derived from the operation and maintenance of the System at the rates to be charged for water, sewer and stormwater services from the System will be more than sufficient to meet all Operation and Maintenance Costs and to permit the setting aside into the Bond Fund out of the Gross Revenue of amounts sufficient to pay the principal of and interest on the Bond when due. The City Council declares that in fixing the amounts to be paid into the Bond Fund under this ordinance it has exercised due regard for Operation and Maintenance Costs and for the Gross Revenue previously pledged and has not obligated the City to set aside and pay into the Bond

Fund a greater amount of Gross Revenue than in its judgment will be available over and above such Operation and Maintenance Costs and the amount of Gross Revenue previously pledged.

(b) The money in the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments are pledged to the payment of the Parity Bonds, and such pledge shall constitute a lien and charge upon the money in the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments prior and superior to any other charges whatsoever. The Parity Bonds and interest thereon shall be a valid claim of the owners of Parity Bonds only as against the Bond Fund and the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments pledged thereto, and shall not constitute an indebtedness of the City within the meaning of State constitutional provisions and limitations. The Bonds do not constitute an obligation of the State, either general or special, or a general obligation of the City, but are special obligations of the City. No Owner shall have any claim against the State arising from the Bonds. Tax revenues may not be used directly or indirectly to secure or guarantee the payment of the principal of or interest on the Bonds.

<u>Section 14</u>. <u>Covenants</u>. The City covenants and agrees with the Purchaser as follows:

(a) *ULID Assessments and Tax Credit Subsidy Payments.* All ULID Assessments and Tax Credit Subsidy Payments shall be paid into the Bond Fund upon receipt and may be deposited into the Principal and Interest Account or the Reserve Account without being particularly allocated to the payment of the principal of and interest on any particular Parity Bonds.

(b) *Operation and Maintenance.* The City will at all times maintain, preserve and keep the properties of the System in good repair, working order and condition, will make all necessary and proper additions, betterments, renewals and repairs thereto, and improvements, replacements and extensions thereof, and will at all times operate or cause to be operated the properties of the System and the business in connection therewith in an efficient manner and at a reasonable cost.

(c) *Establishment and Collection of Rates and Charges.* The City will establish, maintain and collect rates and charges for all services and facilities provided by the System which will be fair and nondiscriminatory, and will adjust those rates and charges from time to time so that:

(i) The Gross Revenue will at all times be sufficient to (A) pay all Operation and Maintenance Costs on a current basis, (B) pay when due all amounts that the City is obligated to pay into the Bond Fund and the accounts therein, and (C) pay when due all taxes, assessments or other governmental charges lawfully imposed on the System or the revenue therefrom or all payments in lieu thereof and any and all other amounts which the City may now or hereafter become obligated to pay from the Gross Revenue by law or contract; and

(ii) The Net Revenue (together with any ULID Assessments deposited in the Bond Fund) in each calendar year will satisfy the Coverage Requirement.

(d) *Sale or Disposition of the System.* The City will not sell or otherwise dispose of the System in its entirety unless, simultaneously with such sale or other disposition, all Parity Bonds are redeemed and retired, or defeased under the applicable Parity Bond Authorizing Ordinances. The City will not sell, lease, mortgage or in any manner encumber or otherwise dispose of more than five percent of the assets of the System, including all additions and improvements thereto and extensions thereof at any time made, that are used, useful or material in the operation of the System, unless provision is made for the replacement thereof or for payment into the Bond Fund of the greatest of the following:

(i) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (defined as the total amount of those Parity Bonds less the amount of cash and investments in the Bond Fund and accounts therein) that the Gross Revenue of the System from the portion of the System sold or disposed of for the preceding calendar year bears to the total Gross Revenue of the System for that year;

(ii) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the Net Revenue from the portion of the System sold or disposed of for the preceding calendar year bears to the total Net Revenue for that year; or

(iii) An amount that is in the same proportion to the net amount of Parity Bonds then outstanding (as defined above) that the depreciated cost value of the portion of the System sold or disposed of bears to the depreciated cost value of the entire System immediately prior to such sale or disposition.

Notwithstanding any other provision of this subsection: the City in its discretion may sell or otherwise dispose of any of the works, plant, properties or facilities of the System or any real or personal property comprising a part of the same that have become unserviceable, inadequate, obsolete or unfit to be used in the operation of the System, or no longer necessary, material to or useful to the operation of the System, without making any deposit into the Bond Fund; and the City may transfer any portion or all of the System to another municipal corporation so long as the Net Revenue, ULID Assessments and Tax Credit Subsidy Payments for the portion of the System so transferred are used for payment of principal of and premium, if any, and interest on Parity Bonds prior to any other purpose.

(e) *Liens Upon the System.* The City will not at any time create or permit to accrue or to exist any lien or other encumbrance or indebtedness upon the Gross Revenue, or any part thereof, prior or superior to the lien thereon for the payment of the Parity Bonds, and will pay and discharge, or cause to be paid and discharged, any and all lawful claims for labor, materials or supplies which, if unpaid, might become a lien or charge upon the Gross Revenue, or any part thereof, prior to or superior to the lien of the Parity Bonds, or which might impair the security of the Parity Bonds.

(f) *Books and Accounts.* The City will keep proper and separate accounts and records in which complete and separate entries shall be made of all transactions relating to the System, and will furnish any owner of Parity Bonds upon written request complete operating and income statements of the System in reasonable detail covering any fiscal year not more than six months after the close of such fiscal year. Upon written request of any owner of Parity Bonds, the City also will furnish a copy of the most recently completed audit of the City's accounts by the State Auditor.

(g) *No Free Service.* Except to aid the poor or infirm, to provide for resource conservation or to provide for the proper handling of hazardous materials, the City will not furnish or supply or permit the furnishing or supplying of any service or facility in connection with the operation of the System free of charge to any person, firm or corporation, public or private, other than the City.

(h) *Collection of Delinquent Accounts.* The City will determine all accounts that are delinquent and will take necessary action to enforce payment of such accounts.

(i) *Insurance.* The City at all times will carry fire and extended coverage and such other forms of insurance with responsible insurers and with policies payable to or on behalf of the City and any additional insureds on such of the buildings, equipment, works, plants, facilities and properties of the System and against such claims for damages as are ordinarily carried by municipal or privately owned utilities engaged in the operation of like systems, or will implement and maintain a self insurance or an insurance pool program with reserves adequate, in the reasonable judgment of the City, to protect the System and the owners of Parity Bonds against loss.

Section 15. Flow of Funds. All ULID Assessments and Tax Credit Subsidy Payments shall be paid into the Bond Fund as provided by Section 12. The Gross Revenue shall be deposited in the Water-Sewer Funds of the City and used for the following purposes only in the following order of priority:

(a) To pay Operation and Maintenance Costs;

(b) To deposit sufficient amounts in the Principal and Interest Account of the Bond Fund to pay principal (including all mandatory redemption and sinking fund installments) of and premium, if any, and interest on Parity Bonds when due;

(c) To make all payments required to be made into the Reserve Account of the Bond Fund when due and to make all payments required to be made pursuant to a reimbursement agreement in connection with a Credit Facility or Reserve Insurance, except that if there is not sufficient money to make all payments under reimbursement agreements, the payments will be made on a pro rata basis;

(d) To make all payments required to be made into any revenue bond, note, warrant or other revenue obligation redemption fund, debt service account or reserve account created to pay or secure the payment of the principal of and interest on any revenue bonds, notes, warrants or other obligations of the City secured by a lien or charge on the Net Revenue subordinate to the lien or charge thereon that secures the payment of the principal of and interest on the Parity Bonds;

(e) To make necessary additions, betterments and improvements and repairs to or extensions and replacements of the System, to retire by redemption or purchase in the open market any outstanding revenue obligations or other obligations of the System, to make deposits into the Rate Stabilization Account, or to provide for any other lawful City purpose.

The City may transfer any money from any funds or accounts of the System legally available therefor, except bond redemption funds, refunding escrow funds, defeasance or other trust funds, to meet the required payments to be made into the Bond Fund.

Section 16. Rate Stabilization Account. The Rate Stabilization Account has previously been created and established within the Water-Sewer Funds. The City may at any time, in accordance with the flow of funds set forth in Section 15, deposit into the Rate Stabilization Account Net Revenue and any other money available to be used for that purpose, excluding proceeds of any Future Parity Bonds. No deposit shall be made into the Rate Stabilization Account to the extent that such deposit would prevent the City from meeting the Coverage Requirement in the applicable calendar year. The City may at any time withdraw money from the Rate Stabilization Account for inclusion in the Net Revenue, except that withdrawals from the Rate Stabilization Account allocable to any calendar year may not exceed the Annual Debt Service for all Parity Bonds for that year. Deposits into or withdrawals from the Rate Stabilization Account made within 90 days after the end of a calendar year may be allocated to either the current or preceding calendar year. Earnings from investments in the Rate Stabilization Account shall be retained in that account and shall not be included in Net Revenue unless and until withdrawn from that account as provided in this Section.

Section 17. Provisions for Future Parity Bonds. The City reserves the right to issue Future Parity Bonds for purposes of the System or to refund any outstanding Parity Bonds if the following conditions are met and complied with at the time of the issuance of those Future Parity Bonds.

(a) There shall be no deficiency in the Bond Fund and no event of default with respect to any Parity Bonds shall have occurred and be continuing.

(b) The Future Parity Bond Authorizing Ordinance shall provide that all assessments and interest thereon that may be levied in any ULID created for the purpose of paying, in whole or in part, the principal of and premium, if any, and interest on those Future Parity Bonds, shall be paid directly into the Bond Fund, except for any prepaid assessments permitted by law to be paid into a construction fund or account.

(c) The Future Parity Bond Authorizing Ordinance shall provide for the payment of the principal thereof and premium, if any, and interest thereon out of the Bond Fund.

(d) The Future Parity Bond Authorizing Ordinance shall provide for the payment of amounts into the Bond Fund to meet mandatory redemption requirements applicable to any Term Bonds to be issued and for regular payments to be made for the payment of the principal of such Term Bonds on or before their maturity, or, as an alternative, the mandatory redemption of those Term Bonds prior to their maturity date from money in the Principal and Interest Account.

(e) The Future Parity Bond Authorizing Ordinance shall provide for the deposit into the Reserve Account of the amount, if any, necessary to make the balance therein equal to the Reserve Requirement upon the issuance of those Future Parity Bonds either (i) on the date of issuance of those Future Parity Bonds, from Future Parity Bond proceeds, other money legally available for that purpose and Reserve Insurance or (ii) within five years after the date of issuance of those Future Parity Bonds, in approximately equal annual payments, from Net Revenue available in accordance with the flow of funds set forth in Section 15, ULID Assessments and Tax Credit Subsidy Payments.

(f) There shall be on file with the City either:

(i) a certificate of the Finance Director, the chief administrative officer of the City or the director of the public works department of the City, or any officer who succeeds to substantially all of the responsibilities of any of those offices, demonstrating that during any 12 consecutive calendar months out of the preceding 24 calendar months (which period shall be treated as a calendar year for purposes of this subsection), Net Revenue (together with any ULID Assessments deposited in the Bond Fund) for that 12 month period satisfied the Coverage Requirement for (A) all Parity Bonds outstanding at the time of calculation, less (B) any Parity Bonds outstanding at the time of calculation that will be refunded or defeased by the Future Parity Bonds to be issued, plus (C) those Future Parity Bonds (assuming that the Annual Debt Service for those Future Parity Bonds for that 12 month period is the Average Annual Debt Service for those Future Parity Bonds); or

(ii) a certificate of an Independent Utility Consultant that in his or her opinion the Net Revenue (together with any nondelinquent ULID Assessments scheduled to be deposited into the Bond Fund) will satisfy the Coverage Requirement for each of the five calendar years following the earlier of (A) the end of the period during which interest on those Future Parity Bonds is to be paid from Future Parity Bond proceeds or, if no interest is so to be paid, the calendar year in which those Future Parity Bonds are issued, and (B) the date on which substantially all new facilities financed with those Future Parity Bonds are expected to commence operations, in each case with such Net Revenue further adjusted as provided in paragraphs (1) through (5) below. That certificate may take into account the following adjustments:

(1) Any changes in rates in effect and being charged, or rates expected to be charged in accordance with a program of specific rates, rate levels or increases in overall rate revenue approved by ordinance or resolution;

(2) Net Revenue from customers of the System who have become customers during the preceding calendar year, and the estimated Net Revenue from any customers to be connected to the System who have paid all required connection charges, adjusted to reflect a full year's Net Revenue from those customers;

(3) The estimated Net Revenue from customers anticipated to be served by new facilities financed in substantial part by those Future Parity Bonds;

(4) The estimated Net Revenue from any person, firm, corporation or municipal corporation under any executed contract for services provided by the System, which Net Revenue has not otherwise been included; and

(5) Estimated deposits into and withdrawals from the Rate Stabilization Account.

If Future Parity Bonds proposed to be so issued are for the sole purpose of refunding outstanding Parity Bonds, such certification of coverage shall not be required if the amount required for the payment of the principal and interest in each year for the refunding bonds is not increased more than $5,000 over the amount for that same year required for the bonds (or the portion of that bond issue) to be refunded thereby, and if the maturities of such refunding bonds are not extended beyond the maturities of the bonds to be refunded thereby.

Nothing contained herein shall prevent the City from issuing Future Parity Bonds to refund maturing Parity Bonds, money for the payment of which is not otherwise available, or revenue bonds that are secured by a lien or charge on the Net Revenue subordinate to the lien or charge thereon that secures the Parity Bonds, or from pledging the payment of ULID assessments into a bond redemption fund created for the payment of the principal of and interest on those subordinate lien bonds as long as such ULID assessments are levied for improvements constructed from the proceeds of those subordinate lien bonds.

Section 18. Separate Utility Systems. The City may at any time create, acquire, construct, finance, own and operate one or more systems for water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service, which systems are separate from and in addition to the System. The revenue of that Separate Utility System, and any utility local improvement district assessments payable solely with respect to improvements to that Separate Utility System, shall not be included in the Gross Revenue and may be pledged to the payment of revenue obligations issued to purchase, construct, condemn or otherwise acquire or expand that Separate Utility System. Neither the Gross Revenue nor the Net Revenue may be pledged to the payment of any obligations of a Separate Utility System except that the Net Revenue may be pledged on a basis subordinate to the lien of the Parity Bonds.

Section 19. Contract Resource Obligations. The City may at any time enter into one or more Contract Resource Obligations for the acquisition, from facilities to be constructed or improved by the use of payments under such Contract Resource Obligations, of water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service relating to the System, as follows:

(a) The City may agree under a contract containing a Contract Resource Obligation that all payments in respect of that Contract Resource Obligation (including payments prior to the time that water, stormwater or wastewater service is being provided, or during a suspension or after termination of supply or service) shall be deemed an Operating and Maintenance Expense, so long as the payments required to be made under the Contract Resource Obligation are not subject to acceleration and the following additional requirements are met at the time such obligation is designated as a Contract Resource Obligation:

(i) No event of default has occurred and is continuing under the terms of any debt obligation of the City in respect of the System; and

(ii) The City has obtained a certificate of an Independent Utility Consultant stating that in its professional opinion: (1) the payments to be made by the City in connection with the Contract Resource Obligation are reasonable for the service rendered; (2) the source of any new supply, and any facilities to be constructed to provide the supply, transmission or treatment, are sound from a supply or planning standpoint, are technically and economically feasible in accordance with prudent utility practice, and are likely to provide service no later than a date set forth in the certification; and (3) the Net Revenue will be sufficient to satisfy the Coverage Requirement for each of the five calendar years following the calendar year in which the Contract Resource Obligation is incurred, where the calculation of Net Revenue (A) takes into account the adjustments permitted in connection with a coverage certification given under the conditions for Future Parity Bonds and (B) adjusts the Operating and Maintenance Expenses by the consultant's estimate of the payments to be made in accordance with the Contract Resource Obligation.

(b) Nothing in this Section prevents the City from entering into agreements for the acquisition of water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service relating to the System from then-existing facilities and from treating those payments as an Operating and Maintenance Expense. Nothing in this Section prevents the City from entering into other agreements for the acquisition of water supply, sewer service, water, stormwater or wastewater transmission, treatment or other commodity or utility service relating to the System from facilities to be constructed and from agreeing to make payments with respect thereto, such payments constituting obligations that are secured by a lien or charge on the Net Revenue subordinate to the lien or charge that secures the Parity Bonds until such time as the facilities are placed in service.

<u>Section 20</u>. <u>Tax Matters</u>.

(a) *Preservation of Tax Exemption for Interest on the Bonds*. The City covenants that it will take all actions necessary to prevent interest on the Bonds from being included in gross income for federal income tax purposes, and it will neither take any action nor make or permit any use of proceeds of the Bonds or other funds of the City treated as proceeds of the Bonds at any time during the term of the Bonds which will cause interest on the Bonds to be included in gross income for federal income tax purposes. The City also covenants that it will, to the extent the arbitrage rebate requirements of Section 148 of the Code are applicable to the Bonds, take all actions necessary to comply (or to be treated as having complied) with those requirements in connection with the Bonds.

(b) *Post-Issuance Compliance*. The Finance Director is authorized and directed to review, update and implement, on behalf of the City, written procedures to facilitate compliance by the City with the covenants in this Section and the applicable requirements of the Code that must be satisfied after the Issue Date to prevent interest on the Bonds from being included in gross income for federal income tax purposes.

(c) *Designation of Bonds as "Qualified Tax-Exempt Obligations."* The Designated Representative may designate a Series as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code, if the following conditions are met:

(i) the Series does not constitute "private activity bonds" within the meaning of Section 141 of the Code;

(ii) the reasonably anticipated amount of tax-exempt obligations (other than private activity bonds and other obligations not required to be included in such calculation) that the City and any entity subordinate to the City (including any entity that the City controls, that derives its authority to issue tax-exempt obligations from the City, or that issues tax-exempt obligations on behalf of the City) will issue during the calendar year in which the Series is issued will not exceed $10,000,000; and

(iii) the amount of tax-exempt obligations, including the Series, designated by the City as "qualified tax-exempt obligations" for the purposes of Section 265(b)(3) of the Code during the calendar year in which the Series is issued does not exceed $10,000,000.

<u>Section 21</u>. <u>Refunding or Defeasance of the Bonds</u>. The City may issue refunding bonds pursuant to State law or use money available from any other lawful source to carry out a refunding or defeasance plan, which may include (a) paying when due the principal of and interest on any or all of the Bonds (the "defeased Bonds"); (b) redeeming or prepaying the defeased Bonds prior to their maturity; and (c) paying the costs of the refunding, prepayment or defeasance. If the City sets aside in a special trust fund or escrow account irrevocably pledged to that redemption, prepayment or defeasance (the "trust account"), money and/or Government Obligations maturing at a time or times and bearing interest in amounts sufficient to redeem, prepay, refund or defease the defeased Bonds in accordance with their terms, then all right and interest of the Owners of the defeased Bonds in the covenants of this ordinance and in the funds and accounts obligated to the payment of the defeased Bonds, shall cease and become void. Thereafter, the Owners of defeased Bonds shall have the right to receive payment of the principal of and interest on the defeased Bonds solely from the trust account and the defeased Bonds shall be deemed no longer outstanding. In that event, the City may apply money remaining in any fund or account (other than the trust account) established for the payment, prepayment or redemption of the defeased Bonds to any lawful purpose, subject only to the rights of the Owners of any other Parity Bonds then outstanding.

Unless otherwise specified by the City in a refunding or defeasance plan, notice of refunding or defeasance shall be given, and selection of Bonds for any partial refunding or defeasance shall be conducted, in the manner prescribed in this ordinance for the redemption of Bonds.

<u>Section 22</u>. <u>Sale and Delivery of the Bonds</u>.

(a) *Manner of Sale of Bonds.* The Designated Representative is authorized to sell the Bonds in one or more Series by negotiated sale, direct purchase or private placement based on the assessment of the Designated Representative of market conditions, pursuant to the terms of this ordinance and the parameters for Final Terms set forth in Exhibit A and in consultation with appropriate City officials and staff, Bond Counsel and other advisors. In determining the method of sale and accepting the Final Terms, the Designated Representative shall take into account those factors that, in the judgment of the Designated Representative, may be expected to result in the lowest true interest cost to the City.

(b) *Procedure for Negotiated Sale or Private Placement*. If the Designated Representative determines a Series of Bonds is to be sold by negotiated sale, direct purchase or private placement, the Designated Representative shall select one or more Purchasers with which to negotiate such sale. The Bond Purchase Agreement for each Series of Bonds shall set forth the Final Terms for such Series. The Designated Representative is authorized to execute the Bond Purchase Agreement on behalf of the City, so long as the terms provided therein are consistent with the terms of this ordinance.

(c) *Preparation, Execution and Delivery of the Bonds.* The Bonds will be prepared at City expense and will be delivered to the Purchaser in accordance with the Bond Purchase Agreement, together with the approving legal opinion of Bond Counsel regarding the Bonds.

(d) *Other Agreements*. The Designated Representative is authorized and directed to execute and deliver agreements with such advisors as the Designated Representative determines to be in the best interests of the City in selling each Series, including engaging financial advisors, underwriters, purchasers, bond counsel, bond registrars, rating agencies, printers and electronic distribution platforms. The City Council ratifies and confirms the execution and delivery of any such agreement prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance.

Section 23. Official Statement; Continuing Disclosure.

(a) *Preliminary Official Statement Deemed Final.* The Designated Representative shall review and, if acceptable, approve the preliminary Official Statement prepared in connection with the sale of the Bonds to be sold to the public. For the sole purpose of the Purchaser's compliance with paragraph (b)(1) of Rule 15c2-12, if applicable, the Designated Representative is authorized to deem that preliminary Official Statement final as of its date, except for the omission of information permitted to be omitted by Rule 15c2-12. The City approves the distribution to potential purchasers of the Bonds of a preliminary Official Statement that has been approved by the Designated Representative and been deemed final, if applicable, in accordance with this subsection.

(b) *Approval of Final Official Statement.* The City approves the preparation of a final Official Statement for the Bonds to be sold to the public in the form of the preliminary Official Statement that has been approved and deemed final in accordance with subsection (a), with such modifications and amendments as the Designated Representative deems necessary or desirable, and further authorizes the Designated Representative to execute and deliver such final Official Statement to the Purchaser, if required under Rule 15c2-12. The City authorizes and approves the distribution by the Purchaser of the final Official Statement so executed and delivered to purchasers and potential purchasers of the Bonds.

(c) *Undertaking to Provide Continuing Disclosure.* If necessary to meet the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to the Purchaser acting as a participating underwriter for the Bonds, the Designated Representative is authorized to execute a written undertaking to provide continuing disclosure for the benefit of holders of the Bonds in substantially the form attached as Exhibit B.

(d) *Disclosure Procedure*. The Designated Representative is authorized to adopt, amend and implement, on behalf of the City, written procedures to assist the City in its compliance with securities laws and promote best practices regarding disclosure.

Section 24. Supplemental Ordinances. The City Council from time to time and at any time may pass an ordinance or ordinances supplemental to this ordinance which supplemental ordinance or ordinances thereafter shall become a part of this ordinance, for any one or more of the following purposes:

(a) To add to the covenants and agreements of the City in this ordinance such other covenants and agreements thereafter to be observed, which shall not adversely affect the interests of owners of Parity Bonds, or to surrender any right or power herein reserved to or conferred upon the City.

(b) To make such provisions for the purpose of curing any ambiguities or of curing, correcting or supplementing any defective provision contained in this ordinance in regard to matters or questions arising under such ordinances as the City Council may deem necessary or desirable and not inconsistent with such ordinances and which shall not materially adversely affect the interest of owners of Parity Bonds.

(c) To comply with any future federal law or interpretation to preserve the exclusion of interest on any tax-exempt Parity Bonds from gross income for federal income tax purposes and the entitlement of the City to receive from the United States Treasury the Tax Credit Subsidy Payments scheduled to be received for any Tax Credit Subsidy Bonds.

When the 2019 Bond are no longer outstanding, the entirety of this Section 24 shall be replaced with the following:

(a) *This ordinance shall not be amended or supplemented in any respect subsequent to the issuance of the Bonds, except as provided in and in accordance with and subject to the provisions of this Section.*

(b) *The City, from time to time, and at any time, without the consent of or notice to the Owners, may adopt supplemental ordinances as follows:*

(i) *To cure any formal defect, omission, inconsistency, or ambiguity in this ordinance in a manner not materially adverse to the interests of registered owners of the Parity Bonds;*

(ii) *To grant, confer, or impose upon the Registrar (with its consent) for the benefit of the Registered Owners any additional rights, remedies, powers, authority,* *security, liabilities, or duties that may lawfully be granted, conferred, or imposed and that are not contrary to or inconsistent with this ordinance as theretofore in effect;*

(iii) *To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations, and restrictions to be observed by the City that are not contrary or inconsistent with this ordinance as theretofore in effect;*

(iv) *To confirm, as further assurance, any pledge under, and the subjection to any claim, lien, or pledge created or to be created by this ordinance of any other money, securities, or funds;*

(v) *To amend or supplement this ordinance in any other respect that is not materially adverse to the interests of the registered owners of the Parity Bonds;*

(vi) *Because of change in federal law or rulings, to maintain the exclusion from gross income of the interest on the Tax-Exempt Parity Bonds from federal income taxation; and*

(vii) *To add to the covenants and agreements of, and limitations and restrictions upon, the City in this ordinance, other covenants, agreements, limitations and restrictions to be observed by the City in connection with the acquisition of Bond Insurance or any Reserve Security and which are not materially adverse to the interests of registered owners of the Parity Bonds.*

Not less than 15 days before the City adopts any such supplemental ordinance pursuant to this subsection, there shall have been delivered an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.

(c) *Except for any supplemental ordinance adopted pursuant to subsection (b) of this Section:*

(i) This ordinance shall not be amended or supplemented in any respect subsequent to the issuance of the Bonds unless the registered owners of a majority in principal amount of the outstanding Parity Bonds have consented to its adoption by the City.

(ii) *The City may adopt any supplemental ordinance deemed necessary or desirable by the City for the purpose of amending or supplementing, in any particular, any of the terms or provisions contained in this ordinance only if the following conditions are satisfied within two years prior to the adoption of the supplemental ordinance:*

(1) *The Registrar causes notice of the proposed supplemental ordinance to be given by first-class mail, postage prepaid, to all registered owners of the Parity Bonds, to any provider of Credit Facility or any Reserve*

Insurance, and to each nationally recognized rating agency then maintaining a rating on the Parity Bonds at the request of the City. Such notice shall briefly set forth the nature of the proposed supplemental ordinance and shall state that a copy thereof is on file with the City for inspection by all registered owners of Parity Bonds.

(2) *There have been delivered to the Registrar (i) the required consents, in writing, of the registered owners of the Parity Bonds, and (ii) an opinion of Bond Counsel stating that such supplemental ordinance is authorized or permitted by this ordinance and, upon the execution and delivery thereof, will be valid and binding upon the City in accordance with its terms and will not adversely affect the exclusion from gross income for federal income tax purposes of interest on the Tax-Exempt Bonds.*

(3) *Registered owners of Parity Bonds may be deemed to have notice of and have consented to the adoption of any supplemental ordinance so long as (i) the ordinance authorizing the issuance of the Parity Bonds includes the nature of the proposed supplemental ordinance and states that registered owners of the Parity Bonds will be deemed to have consented to its adoption and (ii) the preliminary official statement, if any, and the final official statement, if any, for the Parity Bonds include the nature of the proposed supplemental ordinance and state that registered owners of the Parity Bonds will be deemed to have consented to its adoption.*

(4) *An underwriter of Future Parity Bonds, either in its capacity as an underwriter or remarketing agent, or as agent for or in lieu of registered owners of the Parity Bonds, may consent to the adoption of a supplemental ordinance.*

(iii) Without the consent of the registered owners of all outstanding Parity Bonds as herein provided, no supplemental ordinance shall permit or be construed as permitting: (i) a change in the times, amounts, or currency of payment of the principal of or interest on any outstanding Parity Bond, or a reduction in the principal amount or redemption or prepayment price of any outstanding Parity Bond, or a change in the method of determining the rate of interest thereon; or (ii) a preference of priority of any Parity Bond over any other Parity Bond; or (iii) a reduction in the aggregate principal amount of Parity Bonds, the consent of the registered owners of which is required for the adoption of any such supplemental ordinance.

(iv) *If registered owners of not less than the percentage of Parity Bonds required by this subsection have consented to the adoption of a supplemental ordinance as herein provided, no owner of Parity Bonds shall have any right to object to the adoption of such supplemental ordinance, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the City or the Registrar from adopting the same or from taking any action pursuant to the provisions thereof.*

(d) *Upon the adoption of any supplemental ordinance pursuant to the provisions of this Section, this ordinance shall be, and be deemed to be, amended and supplemented in accordance therewith, and the respective rights, duties, and obligations under this ordinance of the City, the Registrar, and all owners of Parity Bonds shall thereafter be determined, exercised, and enforced under this ordinance subject in all respects to such amendments and supplements.*

Section 25. General Authorization and Ratification. The Mayor, the Finance Director, the City Clerk, other appropriate officers of the City and Bond Counsel are severally authorized to take such actions and to create, accept, execute, send, use and rely upon such documents, records and signatures (including in tangible medium, manual, facsimile or electronic form, under any security procedure or platform, and notwithstanding any other City ordinance, resolution, rule or policy) as in their judgment may be necessary or desirable to carry out the transactions contemplated in connection with this ordinance, and to do everything necessary for the prompt delivery of each Series of Bonds to the Purchaser thereof and for the proper application, use and investment of the proceeds of the Bonds. All actions taken prior to the effective date of this ordinance in furtherance of the purposes described in this ordinance and not inconsistent with the terms of this ordinance are ratified and confirmed in all respects.

Section 26. Severability. The provisions of this ordinance are declared to be separate and severable. If a court of competent jurisdiction, all appeals having been exhausted or all appeal periods having run, holds any provision of this ordinance to be invalid or unenforceable as to any person or circumstance, such offending provision shall, if feasible, be deemed to be modified to be within the limits of enforceability or validity. However, if the offending provision cannot be so modified, it shall be null and void with respect to the particular person or circumstance, and all other provisions of this ordinance in all other respects, and the offending provision with respect to all other persons and all other circumstances, shall remain valid and enforceable.

Section 27. Rules of Interpretation. In this ordinance, unless the context or use otherwise requires:

(a) The terms "hereby," "hereof," "hereto," "herein" and any similar terms refer to this ordinance as a whole and not to any particular section, paragraph, clause or subdivision of this ordinance, and the term "heretofore" means before the date of this ordinance;

(b) All pronouns in this ordinance include all other pronouns, and words importing the singular number mean and include the plural number and vice versa;

(c) The terms: (i) "includes" and "including" are not limiting; (ii) "or" is not exclusive; and (iii) "person" or "persons" include firms, associations, partnerships (including limited partnerships), trusts, corporations and other legal entities, including public bodies, as well as natural persons;

(d) The cover page, the table of contents and any headings preceding the text of the several sections and paragraphs of this ordinance, and any marginal notes appended to copies hereof, are solely for convenience of reference and do not constitute a part of this ordinance, nor do they affect its meaning, construction or effect; and

(e) All references herein to "sections," "paragraphs, "clauses" and other subdivisions are to the corresponding sections, paragraphs, clauses or subdivisions hereof.

Section 28. Effective Date of Ordinance. This ordinance takes effect and will be in full force and effect from and after its passage and five days following its publication as required by law.

PASSED by the City Council and APPROVED by the Mayor of the City of Stanwood, Washington, at an open public meeting thereof, this 11th day of August, 2022.

CITY OF STANWOOD, WASHINGTON

____
Sid Roberts, Mayor

ATTEST:

____
Lisa Sokolik, City Clerk

APPROVED AS TO FORM:

____
Foster Garvey P.C., Bond Counsel

<u>EXHIBIT A</u>
DESCRIPTION OF THE BONDS

(a) Principal Amount. The Bonds may be issued in one or more Series and shall not exceed the aggregate principal amount of $[3,480,000].

(b) Date or Dates. Each Bond shall be dated its Issue Date, which date may not be later than one year after the effective date of this ordinance.

(c) Denominations, Name, etc. The Bonds shall be issued in Authorized Denominations and shall be numbered separately in the manner and shall bear any name and additional designation as deemed necessary or appropriate by the Designated Representative.

(d) Interest Rate(s). Each Bond shall bear interest at a fixed rate per annum (computed, unless otherwise specified in the Bond Purchase Agreement, on the basis of a 360-day year of twelve 30-day months) from the Issue Date or from the most recent date for which interest has been paid or duly provided for, whichever is later. One or more rates of interest may be fixed for the Bonds. No rate of interest for any Bond may exceed [5.00]%, and the true interest cost to the City for each Series of the Bonds may not exceed [4.25]%.

(e) Payment Dates. Interest shall be payable semiannually on dates acceptable to the Designated Representative, commencing no later than one year following the Issue Date. Principal payments shall commence on a date acceptable to the Designated Representative and shall be payable at maturity or in mandatory redemption or prepayment installments on dates acceptable to the Designated Representative.

(f) Final Maturity. Each Series shall mature no later than the date that is [21] years after the Issue Date of that Series.

(g) Redemption Rights. The Designated Representative may approve in the Bond Purchase Agreement provisions for the optional and mandatory redemption or prepayment of Bonds, subject to the following:

(1) <u>Optional Redemption or Prepayment</u>. Any Bond may be designated as being (A) subject to

redemption or prepayment at the option of the City prior to its maturity date on the dates and at the prices set forth in the Bond Purchase Agreement; or (B) not subject to redemption or prepayment prior to its maturity date. If a Bond is subject to optional redemption or prepayment prior to its maturity, it must be subject to such redemption on one or more dates occurring not more than 10½ years after the Issue Date.

(2) Mandatory Redemption or Prepayment. Any Bond may be designated as a Term Bond, subject to mandatory redemption or prepayment prior to its maturity on the dates and in the amounts set forth in the Bond Purchase Agreement.

(h) Price. The purchase price for each Series of the Bonds may not be less than [95]% or more than [145]% of the stated principal amount of that Series.

(i) Section 265(b)(3) Designation. Pursuant to the provisions of this ordinance, the Designated Representative may designate any qualifying Series of Bonds as "qualified-tax exempt obligations" for purposes of Section 265(b)(3) of the Code.

(j) Other Terms and Conditions.

(1) The Designated Representative may determine whether it is in the City's best interest to provide for bond insurance or other credit enhancement; and may accept such additional terms, conditions and covenants as he or she may determine are in the best interests of the City, consistent with this ordinance.

(2) The Designated Representative must have determined that the Parity Conditions have been met and satisfied as of the Issue Date of the Bonds.

[Form of]
UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

City of Stanwood, Washington
Water and Sewer Revenue Bonds, 20__

The City of Stanwood, Washington (the "City"), makes the following written Undertaking for the benefit of holders of the above-referenced bonds (the "Bonds"), for the sole purpose of assisting the Purchaser in meeting the requirements of paragraph (b)(5) of Rule 15c2-12, as applicable to a participating underwriter for the Bonds. Capitalized terms used but not defined below shall have the meanings given in Ordinance No. 1506 of the City (the "Bond Ordinance").

(a) Undertaking to Provide Annual Financial Information and Notice of Listed Events. The City undertakes to provide or cause to be provided, either directly or through a designated agent, to the MSRB, in an electronic format as prescribed by the MSRB, accompanied by identifying information as prescribed by the MSRB:

(i) Annual financial information and operating data of the type included in the final official statement for the Bonds and described in paragraph (b)(i) ("annual financial information");

(ii) Timely notice (not in excess of 10 business days after the occurrence of the event) of the occurrence of any of the following events with respect to the Bonds: (1) principal and interest payment delinquencies; (2) non-payment related defaults, if material; (3) unscheduled draws on debt service reserves reflecting financial difficulties; (4) unscheduled draws on credit enhancements reflecting financial difficulties; (5) substitution of credit or liquidity providers, or their failure to perform; (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notice of Proposed Issue (IRS Form 5701 – TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (7) modifications to rights of holders of the Bonds, if material; (8) bond calls (other than scheduled mandatory redemptions of Term Bonds), if material, and tender offers; (9) defeasances; (10) release, substitution, or sale of property securing repayment of the Bonds, if material; (11) rating changes; (12) bankruptcy, insolvency, receivership or similar event of the City, as such "Bankruptcy Events" are defined in Rule 15c2-12; (13) the consummation of a merger, consolidation, or acquisition involving the City or the sale of all or substantially all of the assets of the City other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; (14) appointment of a successor or additional trustee or the change of name of a trustee, if material; (15) incurrence of a financial obligation of the City or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the City or obligated person, any of which affect security holders, if material; and (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the City or obligated person, any of which reflect financial difficulties. The term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

(iii) Timely notice of a failure by the City to provide the required annual financial information described in paragraph (b)(i) on or before the date specified in paragraph (b)(ii).

(b) Type of Annual Financial Information Undertaken to be Provided. The annual financial information that the City undertakes to provide in paragraph (a):

(i) Shall consist of (1) annual financial statements prepared (except as noted in the financial statements) in accordance with applicable generally accepted accounting principles applicable to local governmental units of the State such as the City, as such principles may be changed from time to time; (2) a statement of authorized, issued and outstanding debt secured by Net Revenue; and (3) general customer statistics, which may be cross referenced to sections of the Official Statement, when available;

(ii) Shall be provided not later than the last day of the ninth month after the end of each fiscal year of the City (currently, a fiscal year ending December 31), as such fiscal year may be changed as required or permitted by State law, commencing with the City's fiscal year ending December 31, 20__; and

(iii) May be provided in a single or multiple documents, and may be incorporated by specific reference to documents available to the public on the Internet website of the MSRB or filed with the SEC.

If not submitted as part of the annual financial information described in paragraph (b)(i) above, the City will provide or cause to be provided to the MSRB audited financial statements, when and if available.

(c) Amendment of Undertaking. This Undertaking is subject to amendment after the primary offering of the Bonds without the consent of any holder of any Bond, or of any broker, dealer, municipal securities dealer, participating underwriter, Rating Agency or the MSRB, under the circumstances and in the manner permitted by Rule 15c2-12. The City will give notice to the MSRB of the substance (or provide a copy) of any amendment to the Undertaking and a brief statement of the reasons for the amendment. If the amendment changes the type of annual financial information to be provided, the annual financial information containing the amended financial information will include a narrative explanation of the effect of that change on the type of information to be provided.

(d) Beneficiaries. This Undertaking shall inure to the benefit of the City and the holder of each Bond, and shall not inure to the benefit of or create any rights in any other person.

(e) Termination of Undertaking. The City's obligations under this Undertaking shall terminate upon the legal defeasance or redemption of all of the Bonds. In addition, the City's obligations under this Undertaking shall terminate if the provisions of Rule 15c2-12 that require the City to comply with this Undertaking become legally inapplicable in respect of the Bonds for any reason, as confirmed by an opinion of Bond Counsel delivered to the City, and the City provides timely notice of such termination to the MSRB.

(f) Remedy for Failure to Comply with Undertaking. As soon as practicable after the City learns of any failure to comply with this Undertaking, the City will proceed with due diligence to cause such noncompliance to be corrected. No failure by the City or other obligated person to comply with this Undertaking shall constitute a default in respect of the Bonds. The sole remedy of any holder of a Bond shall be to take action to compel the City or other obligated person to comply with this Undertaking, including seeking an order of specific performance from an appropriate court.

(g) Designation of Official Responsible to Administer Undertaking. The Finance Director or his or her designee is the person designated, in accordance with the Bond Ordinance, to carry out the Undertaking in accordance with Rule 15c2-12, including, without limitation, the following actions:

(i) Preparing and filing the annual financial information undertaken to be provided in paragraph (a)(i);

(ii) Determining whether any failure to provide the annual financial information undertaken to be provided in paragraph (a)(i) has occurred and providing any notice undertaken to be provided in paragraph (a)(iii);

(iii) Determining whether any event specified in items (1)-(16) of paragraph (a)(ii) has occurred, assessing its materiality, where necessary, with respect to the Bonds, and preparing and disseminating any notice undertaken to be provided in paragraph (a)(ii) of its occurrence;

(iv) Determining whether any person other than the City is an "obligated person" within the meaning of Rule 15c2-12 with respect to the Bonds, and obtaining from such person an undertaking to provide any annual financial information and notice of listed events for that person required under Rule 15c2-12;

(v) Selecting, engaging and compensating designated agents and consultants, including but not limited to financial advisors and legal counsel, to assist and advise the City in carrying out this Undertaking; and

(vi) Effecting any necessary amendment of this Undertaking.

CERTIFICATION

I, the undersigned, City Clerk of the City of Stanwood, Washington (the "City"), certify as follows:

1. The attached copy of Ordinance No. 1506 (the "Ordinance") is a full, true and correct copy of the Ordinance duly passed at a regular meeting of the City Council of the City held at its regular meeting place on August 11, 2022 (the "Meeting"), as that Ordinance appears on the minute book of the City.

2. The Ordinance will be in full force and effect five days after publication in the City's official newspaper.

3. The Meeting was duly convened, held and included an opportunity for public comment, in all respects in accordance with law; a quorum was present throughout the meeting; and a sufficient number of members of the City Council so present voted in the proper manner for the passage of the Ordinance.

Dated: August 11, 2022.

CITY OF STANWOOD, WASHINGTON

____

Lisa Sokolik, City Clerk

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