

City of Stanwood



City Council Packet

Stanwood City Council Regular Meeting

Thursday, December 8, 2022



AGENDA
CITY COUNCIL REGULAR MEETING
Thursday, December 8, 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.stanwoodwa.org>

- 1. CALL TO ORDER AND PLEDGE OF ALLEGIANCE**
- 2. ROLL CALL**
- 3. APPROVAL OF THE AGENDA**
- 4. PRESENTATION:** None
- 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.
- 6. STAFF / DEPARTMENT REPORTS**
Police Compstat Report – November **6.1**
- 7. COUNCIL COMMITTEE REPORTS:**
 - a. Finance Committee Meeting Minutes – November 17, 2022 **7.1**
 - b. Parks and Trails Advisory Committee Meeting Minutes – October 17, 2022 **7.3**
 - c. Public Safety Committee Meeting Minutes – November 10, 2022 **7.11**
- 8. CONSENT AGENDA**
 - a. Approve Vouchers and Payroll Checks **8.1**
 - b. Approve City Council Regular Meeting Minutes – November 21, 2022 **8.5**
- 9. UNFINISHED BUSINESS:** None
- 10. PUBLIC HEARING:**
Final 2023-2024 Biennial Budget **10.1**
 - i. Open Public Hearing
 - ii. Approve Second Reading and Adoption, Ordinance 1509, 2023-2024 Biennia Budget
- 11. NEW BUSINESS**
 - a. Approve Resolution 2022-19 - Financial Management Policy Update **11.1**
 - b. Authorize the Mayor to Sign Supplemental No. 3 to the Public Defender Contract **11.57**
 - c. Support Snohomish County Mayors and Business Leaders for Public Safety **11.73**
- 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:

January 12, 2023, Regular City Council Meeting 7:00pm
January 26, 2023, Regular City Council Meeting 7:00pm



**CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT**

ITEM NUMBER: 6
DATE: December 08, 2022
SUBJECT: Police Compstat Reports
CONTACT PERSON: Chief Jason Toner
ATTACHMENTS: A – November 2022 Compstat Report

SUMMARY STATEMENT

Attached is the November 2022 Compstat Reports for council review.

Stanwood Police Department CompStat Report



City of Stanwood Police Chief Jason Toner

Prepared by: Snohomish County Sheriff Office Crime Analysis Unit and Stanwood Police Department

NOVEMBER 2022

Stanwood Police Department

COMPSTAT REPORT



What is CompStat?

CompStat stands for 'Computer Statistics' dealing specifically with crime. It is found to be an effective way to accurately track crime and use the information to deploy officers to address it in timely manner. It is a performance management system that is used to reduce crime and achieve other police department goals. It emphasizes information-sharing, responsibility and accountability and improving effectiveness.

What is the benefit to the community?

CompStat allows us to track crime problems and allocate resources to the areas that are being affected. By being able to focus our efforts on areas being impacted, we are able to make apprehensions and drive down crime in Stanwood.

How is data collected?

Crime Analysts access a variety of systems to collect and analyze law enforcement data. Data collection begins at the 911 call center (SNO911) and carries over into law enforcement records management systems (LERMS). Much of the information presented in this report is also reported to state and federal agencies annually.

What data will you see in this report?

What occurred within the city limits of Stanwood and calls responded to by the Stanwood Police outside the city.

This is a true representation of all police activity occurring in the City of Stanwood, you will see these calls listed as "In the STW Beat". On occasion, Stanwood Police officers will be called outside the city to assist other agencies. We also have deputies who live outside of the city so on occasion they will make a traffic stop or respond to a nearby call while commuting to work. You will see these call listed as "Answered by STW ORI"

Incident data:

This represents what police were called to and includes self-initiated activity. Multiple 911 calls for the same incident are presented as a single incident.

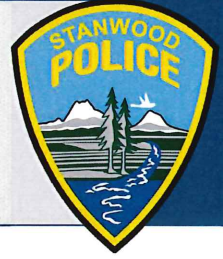
Case data:

An incident becomes a case when the deputy determines reporting protocol is met. A case is often generated based on a specific crime, traffic collisions, arrest or the need to document specific actions or information.

NOVEMBER 2022

Stanwood Police Department

POLICE STAFFING



The City of Stanwood contracts for law enforcement services through the Snohomish County Sheriff's Office. The contract is identified as a "stand alone" contract, which allows the City of Stanwood to maintain its own police identity to include policies and procedures that meet unique small city needs. All uniforms and vehicles are identified as Stanwood Police and we provide services to the city population of approximately 8,405.

DIVISIONS:

CHIEF OF POLICE: Has the rank of Lieutenant with the Sheriff's Office. Oversees all aspects of the Police Department daily operations. The Chief works with city staff to ensure community needs are met.

ADMINISTRATIVE SERGEANT: Administers the day-to-day administrative functions of the Police Department and oversees the day shift deputies, School Resource Officer and Detective. Steps in as the Chief of Police when the chief is absent.

NIGHT SERGEANT: Oversees the swing shift and night shift deputies.

PATROL DIVISION: Responds to crimes in progress, traffic collisions, missing persons, and other emergency and non-emergency calls for service.

SCHOOL RESOURCE OFFICER: Utilizes the concept of educator, informal counselor, and law enforcer; working to bridge the gap and build relationships between law enforcement and youth.

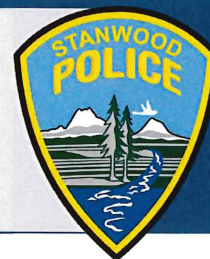
DETECTIVE: Works in conjunction with patrol and the resources of the Snohomish County Sheriff's Office to investigate a broad range of felony- and misdemeanor-level crimes that occurred in the City of Stanwood.

	ASSIGNED	VACANCIES	PERCENTAGE
Chief	1	0	100%
Sergeant	2	0	100%
Deputy	4	2	67%
School Resource Officer	1	0	100%
Detective	1	0	100%

NOVEMBER 2022

Stanwood Police Department

RECORDS UNIT



Records Summary: Job duties include, but are not limited to, the following;

- Provide administrative support for all members of the Stanwood Police Department.
- Assist the Chief of Police with police budget tracking and review.
- Verify and code all incoming invoices for the Police Department.
- Ordering of supplies for the department, and special events.
- Subject matter expert for the Law Enforcement Records Management System (LERMS) used by Stanwood Police Department.
- Manage all Stanwood Police Department documents and records.
- Review all electronic case file entries and information for accuracy.
- Scan paper records into electronic case files.
- Forward criminal arrest referrals to the Prosecuting Attorney's Office.
- Enter trespass notices, gun alerts, and other safety alerts into the agency's electronic records management system.
- Route Child Protective Services & Adult Protective Service referrals.
- Maintain department case file and document archives per Washington State records retention/destruction schedules.
- Responsible for federal reporting of crime statistics to the National Incident Based Reporting System (NIBRS).
- Run monthly case audits and records validations.
- Enter court orders, missing persons, vehicle impounds, lost or stolen property, stolen vehicles, etc. into Washington Crime Information Center and National Crime Information Center (WACIC/NCIC).
- Provide second checks for all entries made into Washington Crime Information Center and National Crime Information Center (WACIC/NCIC).
- Conduct background checks for concealed pistol license and pistol transfers applications.
- Provide fingerprint services for concealed pistol license applicants and citizen fingerprints.
- Review and fulfill public records requests within the guidelines of the Public Records Act.
- Create/update/maintain all process, procedure, and training manuals for the position.
- Serve as Stanwood Police Department's Terminal Agency Coordinator for the Washington State Patrol ACCESS program.
- Assists with walk-in and telephone customers, averaging 8,000 yearly contacts.
- Route calls to 911 and non-emergency dispatch.
- Respond to requests for service and answer general questions.
- Manage key & key fob assignments for City of Stanwood employees.

	2022	2021	2020	2019	Year to Date
Public Records Requests	33	39	19	28	337
Concealed Pistol License Issued	37	56	26	18	420
Pistol Transfer Checks	24	32	43	18	419
Fingerprinting & Approximate Time	25 6.25 hrs	34 8.5 hrs	0 Closed	30 7.5 hrs	290 72.5 hrs

NOVEMBER 2022

Stanwood Police Department

Message from the Chief



November is such a great month. In November we have the opportunity to honor our veterans and a few weeks later gather with friends and family for Thanksgiving. November is also when football is in full swing as our local Spartans had a great season, depending on what side of the fence you are on, the Apple Cup was a success or disappointment, and even the Seahawks aren't doing too bad. November also brings winter weather as our officers were busy when the big windstorm hit, dealing with down trees and power lines in the roadways. Thankfully we ended the month with the "atmospheric river" and "Snowmageddon" melting by morning, disappointing my kids that school was still on.

Crime Issues:

On 11/10/2022 a subject left his home near Lake Ketchum after making suicidal threats. Later that night Officer Leon contacted the subject in his vehicle parked in front of a tavern in town. The subject was detained having a loaded firearm, two 50 round magazines, four 15 round magazines, smoke grenade, and body armor. The subject told Officer Leon he had planned to commit suicide but would not give any more details. The subject was involuntarily committed to the hospital and seen by a Mental Health Professional on a 72-hour hold. Additionally, we charged the subject with a weapons crime and had an Extreme Risk Protection Order issued. This allowed us to search the subject's residence and confiscate any firearms, along with barring the subject's ability to purchase or possess firearms in the future.

There was a break-in at the Ace Hardware store. The suspects entered through a back door and took a tool set, Christmas lights, and extension cords. There is good video evidence of the suspects and their vehicle.

Currently Detective Martin is following leads in hopes of identifying the suspects.

Overall crime in the city of Stanwood is mostly low-level property crimes, domestic disturbances at night, and a few hot spots with speeders.

Community Engagement:

I had the opportunity to speak to a couple of citizen groups this month. I stopped by for lunch at the Lincoln Hill Senior Center and got to hear some great stories about Stanwood back in the day. Additionally, I spoke at the Cedarhome Elementary School Watchdog kickoff event, they had over 200 Watchdogs in attendance. It was awesome to see so many men take the opportunity to support and be involved with our schools.

On a personal note, over Thanksgiving I traveled with my family to Ensenada, Mexico and helped build a home for an impoverished family that was living in shack with a dirt floor and tarped roof. It was a good opportunity for my family to be a small part in helping during this holiday season and just another reminder on how blessed we are to live in such a great community.

Chief Toner

NOVEMBER 2022

Stanwood Police Department

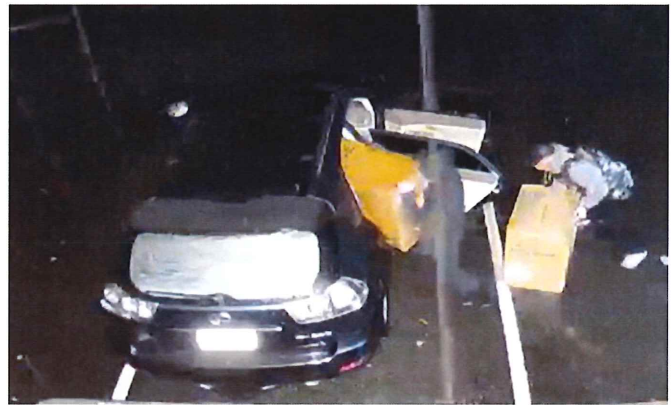
Detective Report



Stanwood Police Case 2022-6618 Theft

On 11-04-2022 two males parked a car behind a local hardware store at about 3:30am. The subjects removed several items from a fenced storage area behind the business after using bolt cutters on the access gate.

Images of the males and associated vehicle have been shared with area law enforcement.



Update-Stanwood Case 2019-8848 Burglary

On 11-11-19 at about 0408 hours Deputy Chaney (#1347) responded to an audible alarm at a local car wash and found the door to a storage room open when he arrived.

Video from the business showed a male suspect prying on the door and taking items from inside the storage area. Images of the suspect were posted on the Stanwood Police Department Facebook page.



A citizen responded to the posted images and identified the suspect as her ex-boyfriend with 100% certainty.

The suspect was arrested on 01-02-2022. He denied being involved in the burglary during an interview with Detective Martin. The subject was booked into the Snohomish County Jail on the charge of Burglary Second Degree.

On 11-22-2022 Detective Martin received notice from the Prosecutor's Office advising the case was being declined because the statute of limitations for filing charges expired on 11-11-2022.

NOVEMBER 2022

Stanwood Camano School District

SCHOOL RESOURCE OFFICER



SHS FOOTBALL'S RUN IS OVER

The Stanwood Spartans lost to O'dea on the 19th unfortunately ending their 2022 season. The Spartans finished 10-2 on the season and won their first state playoff game since 1996.

Ryder Bumgarnerr, running behind his powerful offensive line racked up a total of 189 rushing yards and scored 3 TD's in the loss.

Coach Scoma said he is proud of the players as individuals and human beings, and is hopeful for what they will accomplish in life outside of the game.



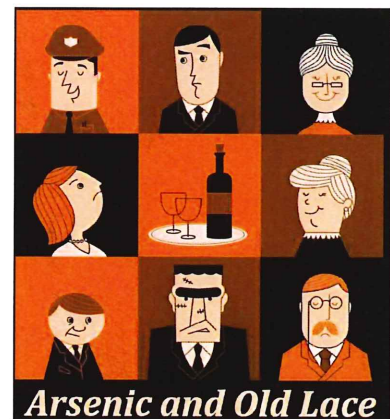
VETERANS DAY 2022 CELEBRATED

The 2022 Veterans Day was honored at Stanwood High School. Each individual class was invited to the PAC to hear veterans speak about what the day means to them. High School Senior Mac Martin gave a great speech about what Veterans Day should represent to all of us.



STANWOOD HIGH PERFORMING ARTS

Stanwood High Performing Arts put on their first production in years, performing Joseph Kesselring's Arsenic and Old Lace. The play was on four different nights and was a great success. It's good to see plays being done by our Spartans again.



NOVEMBER 2023



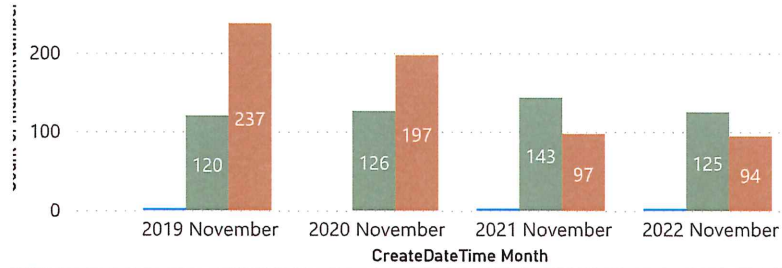
The following pages cover incidents data. This is also known as calls for service. If 30 people call because there's a wreck in front of Haggen's, it counts here once.



Previous Month Over Time

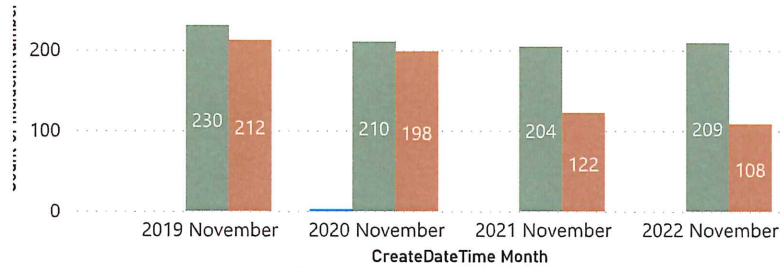
Stanwood West, Incidents by Origination

all Origination (Blank) 911 call Officer-Initiated



Stanwood East, Incidents by Origination

all Origination (Blank) 911 call Officer-Initiated



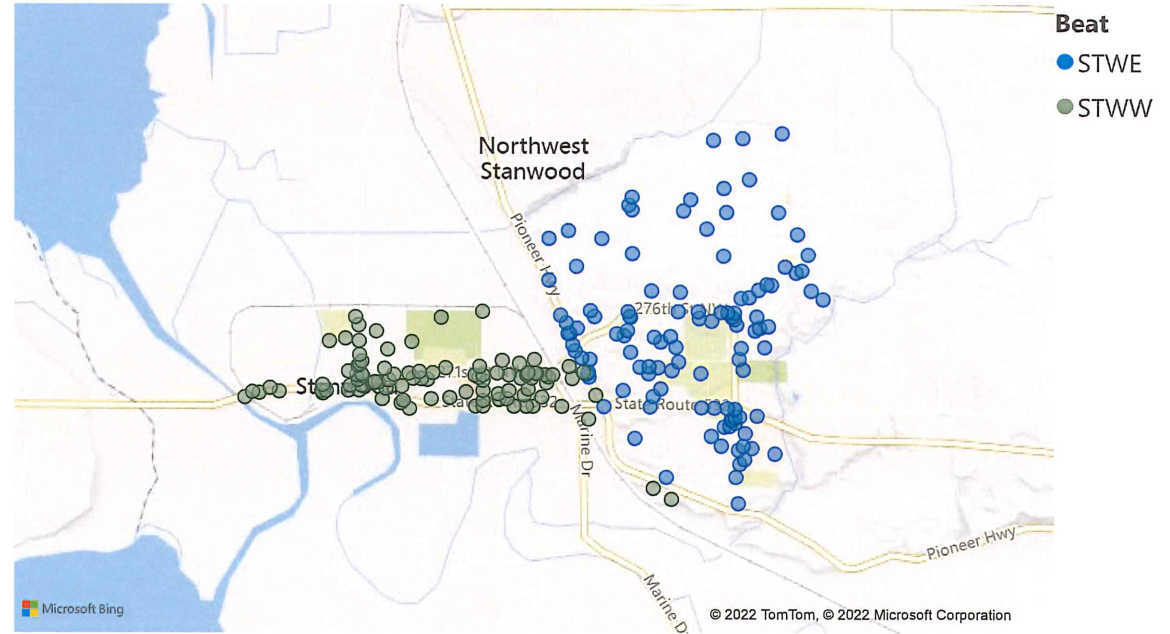
TOTAL INCIDENTS

Total Incident Counts, Past 6 Full Months by Origination Type

Call Origination (Blank) 911 call Officer-Initiated



All incidents Past 1 Month - excludes victim privacy concerning incidents

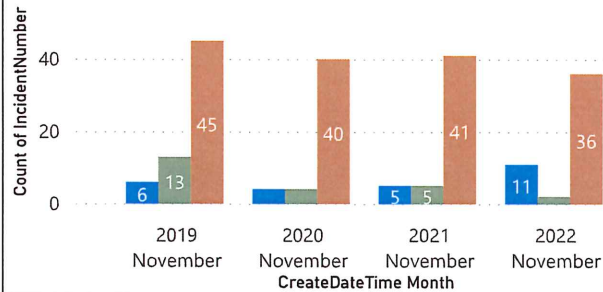




Previous Month Over Time

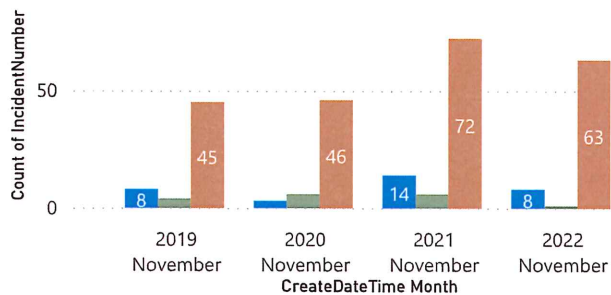
Stanwood West

IncidentType ● Collision ● DUI ● Traffic



Stanwood East

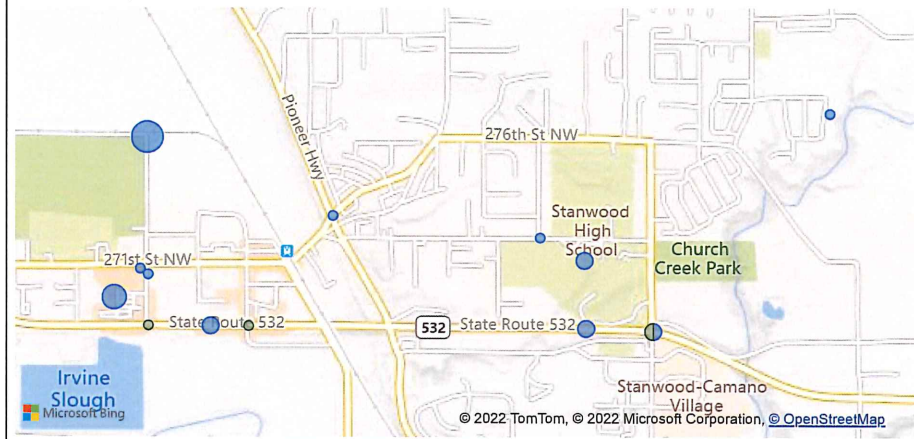
IncidentType ● Collision ● DUI ● Traffic



Collision, DUI, and Traffic INCIDENTS

Previous Month, Current Year

IncidentType ● Collision ● DUI

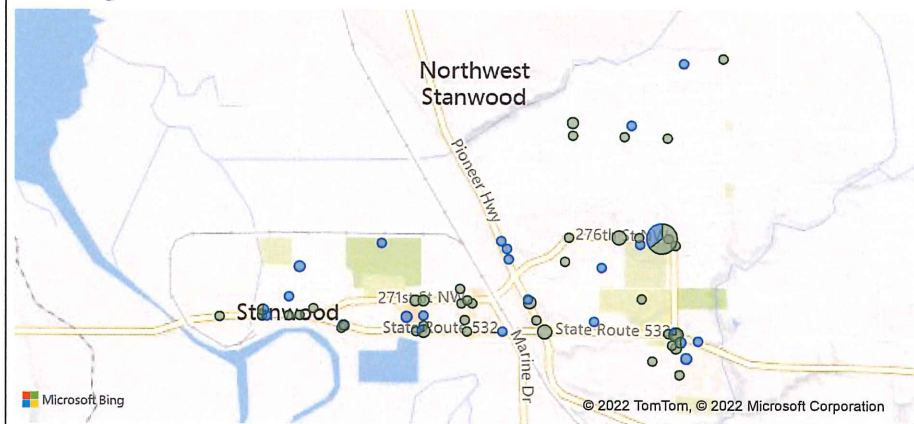


STWW & STWE

Year	Collision	DUI
2022		
June	13	9
July	8	12
August	13	4
September	12	2
October	25	4
November	19	3

Traffic - Previous Month, Current Year

Call Origination ● 911 call ● Officer-Initiated



STWW & STWE

Year	Traffic
2022	
June	79
July	117
August	93
September	110
October	49
November	99



Tickets - To End of Previous Month, Current Year

Data begins in 2021, due to lack of tickets issued in 2020 (due to covid lockdowns).

of Tickets

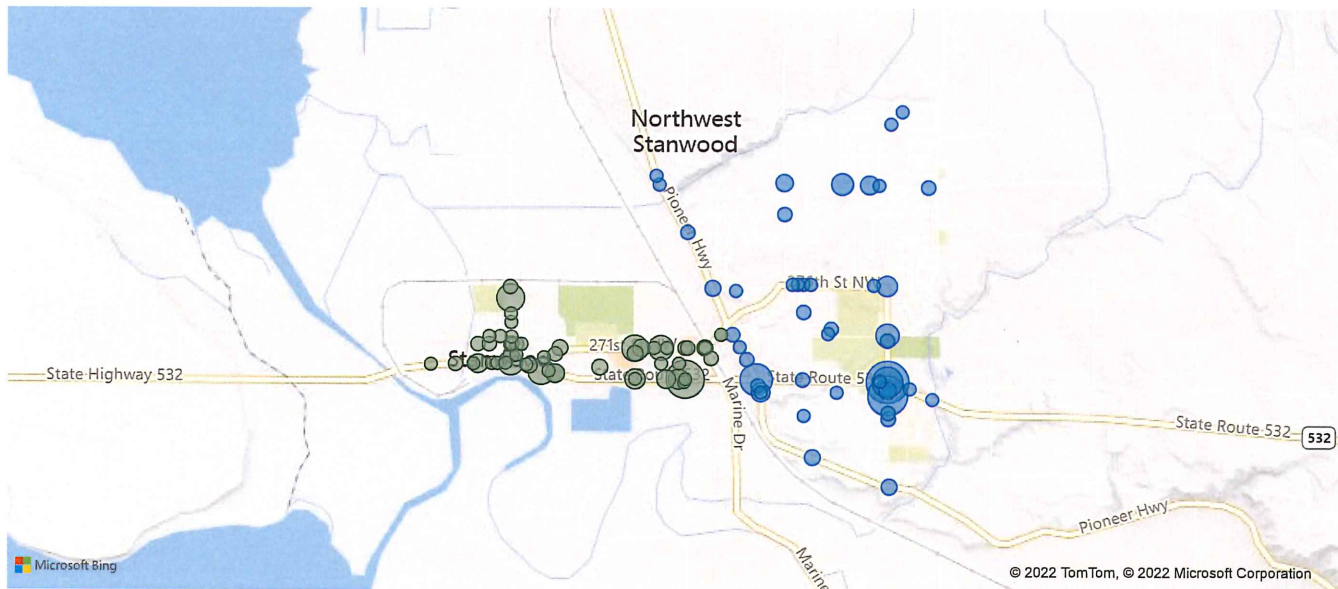
229

of Citations

325

of Citations

Beat ● STWE ● STWW



Total Tickets

Month	2021	2022
January	19	6
February	10	8
March	28	8
April	32	3
May	14	9
June	39	18
July	7	22
August	8	21
September	7	19
October	13	10
November	7	14
December	3	

How Many Tickets Had More than One Citation?

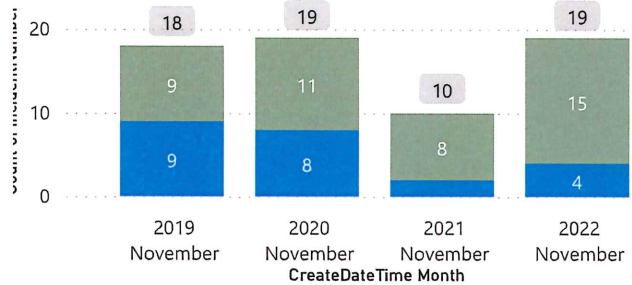
72



Alarms

Alarms

Beat ● STWE ● STWW

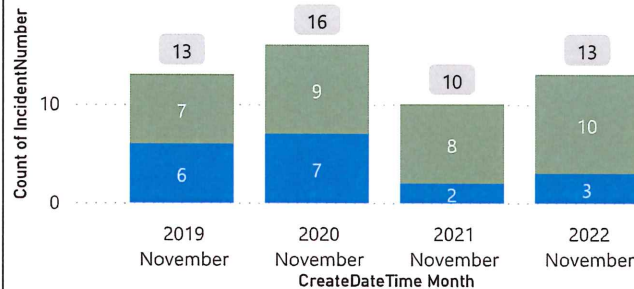


STWW & STWE

Year	Alarm
2022	
June	25
July	22
August	23
September	16
October	18
November	19

Alarms that were False Alarms

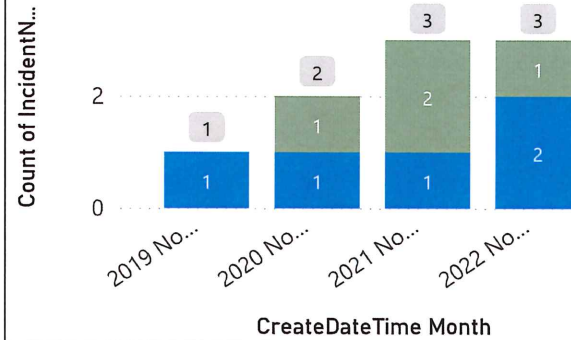
Beat ● STWE ● STWW



Abandon Vehicles

Abandon Vehicles

Beat ● STWE ● STWW

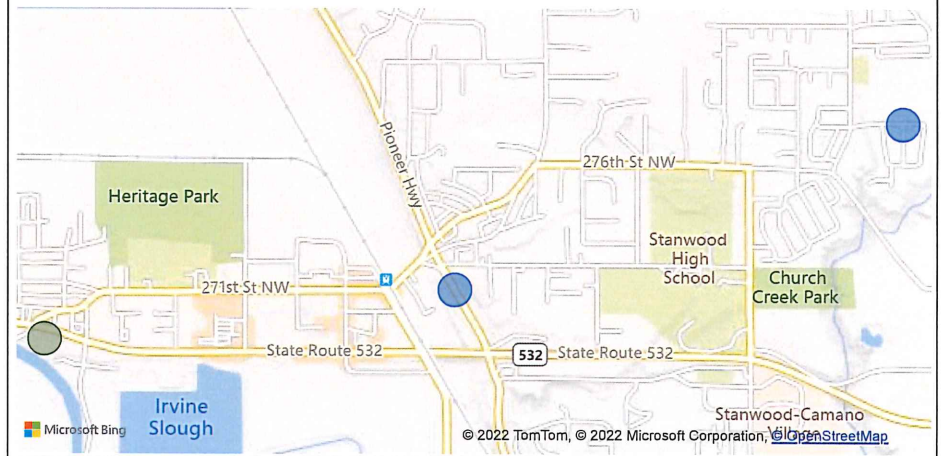


STWW & STWE

Year	Abandoned Vehicle
2022	
June	4
July	4
August	1
September	2
October	6
November	3

Abandon Vehicles Past Calendar Month, ThisYear

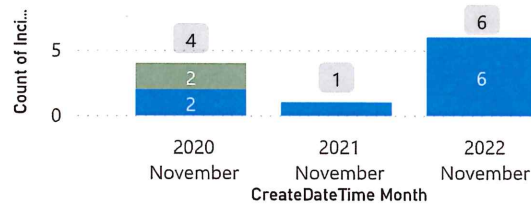
Beat ● STWE ● STWW



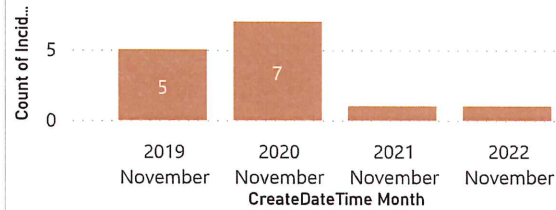


Stanwood West

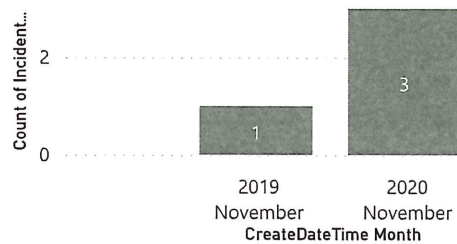
IncidentType ● BHC ● Suicide



IncidentType ● Welfare Check



IncidentType ● Death



Year BHC

2022	
August	4
September	4
October	2
November	6

Year Welfare Check

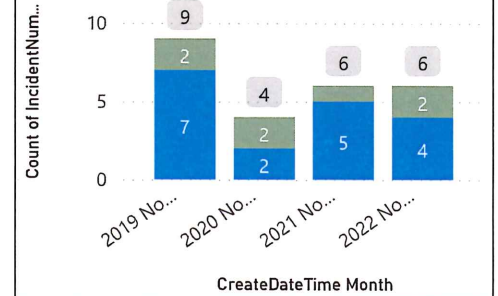
2022	
June	5
July	8
August	1
September	3
October	3
November	1

Stanwood East

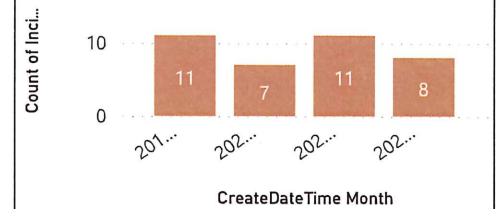
Year BHC Suicide

2022		
June	9	
July	1	6
August	1	1
September	3	2
October	1	1
November	4	2

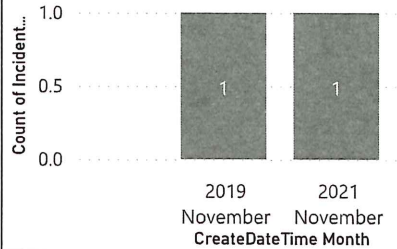
IncidentType... ● BHC ● Suicide



IncidentType... ● Welfare Check



IncidentType... ● Death





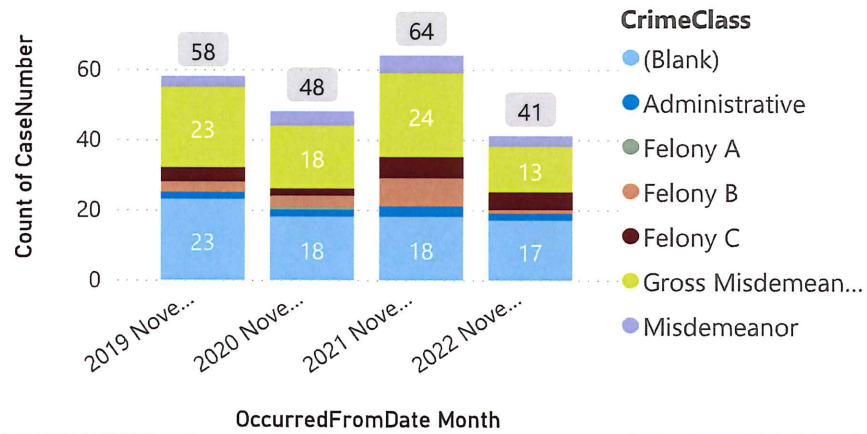
The following pages cover case data. The key difference between cases and incidents data is a Deputy has determined something did transpire that justifies writing a case report.

TOTAL CASES

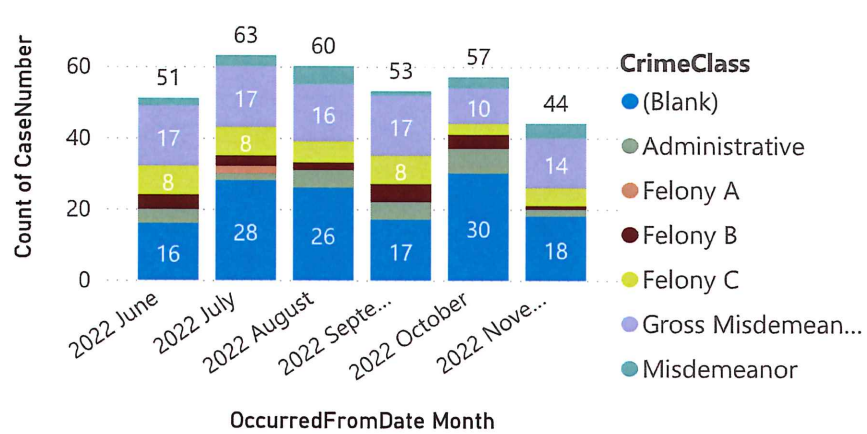
IN THE STW BEAT

Previous Month Over Time

Count of CaseNumber by Year, Month and CrimeClass

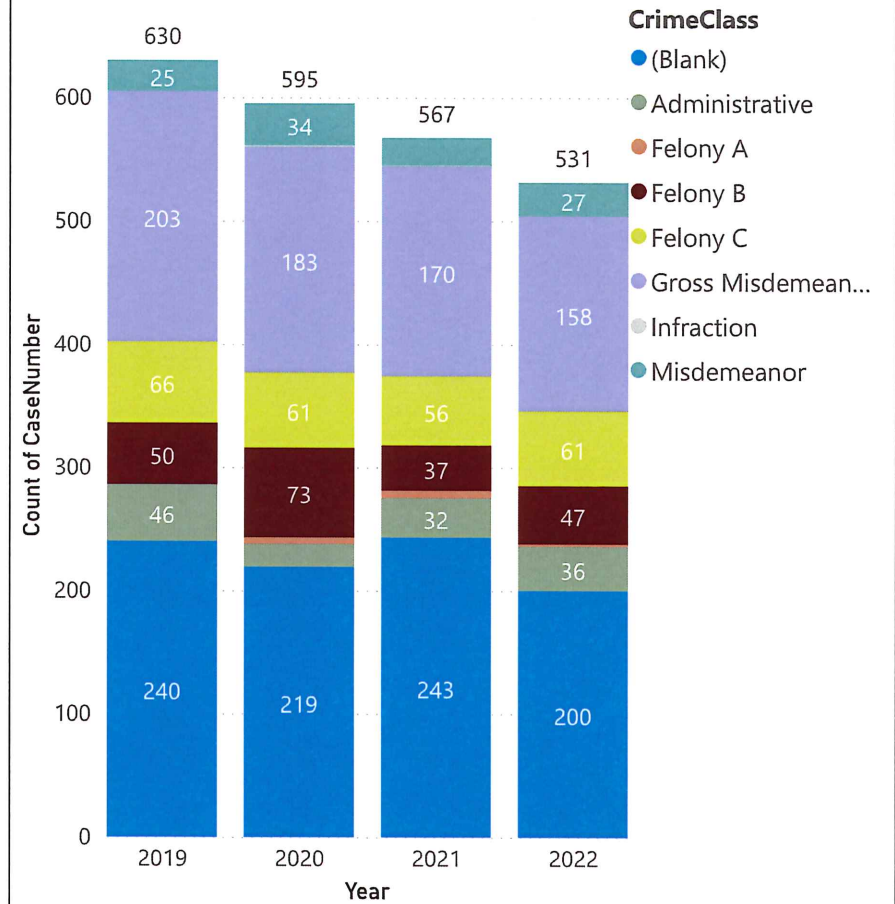


Count of CaseNumber by Year, Month and CrimeClass



To Date by Year

Count of CaseNumber by Year and CrimeClass

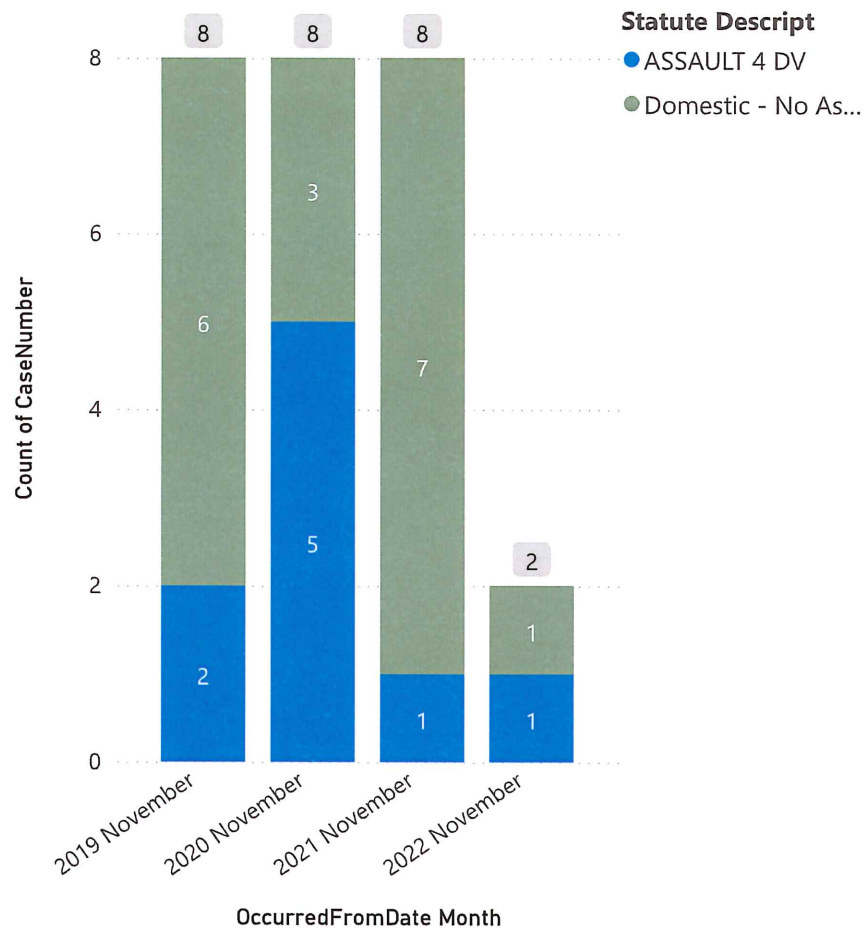


Domestic Related CASES

IN THE STW BEAT

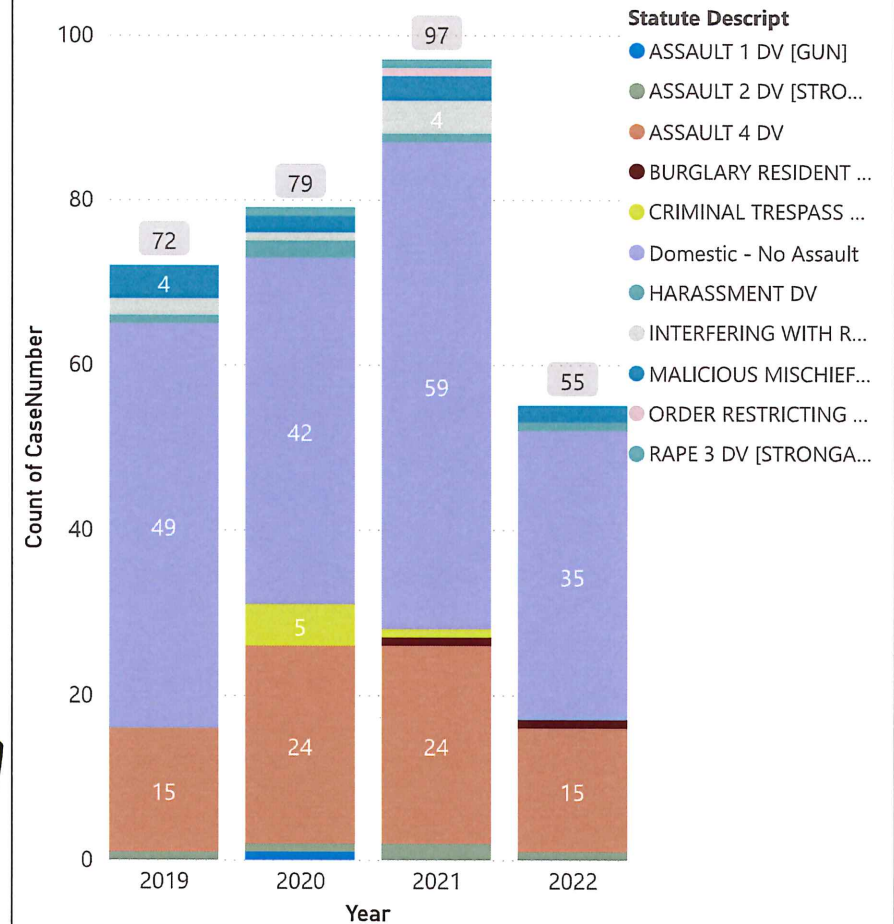
Previous Month Over Time

Count of CaseNumber by Year, Month and Statute Descript



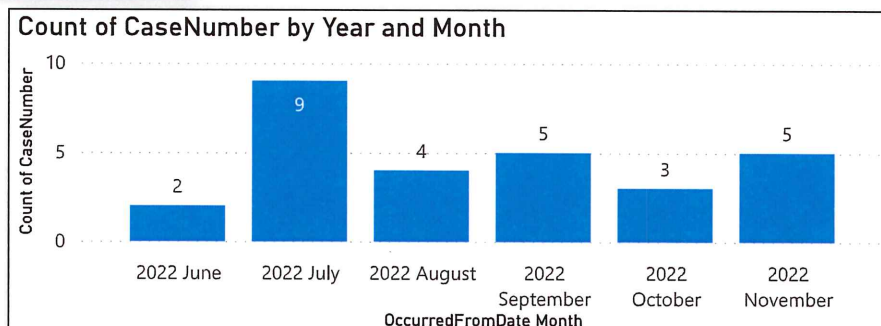
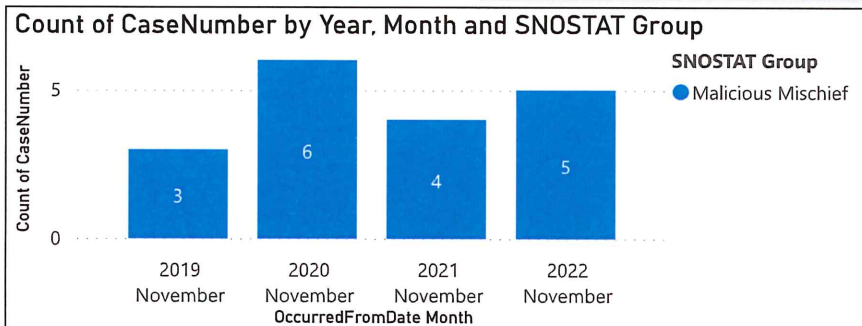
To Date By Year

Count of CaseNumber by Year and Statute Descript

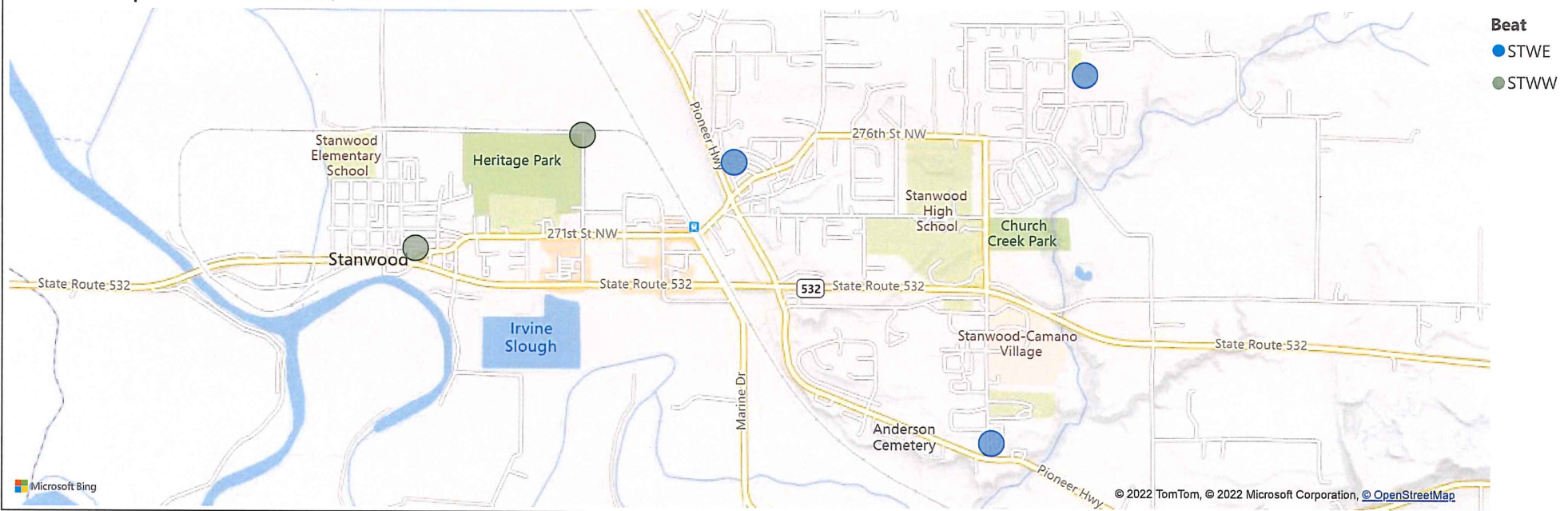




Malicious Mischief CASES



Cases in the past Calendar month, Current Year





Auto Theft CASES

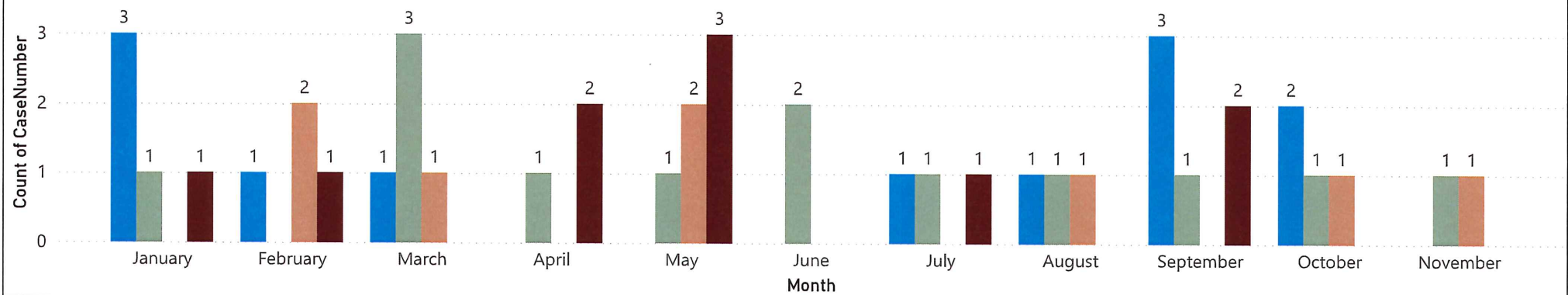
Past Six Calendar Months

Month ● September



Jan 1 - Present, each year

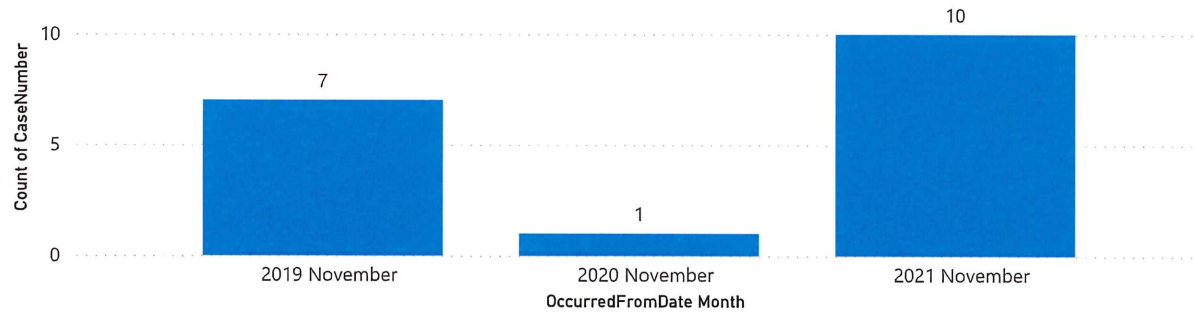
Year ● 2019 ● 2020 ● 2021 ● 2022





Vehicle Prowl CASES

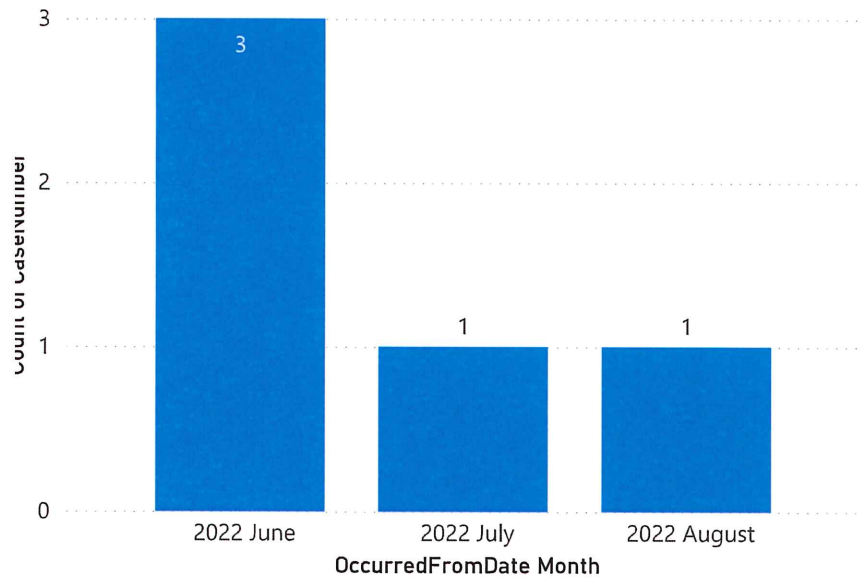
Count of CaseNumber by Year and Month



Jan 1 - Current Date, Current Year

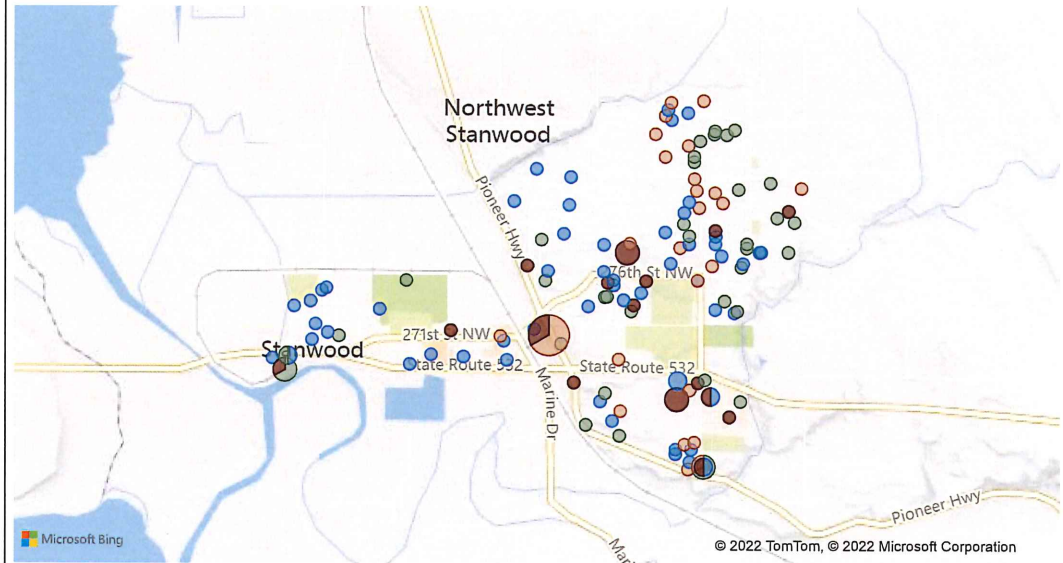
Year	Veh Prowl 1	Veh Prowl 2	Total
2019	4	52	56
2020	2	37	39
2021	1	28	29
2022	3	19	21

Count of CaseNumber by Year and Month



Count of CaseNumber by Year, Lat and Lon

Year ● 2019 ● 2020 ● 2021 ● 2022





Theft CASES

Jan 1 - Current Date

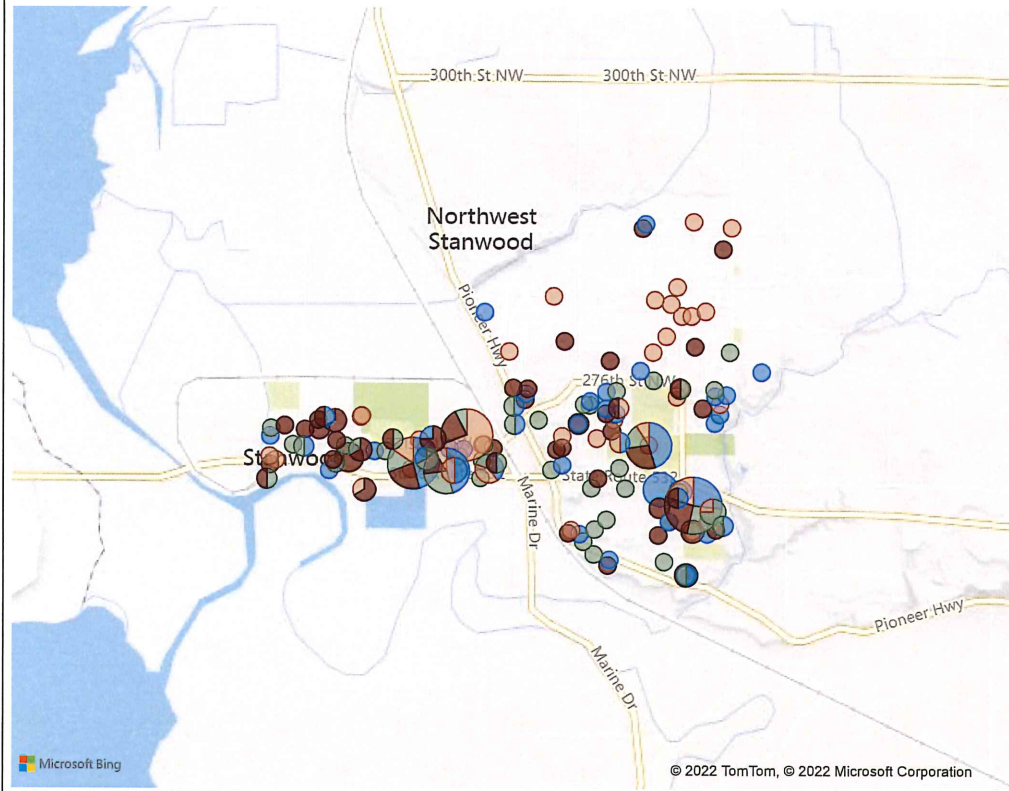
Beat	2019	2020	2021	2022
STWE	42	29	31	38
STWW	27	26	25	37
Total	69	55	56	75

Year 2022

Beat	June	July	August	September	October	November
STWE	2	4	2	4	3	3
STWW	4	4	6	4	4	1

Count of CaseNumber by Year, Lat and Lon

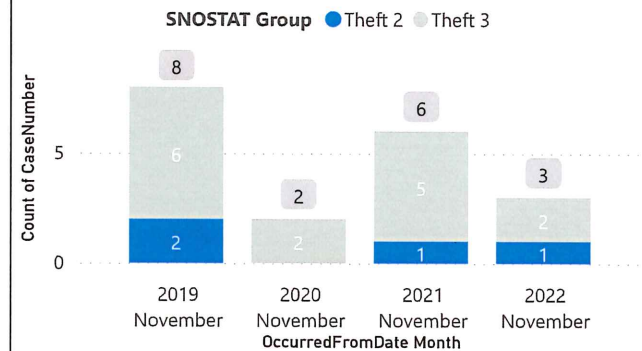
Year ● 2019 ● 2020 ● 2021 ● 2022



Stanwood West



Stanwood East



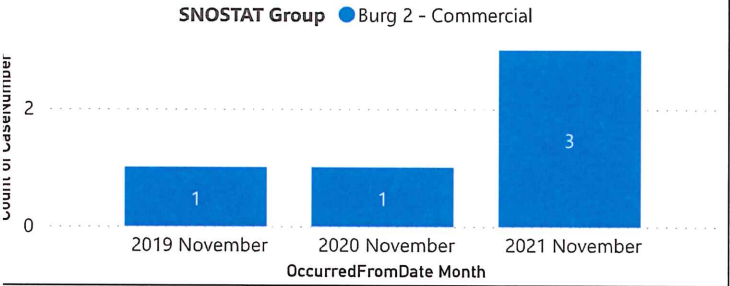


Burglary CASES

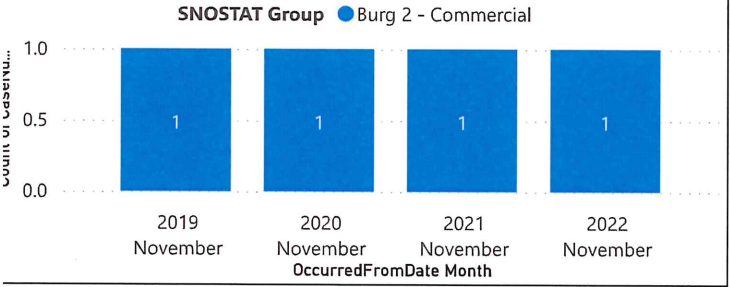
Jan 1 - Current Date

Year	STWE	STWW
2019	12	5
2020	10	12
2021	7	9
2022	11	5

Stanwood West

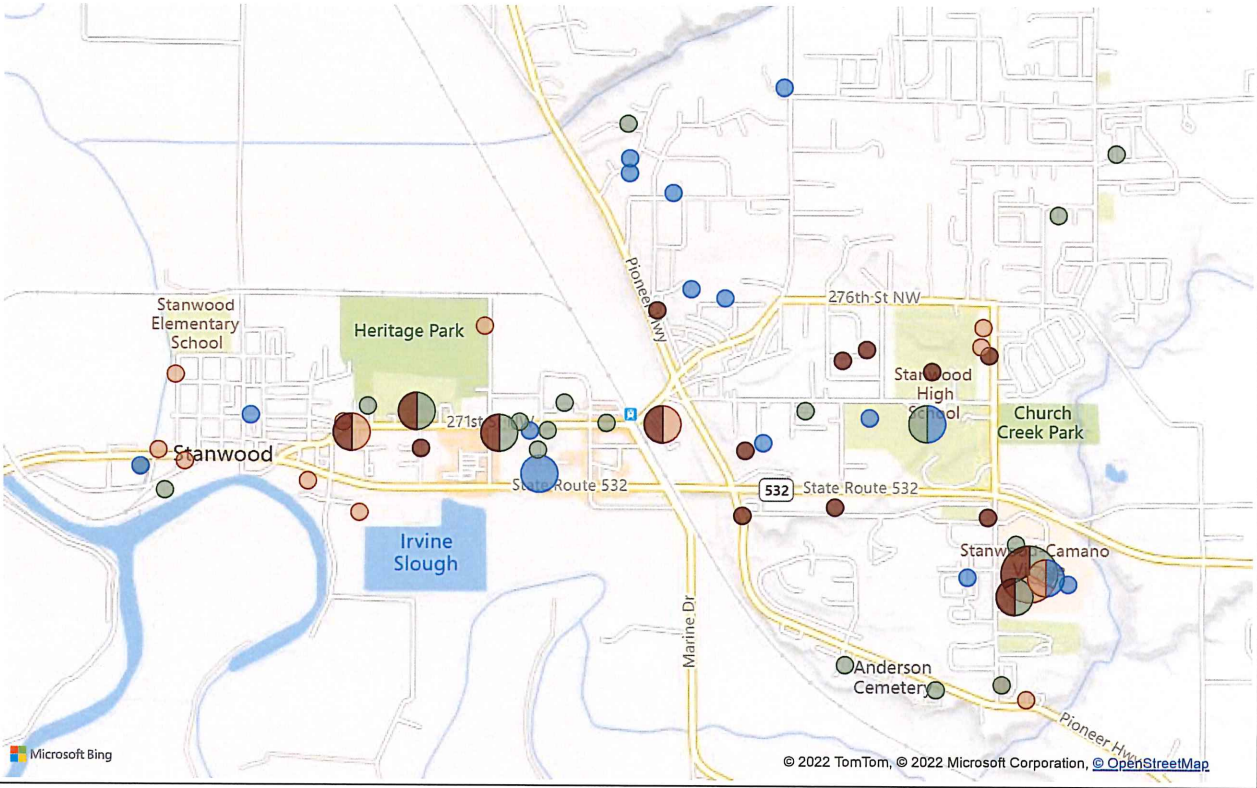


Stanwood East



Count of CaseNumber by Year, Lat and Lon

Year ● 2019 ● 2020 ● 2021 ● 2022



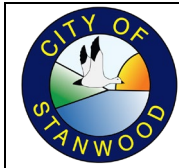


CITY OF STANWOOD COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: 7a
DATE: December 8, 2022
SUBJECT: Finance/Personnel Committee Report
CONTACT PERSON: David A. Hammond, Finance Director
ATTACHMENTS: A – Finance/Personnel Committee Meeting
Minutes November 17, 2022

SUMMARY STATEMENT

The minutes of the November 17, 2022, Finance/Personnel Meeting are attached to this staff report for approval as presented.



Finance & Personnel Committee
Meeting Minutes
Thursday, November 17, 2022 | 5:00 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 5:00 p.m.

1. Financial Management Policy Updates-

Hammond briefed the committee on key points. The committee discussed the recommended changes. Councilmembers were in favor of each of the recommendations, with the following comments and changes requested:

- Street Operation Fund Required Reserve—no changes requested, full support.
- Delegate Sole Source Authority—Councilmembers supported and requested the policy add a requirement for sole source contracts to be reviewed annually to determine whether the authority is required in subsequent years.
- Public Works Contract Change Order Delegation—Councilmembers supported and requested the policy and requested section 9.12.1 be rewritten to make very clear that the delegated authority to approve change orders is contingent on the fact that the change order is within council approved budget, and that the change order does not significantly change the project scope.
- Code of Ethics suggested edits—no changes requested, full support.
- Electronic Funds Transfer Policy—Councilmembers noted this was approved in August by the full council, no changes requested.





CITY OF STANWOOD COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: 7b

DATE: December 8, 2022

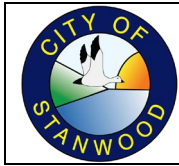
SUBJECT: Parks and Trails Advisory Committee
Meeting Minutes

CONTACT PERSON: Carly Ruacho, Senior Planner

ATTACHMENTS: A – 10-17-2022 Meeting Minutes

SUMMARY STATEMENT

Minutes from the October 17, 2022 Parks and Trails Advisory Committee Meeting are attached to this staff report for approval as presented. These minutes were approved at the November 21, 2022 Parks and Trails Advisory Committee Meeting.



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

Call to Order: 3:04 pm

Roll call:

Gordy Holmes
Cathy Wooten
Matt Withers
Judy Williams
Lisa Bruce
Dave Hall

Staff Present:

Sid Roberts, Mayor
Carly Ruacho, Parks Planning Manager
Shawn Smith, City Administrator
Kevin Hushagen, Public Works Director
Kevin Pellham, Engineer Technician

Absent: Katelyn Durfee

Citizen Comments: No Comments

Approval of Minutes:

A committee member asked to amend the September 19th, 2022, minutes to read “three members” rather than “one member” on the second to last sentence regarding delivery of minutes. The Committee member noted that this was now a moot point because after further conversations it was agreed that the goal for delivery of minutes will be two weeks after each meeting.

Judy Williams moved to approve the September 19, 2022, meeting minutes as amended, seconded by Gordy Holmes. The motion carried unanimously.

Heritage Park/Church Creek Park Pickleball Court Construction Bids:

The bid went out with asphalt for all courts as the base bid and concrete at each park as bid alternatives. The city received four bids. The apparent low bid was \$197,368.47 for all asphalt.

Carly went over the budget for Church Creek Parks. Below shows the breakdown that was discussed.

2022 Church Creek Park Capital Projects									
Budget :	\$ 455,000								
Task:			Budget Estimate	Actual	Surplus	Description			
Pickleball / Multipurpose Sports Court			\$ 130,000	\$ 130,000		Design & Build 1 Court			
Tree Thinning: Entrance & 72nd Avenue			\$ 115,000	\$ 71,000	\$ 44,000	Tree Trimming and Thinning			
Trail Improvements / Interpretive Signs			\$ 30,000	\$ 30,000		Brush Removal and Signs			
Ballfield Renovation			\$ 30,000	\$ 30,000		Dugouts/Infield/Drainage			
Flag Pole Landscaping and Renovation			\$ 15,000	\$ 7,000	\$ 8,000	Tree Removal by Arborist /Planting			
Renovate Picnic Shelter			\$ 35,000	\$ 35,000		Design and Replacement with New Table:			
Parking Lot Repair Analysis				\$ -		Completed with sewer project			
Benches			\$ 15,000	\$ 3,000	\$ 12,000	Bench by Playground Equipment			
		Total:	\$ 370,000	\$ 306,000	\$ 64,000				
To Heritage Park for Pickleball Courts (2)				\$ 89,000	\$ 153,000				
			\$ 459,000	\$ 459,000					



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

A committee member asked if we have \$115k in our Tree Thinning budget and we only spent \$71K, why are we sending the saved money from that project to another project when more trees need removal?

- Carly responded that the committee also prioritized constructing pickleball courts and it was known that additional funds were needed for that project. Carly stated we could do more tree removal if PTAC wants to use the money for that, but then likely pickleball courts would not be possible. She indicated she was conservative with spending because at the time it was unknown what the pickleball court bids would be. If the money is held back from tree removal and the savings from other projects are used, then there would be enough money to do all the sports courts. There would also be enough to do concrete at Church Creek Park.

A committee member asked if the difference between asphalt and concrete is about \$60K.

- Carly answered yes, you would take out the \$22,500 for asphalt and add in the alternative bids for the concrete it would be about \$60K more to do both parks in concrete.

A committee member asked if the \$60k additional cost for the concrete was used, how would the additional tree trimming and the funding that Cathy Wooten is asking for be funded? Would that be out of next years budget?

- Carly answered yes, it would be through next year's budget, or we would have to eliminate or delay one or more of the other projects budgeted and listed for this year: ball field, picnic shelter and/or trail improvements.

A committee member asked if there is a reason that the sports courts project was quoted with the bid in asphalt.

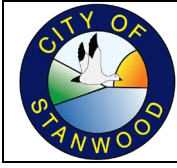
- Carly answered yes, we knew that asphalt would be the cheapest option. Doing that showed what the project could be done at the lowest possible price. Having an alternative bid for the concrete shows what the project price would be if wanted a higher quality product. Concrete is more durable and reliable, and we wanted to know the cost, but weren't sure it would be possible with our budget. Carly talked to the apparent low bidder and concrete is his expertise. The contractor strongly suggested using concrete at least at Church Creek Park due to the proximity of the big cedar and the location. Heritage Park is not as imperative because there are not trees close to the location, and drainage does not have the same issues.

Carly said we do have enough funds to do the concrete at Church Creek Park, the funds needed would include using the \$44K saved on the tree trimming to be used toward the sport courts. If the committee wants to also use concrete at Heritage Park, then the committee would need to look into taking money from the other projects.

A committee member asked if preferring to having concrete at Church Creek Park was due to the tree roots?

- Carly answered mostly yes, also because of the drainage, and the soil. The contractor is concerned it may lift and may not last as long as asphalt.

A committee member asked if there is fencing at Church Creek Park and Heritage Park?



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

- Carly answered yes but is not a full fenced. it's an L-shape. Heritage has a new 10' fence.

A committee member asked what is the wear and tear on a pickleball court? Another committee member agreed the wear and tear is not an issue, but the contractor brought up a good point that asphalt will bend with roots. Another committee member noted that concrete can crack.

A committee member asked if the tree needs to be addressed before the product is put down? Committee member mentioned the bigger concern is the loads that would be on it, and not being fenced. He mentioned maybe fencing it, maybe a 4' one.

It was asked by a committee member why Carly referenced Church Creek Park court as the primary use of the court as a basketball court.

- Carly answered because the basketball hoops will be permanently installed, and the overall look of the set up of the court will be primarily basketball.

It was asked by a committee member if the apparent low bidder has done these courts before?

- Carly answered, mostly tennis courts.

A committee member said the additional cost to do concrete is a lot. Shawn Smith asked if he had played on both types of courts? He indicated he had and would rather play on asphalt and that the soil will have a good base for the asphalt.

A committee member referenced that when Marysville courts were put in, they were not worried about the cracking or issues with the asphalt as it needs to be resurfaced every 10-15 years. Anything nickel size or less can be fixed with coating. A member asked does the coating on concrete have to be redone also. The response was yes.

Committee member stated that the preparation is going to be done for the construction of the asphalt court and the breakdown will be two feet deep. He is wondering how long would it take for the roots to get to the court? Overall, the committee didn't seem concerned with the roots around Church Creek Park future court. Suggesting some options would be put a root barrier down, and a fence around the court to protect it from people driving onto it.

A committee member asked what everyone thought about putting in a fence at Church Creek Park?

- A committee member said since it's a multipurpose court it's a nice feature but not important. The only reason to have it would be to keep vehicles and bikes off.
- It was also noted that having a fence around a court that is also used for basketball would not work.

Motion by Matt Withers, second by Gordy Holmes to do all sports courts in asphalt. Motion carried unanimously by committee members.

No one was in favor of having a fence around the Church Creek court. Shawn noted that there can be some strategic landscaping done to make it so that vehicles can't drive on the court.

A committee member asked are we looking at taking all this money that is in the surplus column and putting it into the pickleball courts at Heritage Park?



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

- Carly said we will need a certain amount of it, but we won't need all of it. The asphalt doesn't take all the money

A discussion was held about the budget for the pickleball project. Carly said the base bid of \$197,368.47 plus we have already spent 66K for design makes the total project cost without any concrete at \$263,486.47 and we only have \$219k budgeted. There is a different of \$44,486.47 that is still needed to do the pickleball courts.

We saved \$64K with the trees, flagpole, and the benches (meaning this is what is left over from what was budgeted after completing those projects). We need to use \$44,500 out of the \$64K to complete the pickleball courts. This would mean we have \$19,500 left in the surplus money to use for other parks projects. The Committee was asked if they wanted to keep the budget as presented (see spreadsheet above). No responses were given.

Committee member asked what happens if we don't spend all the money this year?

- Caryl said David (our finance director) has we could roll it into next year's budget.

Committee member asked if it would be an additional amount to what gets budgeted for next year?

- Carly said it will be an additional amount to what we proposed.

Committee member asked if this would only be if council approves it?

- Carly said yes, as always.

A discussion was had about baseball field renovations. It was discussed that the \$30K budget could be used on mole abatement. It was suggested to plant daffodil bulbs, that would keep the moles out because daffodils are toxic to the moles. Other repairs discussed were drainage, fill, infield mix, different base lengths. Irrigation also needs repairs, but that is not likely possible with the current budget. Repairs to dugouts are also needed. Not for safety, but to shore up the benches and replace worn lumber. It was discussed that 2023 has a line item for \$40k that is intended to replace the roof structures. Little League has asked us to build up the mound and fill batters' boxes. Infield mix is \$10k per load and will take at least one load.

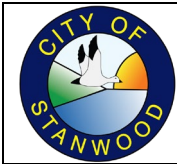
A discussion occurred regarding the role of volunteers and donations for parks projects and that maybe local community groups could help with some of the park needs.

A Committee member requested the park priority project list be clarified that only Heritage Park and Church Creek Park have PTAC priority order.

The Committee and staff had a discussion about how the budget process works and how it moves from draft form to adopted by City Council over time with different iterations based on input and other factors. Carly summarized the Church Creek Park current budget and that the PTAC is requesting to keep the \$30K for the ballfield, \$35K for the picnic shelter, trail improvements \$30K. Carly asks if anyone wants to make any changes to the proposed Church Creek Park budget (see spreadsheet above). All members agree on the proposed budget as Carly presented it.

Carly asks the committee what do we want to do with the leftover \$19,500.00?

- One committee member suggested putting the \$19,500 to the ballfield renovation.



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

- One committee member suggested doing a critical area assessment at Church Creek Park from conversation with Shawn Smith, City Administrator thinks this would cost about \$15K.
- The committee decided to table the discussion on what to spend the \$19,500 on until after another committee members topic.

Park/Trail Updates:

Church Creek Park – Playground Bench, Projects Budget

Committee members suggested posting before, during, and after photos of projects the city does on social media.

Committee member requested making a motion before moving onto next topic. **Cathy Wooten motioned: That PTAC recommends that the City Council move to fund and obtain a Critical Areas Review of Church Creek Park before allowing any further development, tree clearing, tree planting or trail improvement projects to proceed at the park. The motion was seconded by Gordy Holmes.** Discussion followed on the proposed motion.

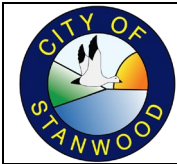
Carly gave a point of caution that if the motion goes through as stated then the 200 trees we have planned to plant at Church Creek Park this fall will not happen. Her professional opinion is she has seen things like this linger, it could mean that you don't get any new trees for a while. If that's fine with you then this is fine. The proposal is to plant Douglas Fir and Western Red Cedar this fall per the arborist's recommendations.

Committee members had concern with the motion not allowing any further development until the review is complete. That includes the pickleball courts, that means they are not built we are on hold. When we go down this path, they (the study) could tell us that is a wetland area and now we cant do the project. All the proposed projects for this year would not be done and everything stops. There was no guarantee that that is what the study will show but it was agreed it could happen. Committee members were concerned about having to remove existing amenities based on the study results.

Committee members indicated they would be comfortable moving the motion forward if the part about not allowing any further development is removed. Staff indicated that the study will likely impact the current master plan.

Committee discussed the revised wording of the motion. Committee agreed to only leave further tree clearing and trail improvements and remove all other items from the original Motion made by Cathy Wooten.

Motion made by Cathy Wooten "The PTAC recommends that the City Council move to fund and obtain a Critical Areas Review of Church Creek Park before allowing any further tree clearing, or trail improvements projects to proceed at the park", second by Judy Williams. Motion carried unanimously.



Parks and Trails Advisory Committee Meeting Minutes October 17, 2022

Committee member would still like the remaining \$19,500 in the budget to go toward the ballfields. The committee agreed that no trail improvements would be done so the \$30K budgeted for that could be used for the study.

Heritage Park – Soccer Fields, Irrigation

Carly met on site with PUD and the contractor that will be planting trees and they recommend to plant first part of November.

Lacrosse has some extra funding, and they would like to make some maintenance improvements. They will be coming forward with a proposal. Lacrosse would like to provide a new irrigation rolling sprinkler. Committee member asked if we could use it on other fields. Carly said yes, we just must make sure the lacrosse fields are being watered.

Carly talked about the emails the city received from the soccer groups. It was a bit of a political issue rather than strictly a safety concern due to the fact some groups wanted to be able to use the HS soccer fields.

Committee member asked what was the end of the concern?

- Kevin P- an email went out from the soccer board that they didn't feel the same way and that any injuries were not caused on city fields
- Kevin P- The city plans to order 40 new sprinkler heads for the field to address the concern of the heads sticking up out of the ground. This was decided prior to the email complaints.

A committee member noted that she wants to make sure we do not discourage coaches from bringing safety concerns forward. The committee discussed how the safety concern was brought forward.

Hamilton – Project Status

On October 27th, 2022, there will be a hearing on the shoreline permit with the Hearing Examiner. It is not the result of an appeal, but standard procedure for this type of permit.

A Committee member recommended that anyone that could attend and speak in support do so.

Stanwood Port Susan Trail – Design Status

60% Design complete – moving to 90% design.
Appraisals complete on Twin City foods property for SR532 connection.

A discuss was had regarding the success/failure of plants on the berm. Staff indicated that we are watering them with a water trailer. It was agreed that some look dead, but we will wait until spring to act on any removal and/or possible replacement. Committee member suggested looking into the volunteer programs to help maintain these areas.



Parks and Trails Advisory Committee
Meeting Minutes
October 17, 2022

Ovenell Park

No update.

Johnson Farm Dike Trail

No update.

Committee Member Comments

No comments.

Adjourn: 5:06 pm



CITY OF STANWOOD COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: **7c**

DATE: December 8, 2022

SUBJECT: Public Safety Committee Meeting Minutes

CONTACT PERSON: Jason Toner, Police Chief

ATTACHMENTS: A – Safety Committee Meeting Minutes 11-10-2022

SUMMARY STATEMENT

The minutes of the November 10, 2022, Public Safety Committee Meeting are attached to this staff report for approval as presented.



STANWOOD

PUBLIC SAFETY COMMITTEE

Meeting Minutes

November 10, 2022

LOCATION: School Admin Bldg, 26920 Pioneer Hwy Stanwood WA

ATTENDANCE:

- City Council Members – Steve Shepro, Tim Schmitt, and Timothy Pearce
- Stanwood Police – Chief Jason Toner
- North County Regional Fire –Deputy Chief David Kracksi
- City Administrator – Shawn Smith

CALLED TO ORDER: Meeting Called to Order at 6:00 pm

DISCUSSION:

- Shawn Smith discussed the ILA with Snohomish County concerning turning over any City ownership stake of the Rucker Building. This would be done via a quick claim deed. The Rucker Building was purchased by the Snohomish County Health District (SCHD) in 1990. The City of Stanwood contributed a small amount of money towards the purchase as a member of the health district. Snohomish County is absorbing the SCHD in 2023 and has promised not to sell the Rucker building and continue to use for community health. There was some discussion of being reimbursed by Snohomish County, but it would not be feasible due to lack of records and the low dollar amount vs the cost of recouping the money.
- Council Member Schmitt discussed the 2023 facility upgrade of Stanwood PD and the possibility of a new police station in the future.
- Deputy Chief Kracksi went over the 3rd quarter report, within budget for 2022, and the Santa Run in Stanwood December 12th and 13th.
- Chief Toner went over the October CompStat Report and also discussed the need to update the Stanwood Municipal Code on Possession of Drug Paraphernalia, as the code is close to 40 years old, and some provisions are no longer valid.

Adjourn: Meeting Adjourned at 6:40



**CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT**

ITEM NUMBER: 8a

DATE: December 8, 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 36214 through 36253 and electronic fund transfers in the amount of \$327,966.80. Approve issuance of Washington Federal payroll funds transfers in the amount of \$48,900.00.

RECOMMENDED MOTION

MOTION TO APPROVE ISSUANCE OF WASHINGTON FEDERAL BANK VOUCHER CHECKS 36214 THROUGH 36253 AND ELECTRONIC FUNDS TRANSFERS IN THE AMOUNT OF \$327,966.80. APPROVE ISSUANCE OF WASHINGTON FEDERAL PAYROLL FUNDS TRANSFERS IN THE AMOUNT OF \$48,900.00.

CHECK REGISTER

City Of Stanwood

Time: 14:25:47 Date: 11/30/2022

11/15/2022 To: 11/30/2022

Page: 1

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5634	11/17/2022	Claims	3	EFT	WA St Dept of Revenue **	20,142.88	City of Stanwood
5675	11/23/2022	Payroll	3	EFT		3,000.00	Nov 2022 Draw
5676	11/23/2022	Payroll	3	EFT		1,800.00	Nov 2022 Draw
5677	11/23/2022	Payroll	3	EFT		2,000.00	Nov 2022 Draw
5678	11/23/2022	Payroll	3	EFT		2,500.00	Nov 2022 Draw
5679	11/23/2022	Payroll	3	EFT		2,000.00	Nov 2022 Draw
5680	11/23/2022	Payroll	3	EFT		1,000.00	Nov 2022 Draw
5681	11/23/2022	Payroll	3	EFT		2,000.00	Nov 2022 Draw
5682	11/23/2022	Payroll	3	EFT		2,700.00	Nov 2022 Draw
5683	11/23/2022	Payroll	3	EFT		2,400.00	Nov 2022 Draw
5684	11/23/2022	Payroll	3	EFT		4,000.00	Nov 2022 Draw
5685	11/23/2022	Payroll	3	EFT		1,600.00	Nov 2022 Draw
5686	11/23/2022	Payroll	3	EFT		1,000.00	Nov 2022 Draw
5687	11/23/2022	Payroll	3	EFT		2,000.00	Nov 2022 Draw
5688	11/23/2022	Payroll	3	EFT		1,800.00	Nov 2022 Draw
5689	11/23/2022	Payroll	3	EFT		1,600.00	Nov 2022 Draw
5690	11/23/2022	Payroll	3	EFT		2,000.00	Nov 2022 Draw
5691	11/23/2022	Payroll	3	EFT		500.00	Nov 2022 Draw
5692	11/23/2022	Payroll	3	EFT		1,500.00	Nov 2022 Draw
5693	11/23/2022	Payroll	3	EFT		1,800.00	Nov 2022 Draw
5694	11/23/2022	Payroll	3	EFT		1,000.00	Nov 2022 Draw
5695	11/23/2022	Payroll	3	EFT		2,350.00	Nov 2022 Draw
5696	11/23/2022	Payroll	3	EFT		1,200.00	Nov 2022 Draw
5697	11/23/2022	Payroll	3	EFT		500.00	Nov 2022 Draw
5698	11/23/2022	Payroll	3	EFT		3,450.00	Nov 2022 Draw
5699	11/23/2022	Payroll	3	EFT		1,500.00	Nov 2022 Draw
5700	11/23/2022	Payroll	3	EFT		1,700.00	Nov 2022 Draw
5717	11/18/2022	Claims	3	EFT	US Bank	5,177.31	4485-5945-5564-1495
5804	11/15/2022	Claims	3	EFT	Washington Federal Bank	36.91	bank service charge Nov.
5812	11/28/2022	Claims	3	EFT	HSA Bank	5.00	H.S.A. service fee November
5830	11/30/2022	Claims	3	EFT	Washington Federal Bank	92.34	purchase endorsement stamps
5831	11/30/2022	Claims	3	EFT	Internal Revenue Service (941)	6,724.59	balance due on notice 11-28-22
5635	11/17/2022	Claims	3	36214	Ace Hardware #14901 *	418.25	20013; 20013; 20013; 20013; 20013
5636	11/17/2022	Claims	3	36215	Natalie Barrett	1,260.00	City of Stanwood; City of
5637	11/17/2022	Claims	3	36216	Bonner Electrical Contracting LLC	3,279.78	City of Stanwood
5638	11/17/2022	Claims	3	36217	Camano Island Chamber of Commerce	412.00	City of Stanwood
5639	11/17/2022	Claims	3	36218	Cascade Septic Pumping, LLC	751.80	City of Stanwood
5640	11/17/2022	Claims	3	36219	Community Resources Foundation	18,244.15	City of Stanwood
5641	11/17/2022	Claims	3	36220	Confluence Environmental Company, Inc	22,587.29	City of Stanwood
5642	11/17/2022	Claims	3	36221	Databar Inc.	1,070.48	8952
5643	11/17/2022	Claims	3	36222	Edge Analytical Inc	113.30	STA01
5644	11/17/2022	Claims	3	36223	Fastenal	9.35	WAARN1604
5645	11/17/2022	Claims	3	36224	Occupant/ Hart-Mylie, Aydan	32.07	06 3300 16 - 27226 104TH DR NW
5646	11/17/2022	Claims	3	36225	Frix Technologies LLC	11,956.82	City of Stanwood
5647	11/17/2022	Claims	3	36226	Grainger Inc	555.07	City of Stanwood 848089215
5648	11/17/2022	Claims	3	36227	Hamilton Lumber LLC	360.57	City of Stanwood
5649	11/17/2022	Claims	3	36228	J.A. Brennan Associates, PLLC	7,544.69	City of Stanwood
5650	11/17/2022	Claims	3	36229	KGS Northwest LLC	1,120.37	City of Stanwood
5651	11/17/2022	Claims	3	36230	Mackenzie	2,044.00	City of Stanwood
5652	11/17/2022	Claims	3	36231	Maul Foster Alongi, Inc.	2,670.00	City of Stanwood
5653	11/17/2022	Claims	3	36232	ODP Business Solutions, LLC	266.54	36274097; 36274097; 36274097; 36274097

CHECK REGISTER

City Of Stanwood

11/15/2022 To: 11/30/2022

Time: 14:25:47 Date: 11/30/2022

Page: 2

Trans	Date	Type	Acct #	Chk #	Claimant	Amount	Memo
5654	11/17/2022	Claims	3	36233	PUD Of Snohomish County *	4,926.71	202694204; 202670675; 202727285; 202882056; 200633634; 221041510; 200103539; 201942398; 200738672
5655	11/17/2022	Claims	3	36234	Pace Engineers, Inc	25,616.33	City of Stanwood; City of Stanwood; City of Stanwood; City of Stanwood; City of Stanwood
5656	11/17/2022	Claims	3	36235	Platt Electric Supply Inc	1,092.95	24127; 24127
5657	11/17/2022	Claims	3	36236	Northwest Travel and Life Premier Media Group, Inc	1,200.00	City of Stanwood
5658	11/17/2022	Claims	3	36237	Puget Tech LLC	1,209.00	City of Stanwood
5659	11/17/2022	Claims	3	36238	RH2 Engineering Inc	3,145.11	City of Stanwood
5660	11/17/2022	Claims	3	36239	Ricoh USA, Inc.	452.46	1316669-3800327
5661	11/17/2022	Claims	3	36240	Skagit Farmers Supply	21.85	135052
5662	11/17/2022	Claims	3	36241	Skagit Valley Publishing	461.67	48893; 48893; 48893; 48893
5663	11/17/2022	Claims	3	36242	Sno Co Information Services *	11,361.95	DIS1107
5664	11/17/2022	Claims	3	36243	Sno Co Prosecuting Attorney	3,203.74	City of Stanwood
5665	11/17/2022	Claims	3	36244	Sno Co Sheriffs Office *	148,435.00	SSH00001
5666	11/17/2022	Claims	3	36245	Snohomish County 911	9,181.11	City of Stanwood
5667	11/17/2022	Claims	3	36246	Snohomish County Public Def Association	2,385.00	City of Stanwood
5668	11/17/2022	Claims	3	36247	Snohomish County Treasurer	7.14	City of Stanwood
5669	11/17/2022	Claims	3	36248	Stanwood Auto Parts	241.67	56100; 56100
5670	11/17/2022	Claims	3	36249	Transpogroup Inc	5,017.50	City of Stanwood
5671	11/17/2022	Claims	3	36250	WA St Dept of Ecology *	618.00	City of Stanwood; City of
5672	11/17/2022	Claims	3	36251	WA St Treasurer	776.80	City of Stanwood
5673	11/17/2022	Claims	3	36252	WSDA	75.00	City of stanwood
5674	11/17/2022	Claims	3	36253	West Coast Code Consultants,	1,662.25	City of Stanwood

001 General Fund	267,212.32
101 Street Fund	6,035.34
103 Street Construction Fund	2,324.00
104 Park And Trail Improvement Fund	10,214.69
110 Building Improvement Fund	2,044.00
115 Tourism And Promotion	4,131.00
401 Sewer Fund	17,167.48
403 Sewer Construction Fund	4,603.00
410 Drainage Fund	3,600.79
411 Drainage Construction Fund	41,276.62
421 Water Fund	14,975.95
422 Water Construction Fund	3,145.11
630 Agency Fund	136.50

* Transaction Has Mixed Revenue And Expense Accounts

Claims:	327,966.80
Payroll:	48,900.00

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 Wendy Corden Donahue Date: 11-30-22
 (✓) Deputy Finance Director

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**CITY OF STANWOOD
COUNCIL AGENDA STAFF REPORT**

ITEM NUMBER: 8b
DATE: December 8, 2022
SUBJECT: City Council Regular Meeting Minutes – November 21, 2022
CONTACT PERSON: Lisa Sokolik, City Clerk
ATTACHMENTS: A – Council Regular Meeting Minutes – November 21, 2022

SUMMARY STATEMENT

November 21, 2022, Regular City Council Meeting minutes are attached.

RECOMMENDED MOTION

MOTION TO APPROVE THE NOVEMBER 21, 2022, CITY COUNCIL REGULAR MEETING MINUTES AS PRESENTED.

CITY OF STANWOOD
Regular Meeting of the City Council
Thursday, November 21, 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, Finance Director David Hammond, Public Works Director Kevin Hushagen, Sgt. Karl Gilje, City Attorney Nikki Thompson, Economic Development and Marketing Manager Sarah Cho, Assistant to the Administrator/Communication Manager Krista Hintz, City Clerk Lisa Sokolik and Utility Supervisor Leigh Danielson attended via Zoom.

3. Approval of the Agenda

Motion by Councilmember Metz, second by Councilmember Robb to approve the agenda as published. Motion carried unanimously.

4. Presentation - None

5. Public Comments

The Clerk did not receive written comments or requests to verbally address the Mayor and City Council. 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.

6. Staff / Department Reports - None

7. Council Committee Reports

- a. Planning Commission Meeting Minutes – July 11, 2022
- b. Planning Commission Public Hearing Minutes – September 19, 2022
- c. Planning Commission & Community Development Committee Joint Meeting Minutes – September 19, 2022

8. Consent Agenda

- a. Approve Vouchers and Payroll Checks.
- b. Approve City Council Regular Meeting Minutes – November 10, 2022.
- c. Approve City Council Special Workshop Minutes – November 3, 2022

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

9. Unfinished Business

Second Reading and Adoption, Resolution 2022-16, 2023-2028 Capital Improvement Plan (Update CIP)

Hushagen said that Council has reviewed and discussed the proposed CIP several times. He asked Council if they had any questions before their vote on whether to adopt Resolution 2022-16, 2023-2028 Capital Improvement Plan.

Council had no questions.

Motion by Councilmember Metz, second by Councilmember Gaumond to approve the second reading and adoption of Resolution 2022-16 Six Year Capital Improvement Plan 2023-2028

Roll call of votes was taken.

<i>Councilmember Schmitt</i>	<i>Yes</i>
<i>Councilmember Gaumond</i>	<i>Yes</i>
<i>Councilmember Metz</i>	<i>Yes</i>
<i>Councilmember Robb</i>	<i>Yes</i>
<i>Councilmember Pearce</i>	<i>Yes</i>
<i>Councilmember Shepro</i>	<i>Yes</i>
<i>Councilmember Bergman</i>	<i>Yes</i>

Motion carried unanimously.

10. Public Hearing

a. Revenue Sources and 2023 Property Tax Levy

Hammond said that Council has been discussing the 2023-2024 budget since May. There is no new information on the economy. They are still forecasting and expecting a recession; therefore, the proposed budget is maintaining a conservative forecast for all revenue streams.

The Mayor opened the Public Hearing at 7:26 p.m.

Shoaleh Colombi Stanwood, WA	Against the property tax levy and asking Council to consider other ways to raise revenue.
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With no other comments, the Mayor closed the Public Hearing at 7:31 p.m.

Council questions and comments:

- Total property tax is 9%, if the 9% equals on the average \$617 that would mean the average home would have a \$6,855 property tax, that sounds high, is it correct?

Hammond said the table in the packet is Snohomish County's published numbers, one reason to explain why it is high is the school district has a voted excess levy.

- Does the \$617 represent what a typical Stanwood property owner pays to the City of Stanwood for one year? Hammond said yes.
- Is it correct that one of the three options presented in the staff report would only raise the property tax bill \$6.00 per year (from \$617 to \$623)? Hammond said yes with the 1% levy increase.
- With the proposed 1% tax increase, how much will it raise the average homeowner's taxes per year? Hammond said \$11.61, 1.9% more than last year.
- The bulk of property tax goes to the schools, fire, and county. The city gets a very small portion of the tax. The city is showing the citizens where their tax dollars are going with the Capital Improvement Plan and that we are being good stewards of their money.
- Considering how much city expenses are increasing and how revenue sources are decreasing, if we can keep things managed well with just a 1% tax increase, it will show that we are being responsible managers of the finances.
- No one likes property taxes, but with the needs of the city, the 1% increase is the least bad option.
- If a future event comes up and we needed to raise money, we could levy bank capacity and that would cause taxes to go up.

Motion by Councilmember Robb, second by Councilmember Metz to approve the first and second reading of ordinance 1508 levying taxes upon all property subject to taxation within the corporate limits of the City of Stanwood, Washington for 2023, with one percent levy increase from 2022.

Roll call of votes was taken.

<i>Councilmember Schmitt</i>	<i>Yes</i>
<i>Councilmember Gaumond</i>	<i>Yes</i>
<i>Councilmember Metz</i>	<i>Yes</i>
<i>Councilmember Robb</i>	<i>Yes</i>
<i>Councilmember Pearce</i>	<i>Yes</i>
<i>Councilmember Shepro</i>	<i>Yes</i>
<i>Councilmember Bergman</i>	<i>Yes</i>

Motion carried unanimously.

b. Preliminary 2023-2024 Biennial Budget

Director Hammond discussed the first reading of the preliminary 2023-2024 budget, if approved, the second reading and adoption will be on December 8th.

City Council and Resident Priorities from the 2021 survey:

- Build Safe Streets
- Water and Sewer Systems
- Drainage and Flood Protection

- City Beautification
- Support a Sustainable Local Economy
- Enhance parks and Recreation
- Public Engagement Opportunity

Major Initiatives in the 2023-2024 Budget:

- Major Updates to the Utility System Plans
- Over \$4 million in Park Development Projects
- Nearly \$5 million in Street Improvements
- \$890,000 for Police Station and City Hall remodeling
- \$6 million to Repair the Skagit Bay Dike
- \$3.8 million for Phases Two and Five of the Irvine Slough drainage improvement project.
- \$6 million for Design and Construction of Bioprocessing Capability at the Wastewater Treatment Plant
- Coordinate and work with the Federal Emergency Management Agency on options to join the Community Rating System
- Complete rewrite of the Stanwood Municipal Code
- Develop a long-term strategic plan
- Continue initiative to transition to paperless work environments
- Continue work with WSDOT on SR532 Intersection Improvements
- Continue pursuing long-term water source options

Key items for next year:

- Sheriff's contract will be negotiated for a longer term; it was a 9% increase in 2022.
- Leaving Senior Planner and City Engineer positions unfilled.
- Still negotiating with the collective bargaining unit, this budget does not include employee pay increases, so a budget amendment maybe needed or make some decisions on some of the big-ticket items.
- Big picture: balanced biennium budget, public safety contract, collective bargaining contract, inflation on our utilities and supplies for our water and wastewater plants.

Director Love gave a brief overview of the Community Development and Economic Development departments. The budget highlights for these two departments:

- Operating expenses are similar to the 2021-2022 budget; did lower some line items.
- Major expenses are the Comprehensive Plan Update and the Housing Action Plan which are both on a 10-year cycle, and the Stanwood Municipal Code Update which is a project that comes once in a lifetime.
- Expanding city sponsored special events.
- Twin City Mile project and the Storefront Improvement program.
- Professional Services for critical area review for new developments and support with backup building inspector, engineering review, hearing examiner review.

Director Hushagen gave a brief overview of Public Works which includes Buildings and Grounds, Parks, Streets, Drainage, Sewer and Water. The budget highlights are:

- A large Capital Improvement Plan will create more maintenance for the PW crew, recently hired new employees.
- The large professional service budget is used for licensed electricians, and certified mechanics.
- Large repair and maintenance budget.
- Increase in staff increases salaries and benefits, but with more staff they can do more maintenance.
- Historical staff level for the new park department, will hire three seasonal employees that will be dedicated to parks.

The Mayor opened the Public Hearing at 8:10 p.m. With no public comments, the Mayor closed the Public Hearing at 8:10 p.m.

Council questions and comments:

- There was mention of a new position for the Economic Development Department, will that position take on the special events that were run by the Chamber of Commerce since they have closed? Love said it was a new position over a year ago and has been filled by Sarah Cho. Sarah has taken on a higher role with special events since the Chamber closed their door, the budget does reflect the added cost of taking on the Chamber's special events.

Motion by Councilmember Shepro, second by Councilmember Metz to approve the first reading of Ordinance 1509 2023-2024 Biennial Budget.

Roll call of votes was taken.

<i>Councilmember Schmitt</i>	<i>Yes</i>
<i>Councilmember Gaumond</i>	<i>Yes</i>
<i>Councilmember Metz</i>	<i>Yes</i>
<i>Councilmember Robb</i>	<i>Yes</i>
<i>Councilmember Pearce</i>	<i>Yes</i>
<i>Councilmember Shepro</i>	<i>Yes</i>
<i>Councilmember Bergman</i>	<i>Yes</i>

Motion carried unanimously.

11. New Business

a. Approve the Digital Travel Photography Project Submittals

Sarah Cho said the City partnered with the Stanwood Camano Arts Advocacy Commission (SCAAC) to prepare 95 photos that will be used for city efforts, specifically Discover Stanwood-Camano, as a tour initiative to attract out of state and county visitors. Fifty artists submitted 313 photos.

Council questions and comments:

- The photos are beautiful!
- Great photos, they really represent the City and area very well.

Motion by Councilmember Bergman, second by Councilmember Shepro to accept the submitted photographs for the Digital Travel Photography project. Motion carried unanimously.

- b. Adopt Resolution 2022-18 and Ratify Mayor's November 14, 2022, Emergency Proclamation

Hushagen discussed the damage to Church Creek Park after the windstorm. The Mayor authorized an emergency proclamation. Monarch Tree Service was called in to remove the danger trees. A resolution must be adopted within two weeks of the Mayor's emergency proclamation.

Council questions and comments:

- What costs were incurred. Hushagen said approximately \$7,000.
- What will happen to the wood? Hushagen said the large cedars can be used for picnic tabletops and staff can contact the high school woodshop teacher to see if the students can use the wood.

Motion by Councilmember Metz, second by Councilmember Shepro to adopt Resolution 2022-18 and ratify Mayor Robert's November 14, 2022 Emergency Proclamation. Motion carried unanimously.

12. Public Closing Comments

13. Executive/Legislative Reports

a. Mayor's Report

- Had a fun time with the Cub Scouts that came to city hall for a visit, they talked about energy conservation.
- The Snohomish County Board of Health is taking applications from small cities for a new board member. It is a commitment; they have a few meetings a month and do significant work. If you are interested or have questions let the Mayor know.
- The next Snohomish County Cities meeting is December 15th. Legislators will be there to talk about issues that we'd like help with, so the Mayor encourages everyone to attend. Contact Lisa if you'd like to go.
- Have a Happy Thanksgiving!
- The next council meeting is December 8th, when hopefully the 2023-2024 budget will be adopted.

b. City Administrator Report

- Wanted to stress how important it is to have a quorum next meeting. One councilmember will not be there, so please let Smith know if anyone else cannot make it.
- City offices will be closed Thursday and Friday for Thanksgiving.

c. Councilmember Reports/Questions

- Please remind folks that the property tax increase that was discussed tonight represents a \$5.93 per year increase for the average property owner.

- There is a great article that appeared on Jack Dorsey and family's art gallery website called SunnyShoreStudio.com regarding the proposed art center moving into the old furniture store building.
- On December 15th at the Floyd Center, the Stanwood-Camano Art Advocacy Group, Cat Olson is the president, is having an open house to discuss the new art center.
- Would like to discuss at some point the topic of car power charging stations in the city.
- It was sad to see the Conway Pub and Eatery close their doors yesterday, November 20th. They have been a pillar in our community for a long time and one of the few places to see live bands.

14. Recess to Executive Session – None

15. Adjourn

There being no further business before the Council, and hearing no objection to adjournment, Mayor Roberts adjourned the meeting at 8:30 p.m.

CITY OF STANWOOD

ATTEST:

Sid Roberts, Mayor

Lisa Sokolik, City Clerk



CITY OF STANWOOD COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: 10

DATE: December 8, 2022

SUBJECT: Second Reading and Adoption of Ordinance 1509—2023-2024 Biennial Budget

CONTACT PERSON: David A. Hammond

ATTACHMENTS: A – Ordinance 1509 2023-2024 Biennial Budget
B – Example Budget Book Pages

Reference: [Mayor's Final 2023-2024 Operating and Capital Budget](#)

PURPOSE

The purpose of this agenda item is for the Second Reading and Adoption of Ordinance 1509 2023-2024 Biennial Budget and to conduct a public hearing on the final 2023-2024 Biennial Budget, which is required by State Law, Ch, 35A.34 RCW. The City Council will consider the second reading and adoption of Ordinance 1509.

BACKGROUND

The proposed 2023-2024 Biennial Budget was published online November 8, 2022, to the city website which is referenced above. Budget workshops included the May 12th Council priorities setting discussion, the August 11th workshop, the September 22nd budget workshop, the October 13th budget workshop, and the Nov. 3rd council workshop. The City Council set the 2023 Property Tax Levy November 21st at a public hearing, and also held a public hearing on the proposed 2023-24 budget, no testimony was received regarding the proposed budget, and the City Council unanimously approved first reading. The name of the budget was changed from "proposed" to "final" and no other changes were made.

ANALYSIS

The 2023-2024 Biennial Budget is comprised of 27 funds with a total budgeted revenue forecast of \$60,294,222 matched to budgeted expenditure appropriations of \$74,216,418. The city is projected to begin the 2023-2024 biennium with a beginning fund balance of \$32,778,348 for all funds and an estimated biennium ending fund balance of \$18,856,152. Ordinance 1509 sets forth the Summary Revenues, Expenditures and Fund Balances for all funds, and is also shown in the Budget Overview section of the 2023-2024 Budget Book.

City Council and Resident Priorities

On May 12th the Stanwood City Council met to develop budget priorities that have guided staff in the preparation of the biennial budget in their requests for allocations of funds for staffing resources, operating costs and capital investments. The Council reviewed the results of a February 2021 resident survey and affirmed the following priorities:

Resident Priorities (from 2021 survey)

- **Build Safe Streets**
 - *Develop multi-modal, safe and aesthetically pleasing city streets and support our WSDOT partnership to improve SR532 intersections*
- **Water and Sewer Systems**
 - *To ensure that cost-effective, high-quality water and sewer service is available, or can be provided, to serve the projected population and employment growth with the City.*
- **Drainage and Flood Protection**
 - *Protect life and property from storm, river, flood, and excess surface waters. Assure compliance with federal and state storm-water management and water quality requirements. Encourage the preservation and enhancement of natural drainage systems.*
- **City Beautification**
 - *Preserve the community's historic rural, small-town character while promoting the region as a family-friendly place to live, work and play. The project will celebrate the beauty of the area and promote buying locally.*
- **Support a Sustainable Local Economy**
 - *Focus economic development efforts on continually building a sustainable local economy by supporting existing businesses, recruiting new business and promote our tourism industry.*
- **Enhance Parks and Recreation**
 - *Improve our existing parks and trails, especially along the waterfront and develop recreational opportunities for the community and visitors*
- **Public Engagement Opportunity**
 - *Continually enhance connectivity and public engagement tools for residents, business and visitors through diverse communication channels that include alternative meeting formats*

Major Initiatives in the 2023-2024 Budget

The 2023-2024 Budget works to achieve Council and community priorities by:

- Major updates to the Utility System plans to incorporate into the city's 2024 Comprehensive Plan update
- Over \$4 million in Park Development Projects, including:
 - \$1.94 million to advance the Port Susan Trail
 - \$1 million to develop Hamilton Landing
 - \$800,000 improvements at Heritage Park
 - \$500,000 improvements at Church Creek
- Nearly \$5 million in Street Improvements, including:
 - \$1 million to Construct Viking Way Phase Two
 - \$2.45 million to begin the Twin City Mile Downtown Renovation Project
 - \$1.4 million for Phase One of the 80th Ave. NW Reconstruction Project
 - \$1.9 million for Overlay, Sidewalk and City Beautification Projects
- \$890,000 for Police Station and City Hall remodeling
- \$6 million to Repair the Skagit Bay Dike
- \$3.8 million for Phases Two and Five of the Irvine Slough drainage improvement project.
- \$6 million for Design and Construction of Bioprocessing Capability at the Wastewater Treatment Plant
- Coordinate and work with the Federal Emergency Management Agency on options to join the Community Rating System
- Complete rewrite of the Stanwood Municipal Code
- Develop a long-term strategic plan
- Continue initiative to transition to paperless work environments
- Continue work with WSDOT on SR532 Intersection Improvements
- Continue pursuing long-term water source options

General Fund Overview

The general fund is the main operating fund of the City and includes revenue and expenditure allocations for general government activities that include legislative, public safety, community planning and development, economic development, street maintenance, park maintenance, facility maintenance; along with general administration divisions of finance, human resources, information technology and communications.

Overall general fund revenues are projected at \$13.3 million for 2023-2024; after deducting the extraordinary receipt of ARPA federal funds of \$2 million this represents a decrease of 1.9% from 2021-2022 sources. The general fund expenditures budget is \$16.8 million, an increase of 19.6% from the prior budget. Significantly, this expenditure includes \$4.8 million of transfers to capital funds, which will result in a decrease in the ending fund balance of approximately \$3.5 million to \$2.4 million. This ending fund balance will be approximately 36% of operating expenditures, so is well in excess of the required minimum reserve of \$1.7 million established by the city council.

The table below highlights the significant “one-time investments” authorized for 2022-2024, made possible from American Recovery Plan Act and a General Fund surplus resulting from higher than expected revenue in the 2021-22 biennium, and expenditure under budget, largely due to vacant staff positions.

<u>One-Time General Fund Costs 2022, and Proposed for 2023-24 Biennium</u>				
	2022	2023	2024	
Senior Center	\$ 25,000			
Resource Center		\$ 50,000		
Food Bank Paving		\$ 40,000		
Crosswalks	\$ 50,000	\$ 50,000		
Special Events	\$ 10,000	\$ 10,000	\$ 10,000	
City Beautification	\$ 285,000			
Storefront Improvement Program		\$ 100,000	\$ 100,000	
RFA Ambulance	\$ 150,000			
Public Works Security	\$ 25,000	\$ 20,000		
Flood Wall	\$ 564,000	\$ 150,000		
Event Stage	\$ 30,000			
Records Request Software	\$ 3,290			
Budget Software Implementation	\$ 5,600			
Digital Records Management	\$ 126,000	\$ 180,000	\$ 120,000	
Park & Rec Feasibility Study	\$ 25,000			
Municipal Code update	\$ 30,000	\$ 115,000	\$ 115,000	
Comprehensive Plan	\$ 200,000	\$ 220,000	\$ 80,000	
	\$ 1,530,912	\$ 937,023	\$ 427,024	\$ 2,894,959

Street Operating Fund Overview

The street operating fund is a sub-fund of the General Fund and used to track street maintenance operations. Street operating costs are increasing due to the added staffing resources necessary to support enhanced service delivery. This fund is supported by the General Fund and this budget also includes funding of \$60,000 in 2024 from the transportation benefit district. The City is projecting approximately \$1.15 million of revenue in FY2023-24, which represents a 19% decrease from the prior biennium. Budgeted expenditures are projected to increase by 8% or \$93,286 to \$1.3 million in FY2023-24. These declines result from updated personnel and overhead allocations.

Special Revenue Funds Overview

Special Revenue Funds are established to account for a specific revenue source mandated by the City Council, State of Washington or other regulatory authority. These sources then support special programs and capital projects by transferring out funds to other funds. In the case of special revenue funds that primarily support capital investments, longer term cash flow analysis is prepared to not only support the biennial budget allocations for a two-year period but to assess the longer-term impacts on important sources. Special Revenue Fund sources and uses are included by fund in the Fund Summaries chapter of the budget.

Capital Project Funds Overview

As part of the biennial budget, the Capital Improvement Plan (CIP) is updated, and the budget includes sources and uses in the two-year budget for capital investments that are key to achieving community priorities. Capital project allocations are major expenditures and the 2023-2024 budget includes almost \$34 million in capital investments. See the Capital improvement sections of the budget book for detailed descriptions of the projects and funding sources.

Utility Funds Overview

The City of Stanwood operates wastewater, water and stormwater utilities.

Water Operating Fund, the city is projecting \$2.4M of revenue in FY2023, which represents a 3.2% increase over the prior year. Budgeted expenditures are projected to increase by 20.9% or \$466.88K to \$2.7M in FY2023.

Sewer Operating Fund, the City is projecting \$2.8M of revenue in FY2023, which represents a 4.9% increase over the prior year. Budgeted expenditures are projected to increase by 13.9% or \$383.55K to \$3.14M in FY2023.

Stormwater (or Drainage) Operating Fund, the City is projecting \$1.38M of revenue in FY2023, which represents a 9.2% increase over the prior year. Budgeted expenditures are projected to increase by 37.5% or \$303.14K to \$1.11M in FY2023.

Utility rates for 2019 to 2024 were set based on a 2018 rate study. The city's 2023-24 workplan includes rate analysis for 2025 and beyond. The table below provides details of the utility rate increases previously established by the City Council for the biennium.

	2023 Increase	2024 Increase
Water	3.0%	1.5%
Sewer	6.5%	1.5%
Stormwater	9.25%	6.25%

Other utility revenues include plant investment fees from new development that support improvements to the utility systems.

Operating expenditures in the utility funds are forecast to increase between 9.5% and 12.5% due to planned increased major maintenance efforts and high inflation affecting operating supplies, professional services and salary and benefits.

Major capital projects include the Skagit Bay Dike Repair, a Floodwall on Florence Road, Large Main Replacement Projects, Irvine Slough Phases Two and Five, and Design and Construction of Bio solids processing capability.

City Staffing Overview

City services are provided to the community through the allocation of people and tools. In 2021-2022, the city added four positions:

- Economic Development & Marketing Manager
- Public Works Supervisor
- Parks/Streets Maintenance
- Public Works Engineering Technician

The Mayor's proposed 2023-2024 budget anticipates not filling two positions in effort to offset rising costs:

- Senior Planner
- City Engineer/Assistant Public Works Director

Approximately two-thirds of the city's employees are union represented. The current collective bargaining agreements expire at the end of 2022. Because of ongoing collective bargaining, the Mayor's proposed budget does not include cost of living increases for any employees. The result of collective bargaining is likely to result in the need for a budget amendment.

RECOMMENDATIONS

Staff Recommendation: Staff recommends approval of the second reading and adoption of Ordinance 1509 and conducting the public hearing to receive public testimony.

Committee/Board Recommendation: N/A. The budget is reviewed by the full City Council

CITY COUNCIL OPTIONS

The City Council options include:

1. Approve the second reading and adoption of Ordinance 1509, 2023-2024 biennial budget.
2. Do not approve second reading of Ordinance 1509 and direct staff to prepare other budget analysis, and/or make further adjustments. Note: the budget is required to be adopted by December 31, 2022.

PROPOSED MOTION

MOTION TO APPROVE THE SECOND READING OF ORDINANCE 1509 – 2023-2024 BIENNIAL BUDGET

**CITY OF STANWOOD
Stanwood, Washington**

ORDINANCE 1509

AN ORDINANCE ADOPTING A BIENNIAL BUDGET FOR THE CITY OF STANWOOD, WASHINGTON, FOR THE YEARS 2023 AND 2024, AND SETTING FORTH IN SUMMARY FORM THE TOTALS OF ESTIMATED REVENUES AND APPROPRIATIONS FOR EACH SEPARATE FUND AND THE AGGREGATE TOTALS FOR ALL SUCH FUNDS COMBINED.

WHEREAS, State Law, Chapter 35A.34 RCW has provided that the legislative body of any city of the first and second classes and all towns may, by ordinance elect to have a two-year fiscal biennial budget in lieu of the annual budget which is otherwise provided for; and

WHEREAS, State Law, Chapter 35A.11.020 RCW has provided that the legislative body of each code city shall have all powers possible for a city or town to have under the Constitution of this state, and not specifically denied to code cities by law; and

WHEREAS, pursuant to State Law, Chapter 35A.34 RCW, the City of Stanwood, as a code city, is authorized to adopt a two year biennial budget; and

WHEREAS, on July 25, 2013 the City Council adopted Ordinance 1348 establishing a two-year biennial budget for the City of Stanwood for the first two-year budget period beginning January 1, 2015.

WHEREAS, State law requires that the City adopt a biennial budget before the end of the preceding calendar year; and

WHEREAS, the Mayor proposed the 2023-2024 Biennial Budget, on November 8, 2022 to the Stanwood City Council as provided by law; and

WHEREAS, the City Council held public budget workshops on August 14, 2022, September 22, 2022, October 13, 2022, and November 3, 2022, in preparation for the budget for the years 2023 and 2024; and

WHEREAS, as required by law, on November 21, 2022 and December 8, 2022, the City Council has held public hearings and provided opportunity for public comment on the proposed 2023-2024 Biennial Budget;

NOW THEREFORE, the City Council of the City of Stanwood, Washington do ordain as follows:

Section 1. In accordance with the provisions of Chapter 35A.34 RCW the budget of the City of Stanwood for the year 2023 in the aggregate amount of \$48,265,720. is hereby adopted.

Section 2. In accordance with the provisions of Chapter 35A.34 RCW the budget of the City of Stanwood for the year 2024 in the aggregate amount of \$25,950,698. is hereby adopted.

Section 3. The totals of budgeted revenues and appropriations for each separate fund are set forth in summary form for 2023 and 2024 and attached as Exhibit A to Ordinance 1509. The Finance Director is hereby authorized to include year-end actual cash balances in the final budget document as determined at the close of the current fiscal year.

Section 4. Following adoption of this ordinance a copy shall be transmitted to the Office of the State Auditor, the Association of Washington Cities and the Municipal Research Services Center.

Section 5. Effective Date. This ordinance shall take effect and be in force January 1, 2023.

ADOPTED by the City Council and **APPROVED** by the Mayor this 8th day of December, 2022.

CITY OF STANWOOD

Sid Roberts, Mayor

ATTEST:

Lisa Sokolik, City Clerk

APPROVED AS TO FORM:

Nikki Thompson, City Attorney

City of Stanwood
Summary Revenues, Expenditures and Fund Balance
2023-2024 Biennial Budget

Fund Name	Beginning Fund Balance	Revenues			Expenditures			Ending Fund Balance
		2023	2024	Total	2023	2024	Total	
General Fund	\$ 5,970,652	6,604,679	6,698,973	\$ 13,303,652	10,254,347	6,588,097	\$ 16,842,444	\$ 2,431,860
Street Operating	287,594	534,500	596,445	\$ 1,130,945	643,358	643,841	\$ 1,287,199	\$ 131,340
Street Impact Fees	980,278	42,239	39,239	\$ 81,478	605,000	57,920	\$ 662,920	\$ 398,836
Street Capital	343,545	4,926,400	1,826,345	\$ 6,752,745	4,980,800	1,819,490	\$ 6,800,290	\$ 296,000
Park & Trail Capital	1,950,000	4,680,660	975,900	\$ 5,656,560	4,218,000	910,000	\$ 5,128,000	\$ 2,478,560
Park Impact Fees	23,592	71,040	71,040	\$ 142,080	50,000	50,000	\$ 100,000	\$ 65,672
Equipment Reserve	527,238	187,565	136,400	\$ 323,965	186,298	135,000	\$ 321,298	\$ 529,905
Transportation Benefit Fund	480,000	484,860	491,907	\$ 976,767	800,000	636,245	\$ 1,436,245	\$ 20,522
Contingency	481,289	142,000	44,000	\$ 186,000	-	-	\$ -	\$ 667,289
Building Improvement Fund	2,683,987	685,000	595,000	\$ 1,280,000	890,000	-	\$ 890,000	\$ 3,073,987
Tourism And Promotion	26,851	91,000	96,000	\$ 187,000	102,000	99,500	\$ 201,500	\$ 12,351
REET 1: Capital Improvements	1,303,975	262,000	260,000	\$ 522,000	800,000	1,000,000	\$ 1,800,000	\$ 25,975
REET 2 - Growth Management	1,231,360	256,000	256,000	\$ 512,000	1,200,000	472,280	\$ 1,672,280	\$ 71,080
Debt Service Fund	21,036	-	-	\$ -	21,036	-	\$ 21,036	\$ -
Sewer Operating	1,102,716	2,802,398	2,908,347	\$ 5,710,745	3,139,574	2,924,269	\$ 6,063,843	\$ 749,618
Sewer Capital	4,287,701	735,400	5,250,800	\$ 5,986,200	2,560,000	5,825,000	\$ 8,385,000	\$ 1,888,901
Sewer Plant Investment	542,968	25,040	30,000	\$ 55,040	500,000	30,000	\$ 530,000	\$ 68,008
Sewer Equipment Reserve	773,533	170,000	64,040	\$ 234,040	349,000	-	\$ 349,000	\$ 658,573
Drainage Operating	154,727	1,379,665	1,510,733	\$ 2,890,398	1,111,726	1,338,445	\$ 2,450,171	\$ 594,954
Drainage Capital	4,200,000	6,662,000	594,210	\$ 7,256,210	10,804,000	500,000	\$ 11,304,000	\$ 152,210
Drainage Plant Investment	164,840	57,260	57,260	\$ 114,520	200,500	70,000	\$ 270,500	\$ 8,860
Drainage Equipment Reserve	375,000	64,600	79,600	\$ 144,200	92,298	-	\$ 92,298	\$ 426,902
Water Operating	800,000	2,403,831	2,471,846	\$ 4,875,677	2,702,783	2,471,311	\$ 5,174,094	\$ 501,583
Water Capital	2,200,000	1,228,800	508,800	\$ 1,737,600	1,245,000	155,000	\$ 1,400,000	\$ 2,537,600
Cedar Home Plant Investment Fees	325,000	7,100	7,100	\$ 14,200	10,000	10,300	\$ 20,300	\$ 318,900
Water Plant Investment Fees	945,970	30,000	30,000	\$ 60,000	800,000	150,000	\$ 950,000	\$ 55,970
Water Equipment Reserve	439,076	88,600	71,600	\$ 160,200	-	64,000	\$ 64,000	\$ 535,276
Total Funds	\$ 32,622,928	34,622,637	25,671,585	\$ 60,294,222	48,265,720	25,950,698	\$ 74,216,418	\$ 18,700,732



City of Stanwood 2023-2024 Operating & Capital Budgets

EXAMPLE PAGES ONLY--NOT ENTIRE BUDGET BOOK

Final Version - 12/08/2022



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DEPARTMENTS



Executive Department

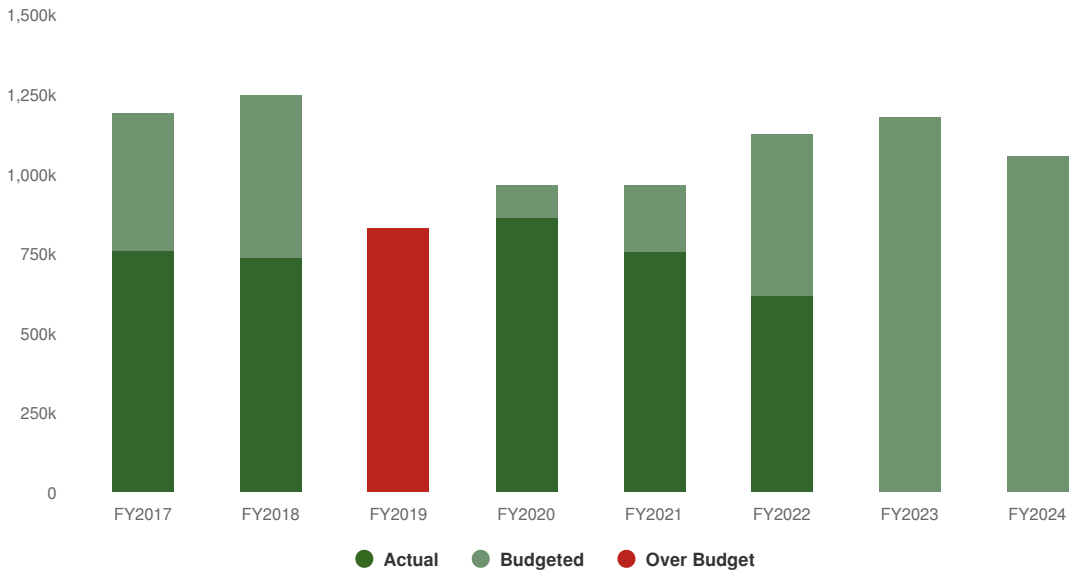
Shawn Smith
City Administrator

The Executive Department includes Finance, City Clerk, Human Resources, Long-Range Planning and general administrative oversight of all city activities.

Expenditures Summary

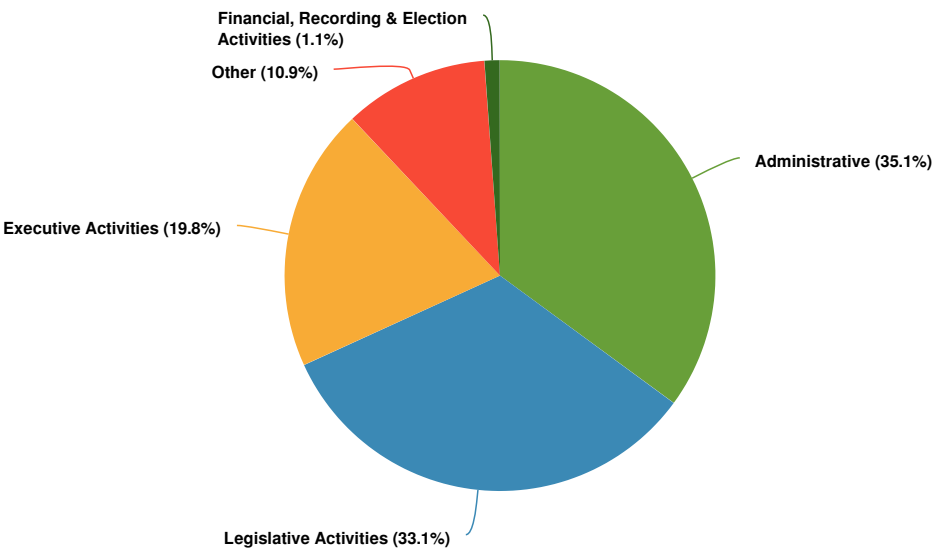
\$1,179,232 **\$51,887**
(4.60% vs. prior year)

Executive Proposed and Historical Budget vs. Actual

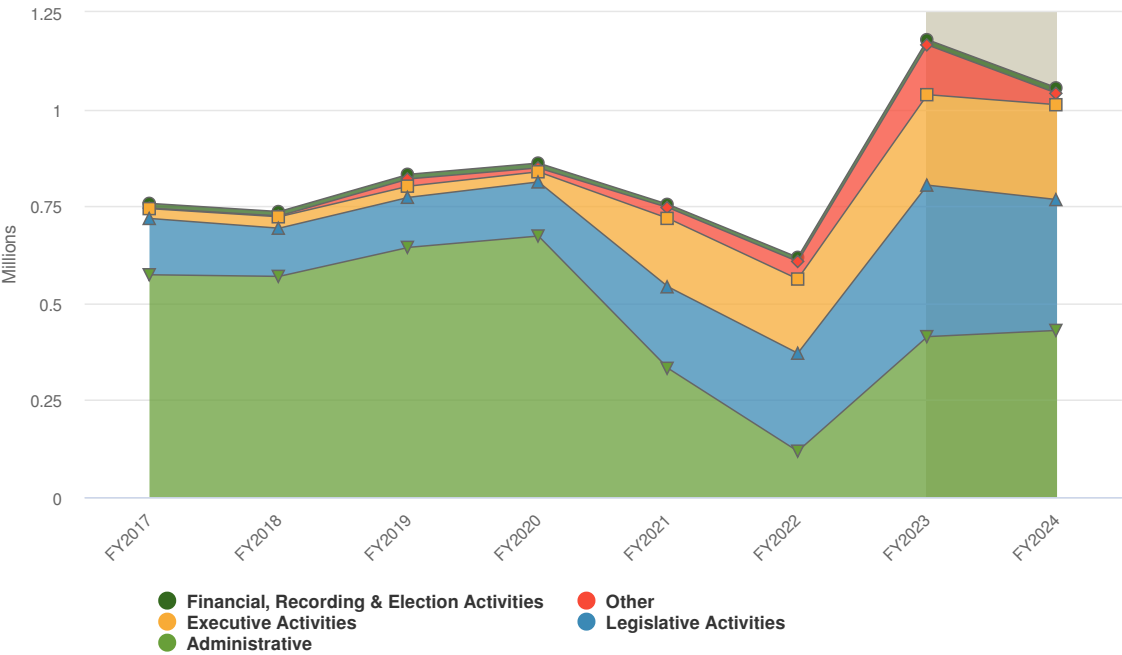


Expenditures by Function

Budgeted Expenditures by Function



Budgeted and Historical Expenditures by Function

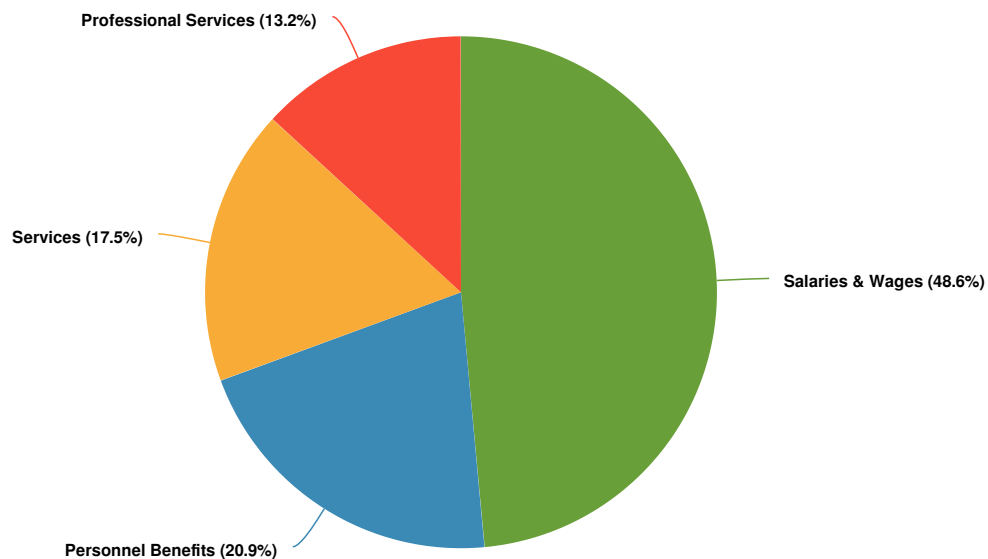


Grey background indicates budgeted figures.

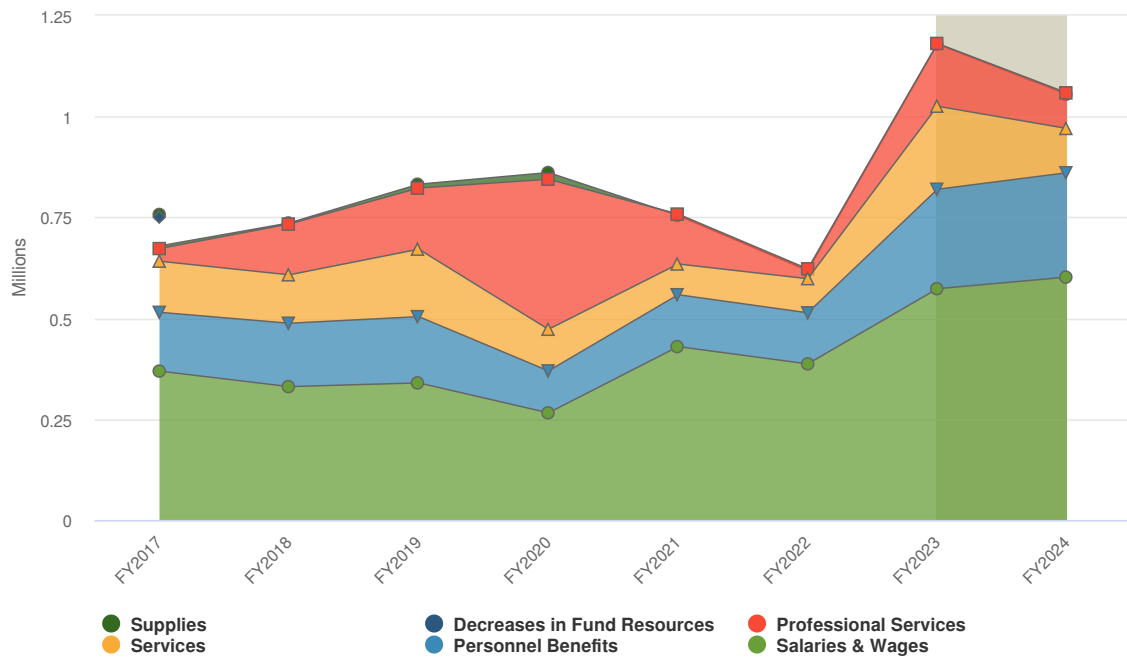
Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Expenditures					
Mayor/Council					
Legislative Activities		\$210,165	\$530,218	\$390,639	\$337,271
Executive Activities		\$176,426	\$200,966	\$233,210	\$244,621
Financial, Recording & Election Activities		\$8,259	\$13,500	\$13,500	\$14,175
Total Mayor/Council:		\$394,850	\$744,684	\$637,349	\$596,067
Administrative					
Financial, Recording and Election Activities		\$104,389	\$87,228	\$99,614	\$104,548
Legal Activities		\$127,123	\$136,500	\$151,500	\$148,200
Centralized Services		\$100,356	\$64,501	\$162,427	\$176,848
Total Administrative:		\$331,868	\$288,229	\$413,540	\$429,596
Other					
Public Housing Services		\$1,738	\$16,740	\$66,740	\$17,577
Public Health Services		\$14,000	\$7,000		
Chemical Dependency Services		\$2,143	\$1,602	\$1,602	\$1,682
Aging and Disability Services		\$10,000	\$35,000	\$60,000	\$10,000
Total Other:		\$27,881	\$60,342	\$128,342	\$29,259
Total Expenditures:		\$754,598	\$1,093,255	\$1,179,232	\$1,054,922

Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Grey background indicates budgeted figures.

Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Expense Objects					
Salaries & Wages					
Salaries & Wages	001-511-000-511-60-10-00	\$135,646	\$134,886	\$143,304	\$150,469
Overtime	001-511-000-511-60-11-00		\$510	\$510	\$536
Salaries & Wages	001-513-000-513-10-10-00	\$130,443	\$150,410	\$169,411	\$177,881
Salaries & Wages	001-514-000-514-23-10-00	\$355,841	\$448,645	\$462,903	\$486,048
Salaries Indirect Cost Allocation	001-514-000-514-23-10-99	-\$220,777	-\$318,449	-\$264,682	-\$277,916
Overtime	001-514-000-514-23-11-00	\$90	\$1,080	\$1,500	\$1,575
Salaries & Wages	001-518-010-518-10-10-00	\$28,390	\$28,071	\$60,243	\$63,255
Total Salaries & Wages:		\$429,632	\$445,153	\$573,189	\$601,848
Personnel Benefits					
Social Security	001-511-000-511-60-20-00	\$10,240	\$8,078	\$10,963	\$11,511
Retirement	001-511-000-511-60-21-00	\$10,313	\$8,763	\$10,082	\$10,586

Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Medical Benefits	001-511-000-511-60-22-00	\$16,406	\$20,942	\$15,259	\$16,022
L & I	001-511-000-511-60-23-00	\$267	\$436	\$1,824	\$1,915
Unemployment & PFMLA	001-511-000-511-60-24-00	\$159	\$138	\$197	\$207
Social Security	001-513-000-513-10-20-00	\$7,044	\$6,739	\$11,445	\$12,018
Retirement	001-513-000-513-10-21-00	\$7,302	\$7,962	\$13,233	\$13,895
Medical Benefits	001-513-000-513-10-22-00	\$12,395	\$11,919	\$26,183	\$27,492
L & I	001-513-000-513-10-23-00	\$107	\$160	\$456	\$479
Unemployment & PFMLA	001-513-000-513-10-24-00	\$196	\$126	\$282	\$296
Social Security	001-514-000-514-23-20-00	\$26,888	\$37,556	\$35,527	\$37,303
Retirement	001-514-000-514-23-21-00	\$41,400	\$57,094	\$51,622	\$54,203
Medical Benefits	001-514-000-514-23-22-00	\$83,009	\$112,558	\$109,457	\$114,930
Benefits Indirect Cost Allocation	001-514-000-514-23-22-99	-\$100,494	-\$144,336	-\$118,606	-\$124,536
L & I	001-514-000-514-23-23-00	\$854	\$1,596	\$1,140	\$1,197
Awc Retro Program	001-514-000-514-23-23-01		\$1,720	\$1,720	\$1,806
Unemployment & PFMLA	001-514-000-514-23-24-00	\$701	\$891	\$929	\$975
Social Security	001-518-000-518-30-20-00			\$46,000	\$48,300
Retirement	001-518-000-518-30-21-00			\$5,000	\$5,250
Medical Benefits	001-518-000-518-30-22-00			\$108	\$113
Social Security	001-518-010-518-10-20-00	\$2,148	\$2,118	\$4,608	\$4,838
Retirement	001-518-010-518-10-21-00	\$3,360	\$3,644	\$6,174	\$6,483
Medical Benefits	001-518-010-518-10-22-00	\$6,194	\$7,634	\$12,559	\$13,187
L & I	001-518-010-518-10-23-00	\$53	\$58	\$114	\$120
Unemployment & PFMLA	001-518-010-518-10-24-00	\$55	\$56	\$120	\$126
Total Personnel Benefits:		\$128,596	\$145,852	\$246,397	\$258,717
Supplies					
Supplies	001-511-000-511-60-31-00	\$577	\$1,000	\$1,000	\$1,050

Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Small Equipment	001-511-000-511-60-35-00		\$1,500	\$1,500	\$1,575
Supplies	001-513-000-513-10-31-00	\$604	\$500	\$500	\$525
Supplies	001-514-000-514-23-31-00	\$3,126	\$3,000	\$3,000	\$3,350
Supplies Indirect Cost Allocation	001-514-000-514-23-31-99	-\$8,795	-\$11,926	-\$9,775	-\$12,000
Small Equipment	001-514-000-514-23-35-00	\$168	\$1,000	\$1,000	\$1,050
Supplies	001-518-010-518-10-31-00	\$824	\$1,000	\$1,000	\$1,050
Total Supplies:		-\$3,496	-\$3,926	-\$1,775	-\$3,400
Services					
Communications	001-511-000-511-60-42-00	\$198	\$500	\$500	\$525
Advertising	001-511-000-511-60-44-00	\$1,992	\$3,000	\$3,000	\$3,150
Miscellaneous	001-511-000-511-60-49-00		\$500	\$500	\$525
Meetings, Training & Travel	001-511-000-511-60-49-01	\$1,843	\$3,500	\$3,500	\$3,675
Dues	001-511-000-511-60-49-06	\$425	\$500	\$500	\$525
Communications	001-513-000-513-10-42-00	\$918	\$700	\$700	\$735
Mayor's Newsletter DO NOT USE	001-513-000-513-10-42-01				\$3,000
Miscellaneous	001-513-000-513-10-49-00		\$500	\$500	\$525
Meetings, Training & Travel	001-513-000-513-10-49-01	\$3,231	\$2,500	\$2,500	\$2,625
Volunteer Appreciation	001-513-000-513-10-49-02		\$3,000	\$3,000	\$3,150
Communications	001-514-000-514-23-42-00	\$1,180	\$2,500	\$2,500	\$2,625
Advertising	001-514-000-514-23-44-00		\$500	\$500	\$525
Operating Rentals	001-514-000-514-23-45-00	\$10,038	\$16,500	\$16,500	\$16,500
Repair/maintenance	001-514-000-514-23-48-00		\$4,000	\$4,000	\$1,000
Miscellaneous	001-514-000-514-23-49-00	\$115	\$200	\$200	\$210
Meetings, Training & Travel	001-514-000-514-23-49-01	\$2,281	\$5,500	\$5,500	\$5,775
Credit Card Bank Fees	001-514-000-514-23-49-05	\$4,031	\$55,000	\$12,000	\$12,600
Dues	001-514-000-514-23-49-06	\$974	\$1,100	\$1,100	\$1,155

10.18



Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Advertsing	001-518-010-518-10-44-00	\$15,133	\$10,000	\$10,000	\$10,500
Repairs & Maintenance	001-518-010-518-10-48-00		\$1,000	\$1,000	\$1,050
Meetings, Training & Travel	001-518-010-518-10-49-01	\$1,365	\$2,000	\$2,000	\$2,100
Training-All EE Annual	001-518-010-518-10-49-02	\$2,906	\$5,000	\$5,000	\$5,250
Dues	001-518-010-518-10-49-06	\$219	\$500	\$500	\$525
Wellness Program	001-518-010-518-10-49-10	\$1,389	\$2,000	\$2,000	\$2,100
Resource Cntr-Housing	001-551-010-551-10-49-09		\$15,000	\$65,000	\$15,750
Alliance For Housing Authority	001-551-010-551-10-49-10	\$1,738	\$1,740	\$1,740	\$1,827
Snohomish Health District	001-562-010-562-10-49-07	\$14,000	\$7,000		
Liquor Board Excise Tax	001-566-000-566-00-49-05	\$2,143	\$1,602	\$1,602	\$1,682
Sr Center LEAP	001-569-010-569-10-49-08	\$10,000	\$35,000	\$60,000	\$10,000
Total Services:		\$76,119	\$180,842	\$205,842	\$109,609
Professional Services					
Professional Services	001-511-000-511-60-41-00	\$32,099	\$345,965	\$198,000	\$135,000
Professional Services	001-513-000-513-10-41-00	\$14,185	\$16,450	\$5,000	\$2,000
Election Service	001-511-000-514-40-41-05		\$3,500	\$3,500	\$3,675
Voter Registration Service	001-511-000-514-40-41-06	\$8,259	\$10,000	\$10,000	\$10,500
Professional Services	001-514-000-514-23-41-00	\$44,670	\$19,450	\$46,450	\$57,143
Clean Sweep- Clean Up Day	001-514-000-514-23-41-04	\$1,369	\$5,100	\$5,100	\$2,500
State Audit	001-514-000-514-23-41-07	\$27,377	\$35,000	\$35,000	\$36,750
Services Indirect Cost Allocation	001-514-000-514-23-41-99	-\$169,656	-\$248,051	-\$304,971	-\$320,220
External Legal Services-Advice	001-515-000-515-41-41-21	\$88,294	\$90,000	\$105,000	\$100,000
External Legal Serv-Claims & Litigation	001-515-000-515-45-41-22	\$3,359	\$12,500	\$12,500	\$12,500
Adult Misdemeanor Public Def	001-515-000-515-93-41-23	\$35,469	\$34,000	\$34,000	\$35,700
Professional Services	001-518-010-518-10-41-00	\$8,321	\$1,420	\$6,000	\$12,600
Judgements & Settlements	001-518-060-518-61-41-01	\$30,000			
Total Professional Services:		\$123,746	\$325,334	\$155,579	\$88,148

10.19



Name	Account ID	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Total Expense Objects:		\$754,598	\$1,093,255	\$1,179,232	\$1,054,922

2021-2022 Accomplishments

Administrative Accomplishments

- Hired a new Finance Director
- Reorganized admin. Department by moving Clerk to Finance, Economic Development Manager to Community Development
- Hired 2 new police Chiefs
- Extended police contract with Snohomish County Sheriff's Department
- Met with and lobbied county, state, and federal legislators for funding for the Skagit Bay Dike repair project.
- Reorganized Public Works and Community Development by moving parks planning to Public Works and creating a parks team.

Human Resources Accomplishments

Labor Relations

- Negotiating successor union agreements for Administration and Public Works groups
- (Re)established Labor-Management Committee Meetings
- Developed MOUs for CDL Training (PW) and Uniform and Boot Allowance (Engineering)
- Conducted Citywide Salary and Benefits Study for all positions, and developed updated salary schedules
- Negotiated salary schedules and job descriptions for new classifications of Engineering Technician and Accounting Technician
- Oversaw and successfully resolved outstanding grievances through mediation hearings prior to arbitration.
- Reviewed and updated all City job descriptions.

Personnel Policies

- Oversaw, managed, and implemented the conversion formula and process for sick and vacation leaves to Paid Time Off (PTO), as well as developing the related leave policy updates for non-represented employees
- Annual updates of the official City Personnel Policies Manual for presentation to Council for adoption.

On-Boarding

- Automated all new employee forms
- Developed comprehensive and automated new employee on-boarding process and procedures
- Added additional voluntary benefit programs for City employees (i.e., LegalShield and WA 529)

Safety

- Scheduled and oversaw Public Works Labor and Industries workplace consultation, and successfully worked to correct all identified exposures.

- Developed and coordinated training for PW employees on new comprehensive written Employee Accident Prevention Plan
- (Re)established formal Safety Committee with regular meeting schedule.

Recruitment

- Developed and implemented new automated employment application process
- Implemented new written and remote employment testing processes
- Oversaw and managed all external recruitment processes in the past 12-month period, including application screening, complete background and reference checks.

Employee Engagement

- Implemented and designed new Employee Service Pins
- Developed and implemented formal Employee Recognition Program.
- Enhanced Wellness Program and related activities, consisting of over ten formal wellness activities, with 78% of employees participating in at least one wellness activity this past year
- Responsible for overseeing, managing, and filing the application for “WellCity” designation
- Developed revised performance review forms and process to increase the focus on employee experience and professional development

Finance Accomplishments

- Issued \$4.5 Million Sewer Revenue Bonds to Finance System Improvements (2021)
- Issued \$3.4 Million Revenue Bonds to finance IS4 Phase 2, 3 & 5 (2022)
- Updated Vehicle & Equipment Replacement Model to ensure adequate reserves for fleet maintenance
- Created Electronic Payment policy
- Created Procurement Procedures to ensure compliance when purchasing with federal funds.
- Completed annual WCIA Audit and insurance review
- Completed SCADA network penetration testing and managed Security Program Overview Engagement
- Prepared Annual Transportation Benefit Fund Reports - 2020 and 2021
- Managed annual asset inventory and surplus program
- Prepared Annual Financial Reports - 2020 and 2021
- Reviewed and made improvements to records management systems, transition to electronic records
- Set up WA Long Term Care Program
- Implemented ClearGov Budget Software
- Coordinated Mid-Biennium Budget Amendment, and new 2023-24 Biennial Budget, including four special council workshops
- Updated Staff Cost Allocation Plan
- Established COVID Utility Billing Re-Payment Process
- Placed Transportation Benefit Fund Sales Tax Levy renewal on November 8th General Election Ballot

- Implemented Electronic Timesheet System
- Implemented ClearGov Budgeting Software

City Clerk Accomplishments

- Hired new City Clerk Lisa Sokolik!
- Managed City Public Records Process--annual rotation of records labeling and storage in archives, and to destruction
- Audited Contracts Expiration and renewal process
- Audited City Records Archives for accurate Labels, Reorganized Storage Location
- Managed Consultant Modernizing City Paper Records Digitization, completed scanning Permit Records
- Successfully completed first year training toward Municipal Clerk Certification

Communications Accomplishments

- Advance the reputation of city communication with clear and consistent messaging
- Increase community engagement
- Encourage wider employee advocacy - inspire staff to readily share city news, successes and more on their personal platforms.
- Increase traffic for website and social sites
- improving the efficiency of city's crisis communications.

2023-2024 Goals and Objectives

Administrative

- Complete labor negotiations
- Create and adopt Strategic Plan
- Restore annual emergency management training suspended during the Covid state of emergency
- Create annual legislative agenda

Human Resources

- Continue on-going improvements related to labor relations and communications through effective and regular Labor-Management Committee meetings.
- Successfully deliver to the City Council two successor union agreements for approval and adoption.
- Implement all newly adopted personnel initiatives and procedures referenced in updated union contracts.
- Implement Citywide salary schedules and new classifications/job descriptions based on recommendations from 2022 Salary and Benefits Study.
- Develop Citywide Professional Development Program, to assist all employees in gaining new skills through continuing education and career training.
- Work with Management Team on establishing Mission, Vision and Values Statements for City Departments and align same to performance appraisals and other workplace initiatives.

- Update Personnel policies and recruitment practices based on current local, state and federal regulations.
- Expand and implement Internship Programs across all City departments by partnering with local colleges and universities. Good internship programs can provide us with strong candidates to choose from and lead to successful future hiring opportunities.
- Update HR website to include information beneficial to the public.
- Continue to enhance and maintain employee engagement through Wellness Program activities and obtain WellCity designation.
- Update the City's Drug and Alcohol policies based on current legal updates and federal regulations.
- Review HR management software, i.e., NeoGov to improve employee data management, recruitment, onboarding new hires, and tracking staff development/training.

Finance Goals/Objectives 2023-2024

- Transition Accounts Payable to a paperless process.
- Develop automated and simplified quarterly reporting.
- With Public Works--remediate findings from Network Penetration Testing and Security Program Overview.
- Update Financial Management Policy and related Financial Management Procedures.
- Develop long-term funding alternatives for Operating and Capital budgets.
- Evaluate options to improve to summer sewer utility rate structure.

City Clerk Goals and Objectives

- Develop automated public records request fulfillment and tracking process.
- Continue Digitization of City Paper Records Program-- focus 2023 on Land Use Records.
- Complete second year training toward Municipal Clerk Certification.

Communications Goals and Objectives

- Advance the reputation of city communication with clear and consistent messaging.
- Increase community engagement.
- Encourage wider employee advocacy - inspire staff to readily share city news, successes and more on their personal platforms.
- Increase traffic for website and social sites.
- Improve the efficiency of the City's crisis communications.

FUND SUMMARIES



The general fund is the main operating fund of the City and includes revenue and expenditure allocations for general government activities that include the legislative, public safety, community planning and development, economic development, streets, parks, and public facilities maintenance; along with general administration divisions of finance, human resources, information technology and communications.



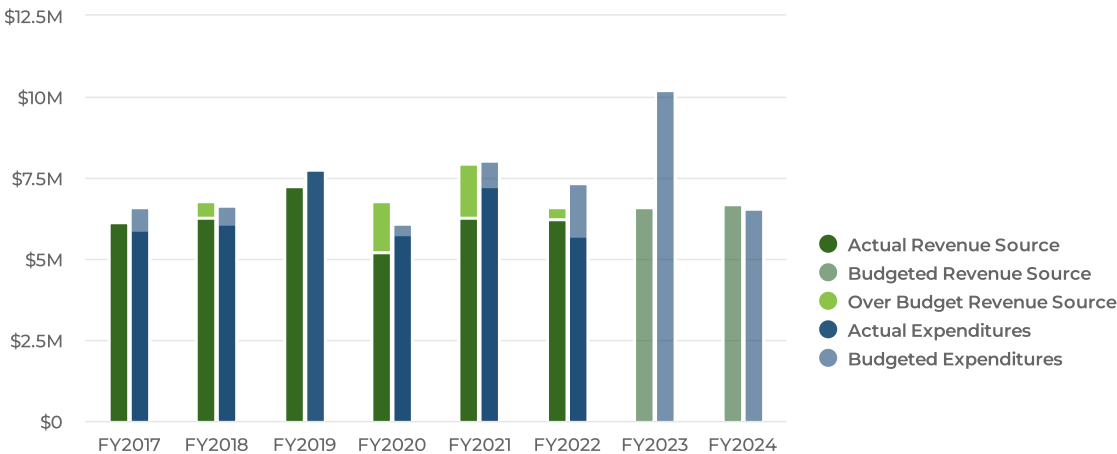
General Fund

Overall general fund revenues are projected at \$13.3 million for 2023-2024; after deducting the extraordinary receipt of ARPA federal funds of \$2 million this represents a decrease of 1.9% from 2021-2022 sources. The general fund expenditures budget is \$16.8 million, an increase of 19.6% from the prior budget. Significantly, this expenditure includes \$4.8 million of transfers to capital funds.

General fund ending balance is anticipated to decrease \$3.5 million to \$2.4 million, which is well in excess of the required minimum reserve of \$1.7 million, which is established by the city council. As revenues are anticipated to be more than expenditures, thus continuing the city council policy on saving reserves for economic downturns and future investment in capital assets. A stable fund balance, at 36% of operating expenditures, is predicted and shown in the Fund Summaries chapter of the budget.

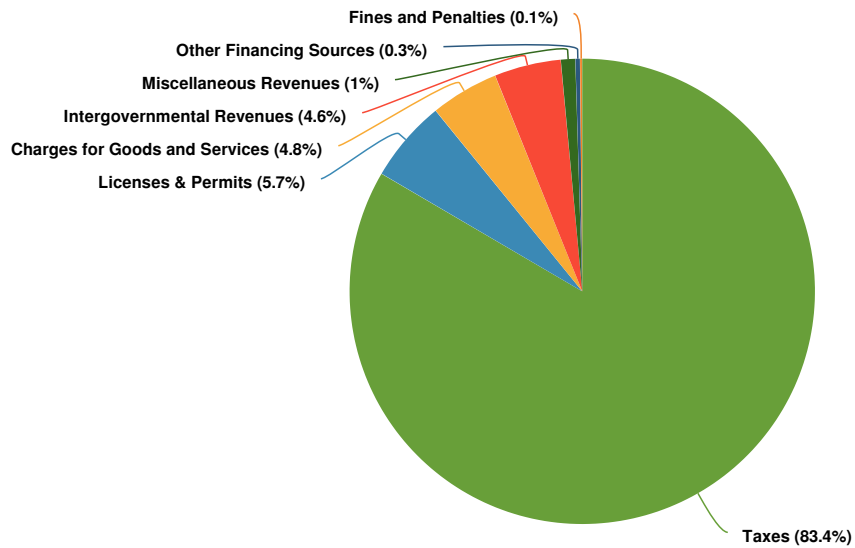
Summary

The City of Stanwood is projecting \$6.6M of revenue in FY2023, which represents a 5.5% increase over the prior year. Budgeted expenditures are projected to increase by 39.4% or \$2.9M to \$10.25M in FY2023.

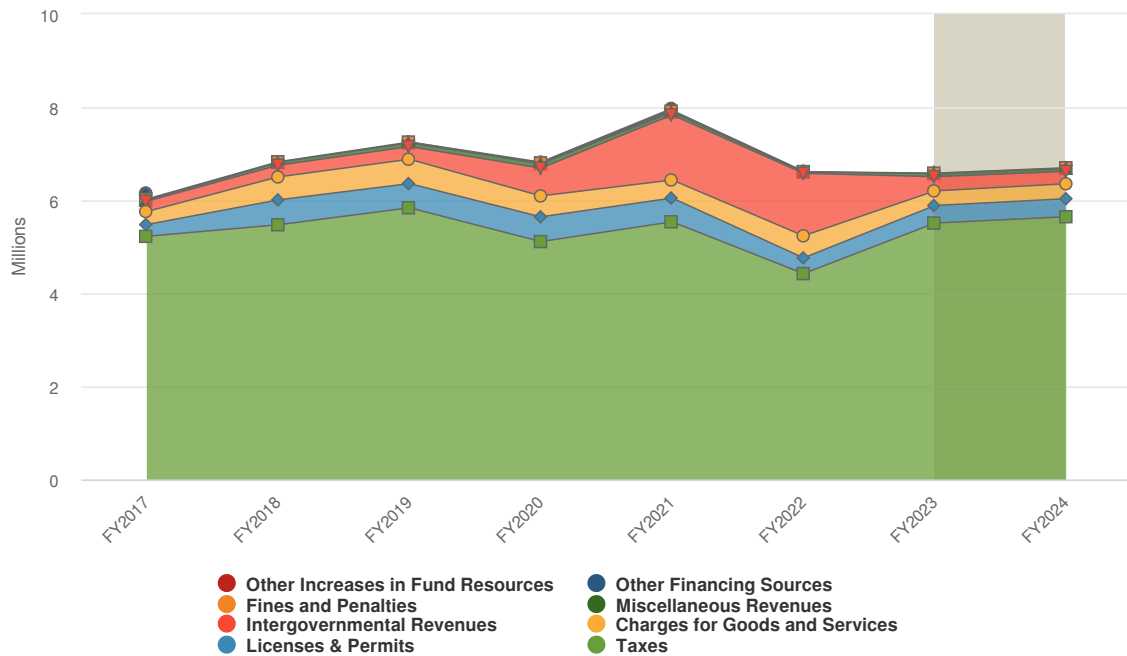


Revenues by Source

Projected 2023 Revenues by Source



Budgeted and Historical 2023 Revenues by Source



Grey background indicates budgeted figures.

Name	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Revenue Source				
Taxes	\$5,537,559	\$5,050,936	\$5,511,229	\$5,647,611

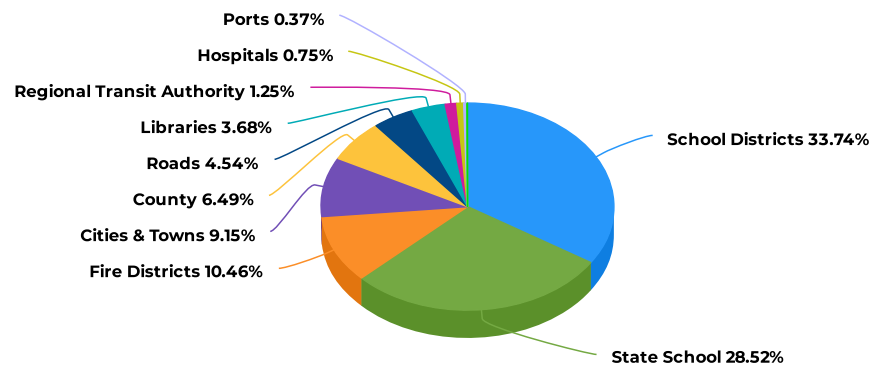
10.26



Name	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Licenses & Permits	\$510,985	\$450,005	\$377,130	\$386,558
Intergovernmental Revenues	\$1,398,640	\$332,333	\$305,619	\$265,572
Charges for Goods and Services	\$388,009	\$436,220	\$313,800	\$321,645
Fines and Penalties	\$16,470	\$14,600	\$9,600	\$9,665
Miscellaneous Revenues	\$61,370	\$66,265	\$66,265	\$67,922
Other Increases in Fund Resources	\$20,187			
Other Financing Sources	\$41,915		\$21,036	
Total Revenue Source:	\$7,975,135	\$6,350,359	\$6,604,679	\$6,698,973

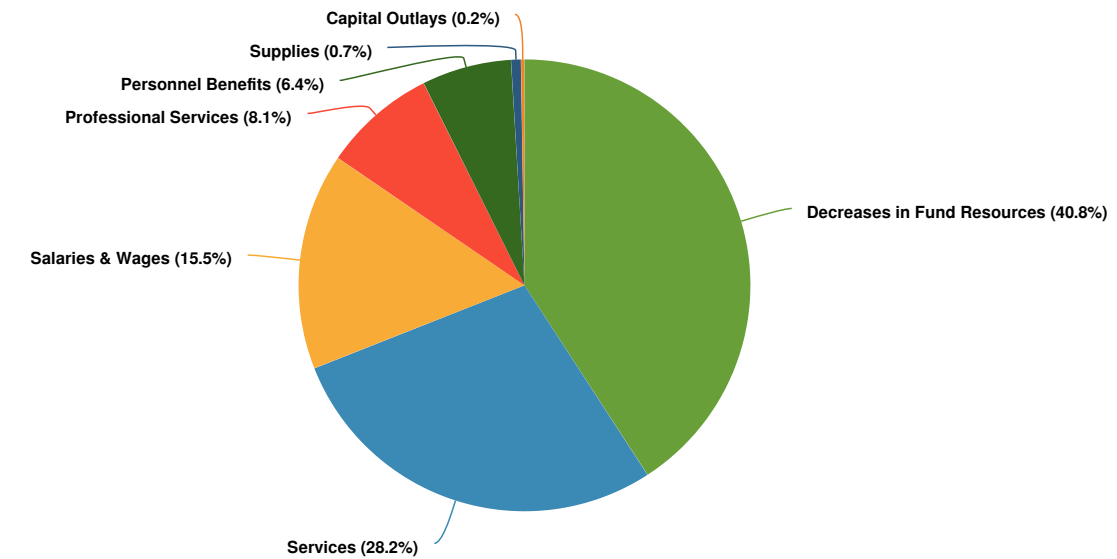
Property Tax Distribution in Snohomish County

Property Tax Distribution

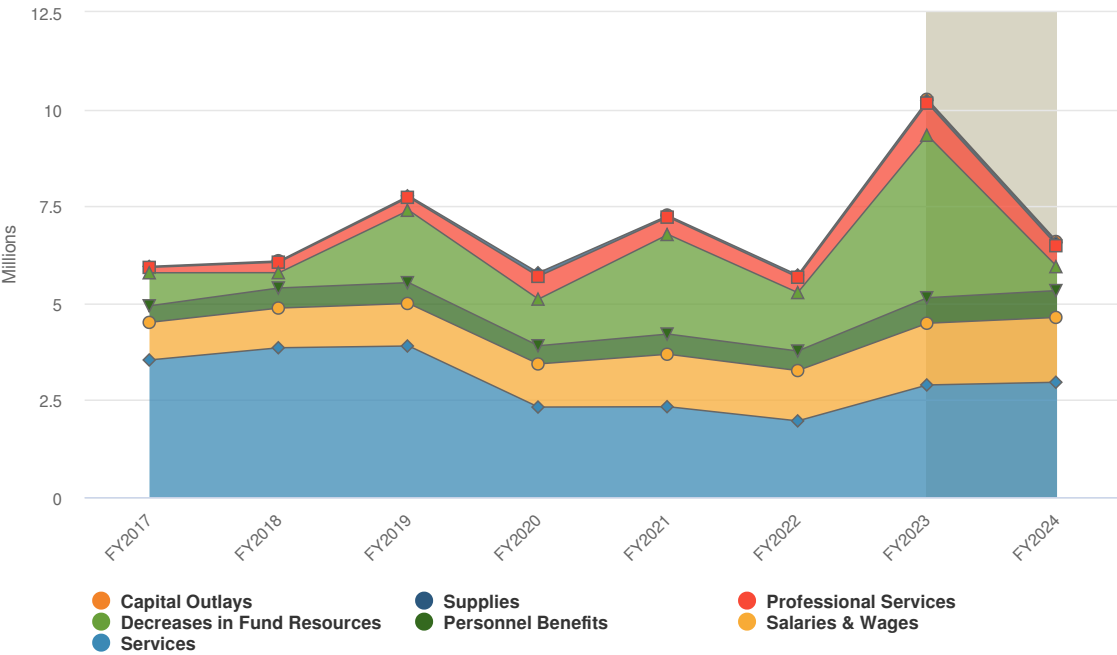


Expenditures by Expense Type

Budgeted Expenditures by Expense Type



Budgeted and Historical Expenditures by Expense Type



Grey background indicates budgeted figures.

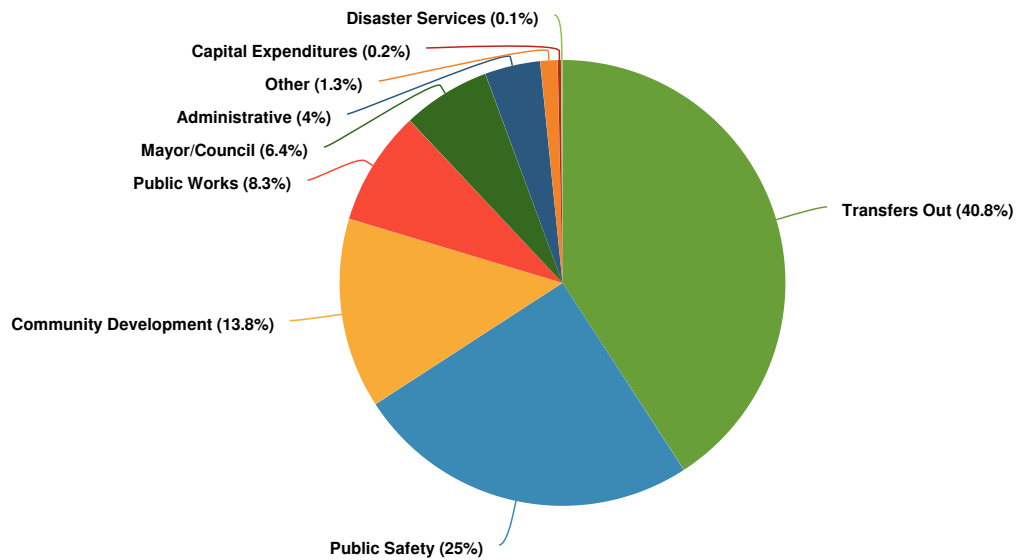
Name	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
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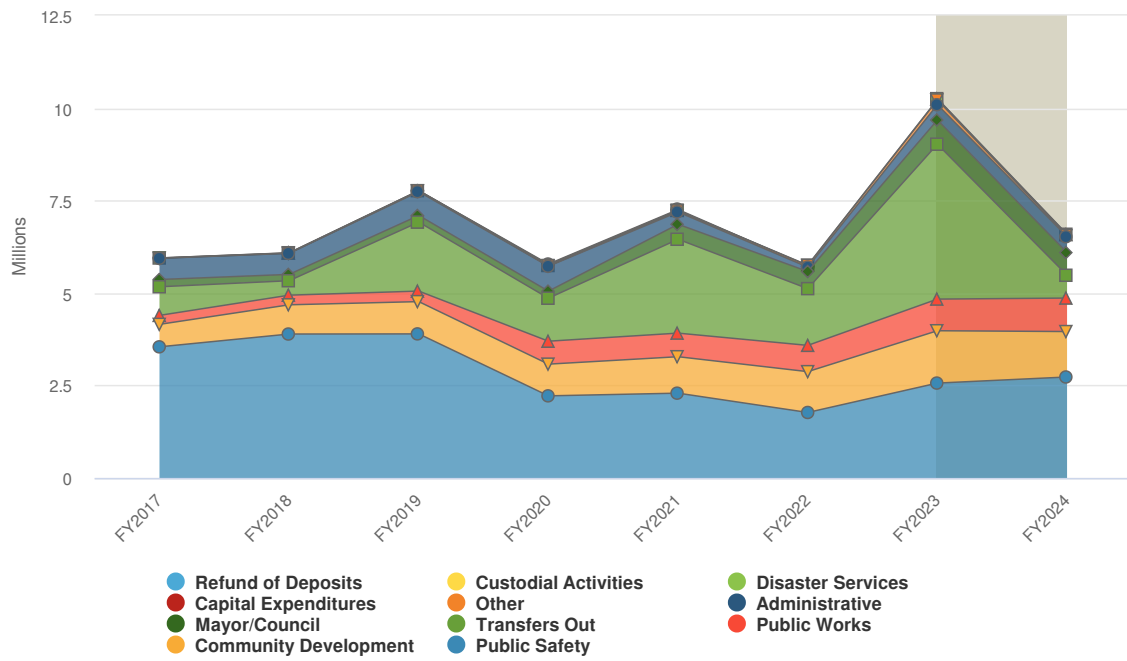
Name	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Expense Objects				
Decreases in Fund Resources	\$2,566,505	\$1,454,343	\$4,188,165	\$616,700
Salaries & Wages	\$1,352,689	\$1,512,134	\$1,590,891	\$1,671,842
Personnel Benefits	\$520,807	\$675,965	\$658,014	\$691,604
Supplies	\$39,088	\$55,682	\$72,425	\$81,067
Services	\$2,329,112	\$2,894,726	\$2,889,833	\$2,959,649
Professional Services	\$447,904	\$910,824	\$830,019	\$540,985
Capital Outlays	\$13,500	\$4,000	\$25,000	\$26,250
Total Expense Objects:	\$7,269,605	\$7,507,674	\$10,254,347	\$6,588,097

Expenditures by Function

Budgeted Expenditures by Function



Budgeted and Historical Expenditures by Function



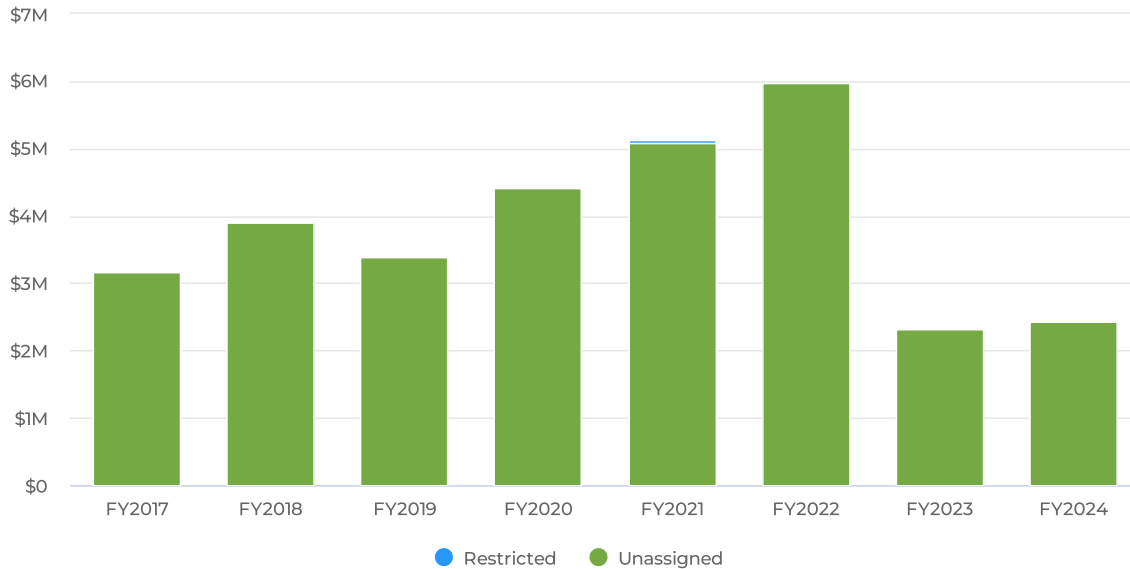
Grey background indicates budgeted figures.

Name	FY2021 Actual	FY2022 Revised	FY2023 Budgeted	FY2024 Budgeted
Expenditures				
Mayor/Council	\$405,676	\$761,684	\$654,349	\$613,067
Administrative	\$331,868	\$288,229	\$413,540	\$429,596
Public Works	\$637,770	\$851,149	\$855,385	\$905,154
Public Safety	\$2,291,749	\$2,640,622	\$2,564,388	\$2,728,888
Community Development	\$985,519	\$1,437,195	\$1,415,067	\$1,228,567
Other	\$27,881	\$60,342	\$128,342	\$29,259
Transfers Out	\$2,537,776	\$1,454,343	\$4,188,165	\$616,700
Capital Expenditures	\$13,500	\$4,000	\$25,000	\$26,250
Disaster Services	\$9,137	\$10,110	\$10,110	\$10,616
Refund of Deposits	\$20,725			
Custodial Activities	\$8,004			
Total Expenditures:	\$7,269,605	\$7,507,674	\$10,254,347	\$6,588,097

Fund Balance

The 2022 General Fund Balance is projected to be nearly \$6 million, which is well in excess of the required reserve, defined by policy as twenty-five percent of the next year's operating budget. This excess reserve accumulated during the two prior biennia from underspending the budget, and from revenue exceeding forecasts and is considered one-time funding and cannot be used to fund ongoing costs. Thus, this proposed budget transfers \$4.2 million to capital funds for parks, streets and buildings investments, and retains approximately thirty percent operating reserve.

Projections



	FY2022	FY2023	% Change
Fund Balance	—	—	
Unassigned	\$5,970,652	\$2,320,984	-61.1%
Restricted	\$0	\$0	0%
Total Fund Balance:	\$5,970,652	\$2,320,984	-61.1%

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**CITY OF STANWOOD
CITY COUNCIL
AGENDA STAFF REPORT**

ITEM NUMBER: 11a

DATE: December 8, 2022

SUBJECT: Financial Management Policy update

CONTACT PERSON: David A. Hammond, Finance Director

ATTACHMENTS: A – Resolution 2022-19, Financial Policy Update
B – Exhibit A – Consolidated Financial Management Policy, with proposed edits.
C – Sole Source Justification Form
D – Procurement Summary Memo Form

ISSUE

The issue for the City Council is to review recommended financial management policy updates and consider adoption of Resolution 2022-19, updating the consolidated financial management policy.

BACKGROUND

Staff proposes to make updates to the Consolidated Financial Management Policy every two years, as part of the biennial budget process. Staff proposes five changes, in addition to several grammatical/clerical changes.

RECOMMENDED CHANGES

1. Street Operation Fund Required Reserve – The Street Operating Fund is the only operating fund without a required minimum fund balance established in policy. Recommendation to maintain fund balance equal to two months (16.67%) of the fund's operating budget.
2. Delegate Sole Source Authority – Current policy Section 9.20, *Exemptions to competitive bidding requirements*, (see below) requires Council approval, by Resolution, of any exemption to competitive bidding requirements. Staff recommends amending this policy by delegating authority to the mayor or City Administrator to approve such exceptions and require reporting all sole source procurements to the finance committee quarterly. The city uses sole source exceptions infrequently, and this recommendation is to promote administrative ease.

9.20 Exemptions to competitive bidding requirements

RCW 39.04.280 provides uniform exemptions to competitive bidding requirements

utilized by municipalities when awarding contracts for public works and contracts for purchases.

9.20.1 Purchases that are clearly and legitimately limited to a single source of supply (Sole Source Vendor)

If, after conducting a good faith review of available resources, the requesting department director determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting department director will submit a written request for sole source procurement to the Finance Director, and Mayor or City Administrator Council for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the City is getting the lowest offered price.

The Mayor or City Administrator ~~Council~~ shall approve all sole source purchases ~~by resolution in a form~~ that identifies the factual basis for the sole source justification and concludes that “the purchase is clearly and legitimately limited to a single source or supply.” A sole source resolution shall not be required in case of emergency, under the terms and conditions specified in RCW 39.04.280(2)(b) and (c). On-going sole source purchases of materials, equipment, and supplies should be reviewed annually to ensure the pricing is still the lowest price for the City and that the conditions that justify the sole source purchase still exist.

9.20.2 Purchases involving special facilities or market conditions

By authority of RCW 39.04.280(1)(b) ~~authorizes the City Council by resolution hereby delegates authority to the Mayor or City Administrator to~~ waive established bidding requirements if an exceptional opportunity arises to purchase favorably priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. ~~resolution~~ A procurement summary must be approved by the Finance Director and Mayor or City Administrator, and must set forth the factual basis for the special market conditions.

9.20.3 Quarterly Reporting of Sole Source Exceptions Required

A list of the contracts approved under this delegated authority each quarter will be included in the quarterly finance report to the Finance Committee. Sole Source contracts will be reviewed annually by the Finance Director for continuing sole source authority.

3. Public Works Contract Change Order Delegation

Current Stanwood Municipal Code delegates authority to approve public works contract change orders up to 5 percent of the contract amount. Staff recommendation is to update the SMC to delegate authority for construction contract change orders as stated in the Stanwood Financial Management Policy, approved by council Resolution. Staff further recommends that the Public

Works Director's delegated authority be expanded to the greater of five percent or \$25,000.00, and that the Mayor or City Administrator be delegated authority to approve construction contract change order up to the greater of ten percent or \$100,000.00. The purpose of this delegation is to ensure timely approval of contract changes that may result in contractor disputes and potentially costly delays. Staff notes that all construction contracts are required to be presented to the City Council for final project acceptance, mitigating risk associated with this delegation.

Current SMC with recommended edit, to be included in upcoming code update:

2.08.130 Director of public works – Duties.

The director of public works shall be responsible for the following:

(5) Approval of construction change orders ~~up to five percent of the contract amount~~ prior as provided in chapter Nine of the Stanwood Financial Management Policy, prior to city council's approval;

Current Financial Management Policy section on Change Orders, with recommended revision:

9.12.1 Construction Contract Change Orders

~~Construction Contract Change orders which fall within the Council approved scope, project budget, and project contingency may be executed by the Mayor or his/her designee. Authority to approve Construction Contract Change orders is delegated by the City Council to the Public Works Director as follows:~~

- Up to the greater of five percent or \$25,000.00.
- With concurrence of the Mayor or City Administrator—up to the greater of ten percent or \$100,000.00.

Change orders which would significantly change the scope of the project and/or exceed the Council approved project budget beyond Council approved project contingency would require additional Council action. All change orders, regardless of amount, will be reported to Council in the Quarterly Finance Report on a monthly basis.

4. Code of Ethics suggested edits from 2021 audit, and clarifying language directing staff to use federal minimum bidding thresholds when making purchases with federal funds, i.e., staff must use the most restrictive threshold.
5. Electronic Funds Transfer Policy This change codifies within the Financial Management Policy Resolution 2022-14, EFT Policy, which was adopted by the City Council on August 11, 2022.

FISCAL IMPACT

No Fiscal Impact from these recommended policy changes.

COMMITTEE REVIEW AND RECOMMENDATION

The proposed policy changes were discussed by the Finance Committee on November 17, 2022 and was unanimously recommended for approval at the December 8th, 2022 Regular City Council Meeting.

CITY COUNCIL OPTIONS

1. Adopt Resolution 2022-19 updating the city's financial management policy.
2. Do not adopt Resolution 2022-19 and direct staff to areas of concern. This option implies Council has questions or concerns regarding the proposed Financial Management Policy updates in Attachment A.

RECOMMENDED MOTION:

I MOVE TO ADOPT RESOLUTION 2022-19 UPDATED FINANCIAL MANAGEMENT POLICY.

**CITY OF STANWOOD
Stanwood, Washington**

RESOLUTION NO. 2022-19

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF STANWOOD
UPDATING THE CONSOLIDATED FINANCIAL MANAGEMENT POLICY**

WHEREAS, the City has financial management policies were consolidated and updated in February of 2020; and

WHEREAS, the City wishes to maintain a current set of financial policies in a single, comprehensive financial policy; and

WHEREAS, it is in the best interest of the public and City staff to have financial policies easily accessible in one location.

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 Financial Management Policies, attached to this Resolution as **Exhibit A**.

PASSED by the City Council and APPROVED by the Mayor this _____ day of _____, 2020.

CITY OF STANWOOD

By _____
Sid Roberts, Mayor

ATTEST:

By _____
Lisa Sokolik, City Clerk

CITY OF STANWOOD
FINANCIAL MANAGEMENT POLICIES

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1. Financial Management Goals

- a. To provide a financial base sufficient to sustain municipal services, the social well-being of city residents and businesses, and the physical infrastructure of the city.
- b. To be able to withstand local and regional economic cycles, to adjust to changes in the service requirements, and to respond to other changes as they affect the community.
- c. To maintain an excellent credit rating in the financial community and assure taxpayers that Stanwood city government is maintained in sound fiscal condition.
- d. To promote sound financial management by providing accurate and timely information on the City's financial condition.

2. Reserves

- a. The city will maintain General Operating Reserves at a level equal to at least three (3) months (25%) of the total General Fund budgeted expenditures. These reserves shall be created and maintained to:
 - 1. Provide sufficient cash flow to meet daily financial needs.
 - 2. Sustain city services in the event of a catastrophic event such as a natural/manmade disaster (e.g. earthquake, windstorm, flood, terrorist attack) or a major downturn in the economy.

In general, the city shall endeavor to support ongoing operations with ongoing revenues. The city may allow reserves to fall below this minimum on a one-time basis to support city operations. If this occurs, the city will begin to replenish these reserves within two years of a withdrawal.

- b. Annual surpluses in the General Fund will be used to fund one-time operations and capital expenditures, dedicated to the Capital Improvement Program or placed in an economic contingency account if:
 - 1. There are surplus balances remaining after all current expenditure obligations and reserve requirements are met.
 - 2. The city has made a determination that revenues for the ensuing year are sufficient to support budgeted General Fund operations.

- c. A surplus is defined as the difference between the actual beginning fund balance and the budgeted beginning fund balance. It consists of under-expenditures and excess revenues over and above the amounts included in the following annual budget.
- d. The city may also maintain, at its discretion, an Economic Contingency to serve as a hedge against economic fluctuations, fund future one-time operational and capital needs or support city services on a one-time basis pending the development of a longer-term financial solution. The source of funding for this reserve is the biennium surplus as outlined in sections 2b and 2c above. Restoration of this reserve is at the city's discretion.
- e. The city will maintain operating reserves in the following funds:
 - 1. Water – Sixty (60) days of Water Fund operating expenditures.
 - 2. Sanitary Sewer – Sixty (60) days of Sanitary Sewer operating expenditures.
 - 3. Storm Drainage – Sixty (60) days of Storm Drainage operating expenditures.
 - 4. Street Operating – Sixty (60) days of Street operating expenditures.

These operating reserves shall be created and maintained to provide sufficient cash flow to meet daily financial needs and will be based upon total operating expenditures. For budgeting purposes, operating expenditures will be calculated upon the funds' total expenditure budgets excluding ending fund balances, capital purchases, and the current year's portion of principal paid on outstanding debt.

- f. The city will establish a capital contingency reserve for the Water, Sanitary Sewer, and Storm Drainage Utilities in the amount of 1% of system fixed assets, which is set aside in case of an emergency. Additionally, the reserve could be used for other unanticipated capital needs or capital cost overruns.
- g. In order to maintain the significant investments in utility capital assets there shall be regular, annual transfers from the utility operations funds to the utility capital project or reserve funds to be expended on future utility capital projects.
- h. The city will establish a revenue stabilization reserve for the Water, Sanitary Sewer, and Storm Drainage utilities. The required fund balance shall be set at 25% of the total of water and wastewater revenues collected through monthly rates. Moneys may be withdrawn from the revenue stabilization reserves to

supplement operating revenues in years of revenue shortfalls caused by reduced sales due to weather or restrictions on water use. The revenue stabilization reserves will be replenished within four years of a withdrawal.

- i. Bond reserves shall be created and maintained by the Water/Wastewater and Stormwater Utilities in accordance with the provisions set forth in the bond covenants. These shall be in addition to the reserves described above.
- j. The city shall additionally maintain the following Equipment Replacement Reserve Funds:
 - 1. Equipment Reserve Fund (General Government and Streets).
 - 2. Utility Equipment Reserve Funds (Water, Sewer & Drainage).

The Equipment Reserve Funds will be maintained at a level sufficient to meet requirements of a ten-year fleet and equipment replacement plan, so as to sustain an acceptable level of municipal services and prevent a physical deterioration of city assets.

- k. The city shall continue a system reinvestment funding strategy, as follows

System reinvestment funding provides the city with a long-term funding strategy for each system to mitigate the impacts to ratepayers during periods of substantial system investment. Repair and replacement costs are funded through regular and predictable rate provisions. The Equipment Reserve Funds will be maintained at a level sufficient to meet scheduled equipment replacement to sustain an acceptable level of municipal services and prevent a physical deterioration of city assets.

The city will establish a system reinvestment strategy that incorporates system reinvestment funding from rates equal to annual depreciation expense net of annual debt principal payments for each utility.

- l. The status of year end reserve balances compared to this policy will be reported on the Fourth Quarter Finance Report.

3. Expenditures

- a. The city budget will provide for a sustainable level of service as defined in the context of the budget process.
- b. The city's operating budget will not use one-time revenues to support ongoing expenditures. An example would be to hire full-time staff in response to a

surge in sales tax or building/permit fees. Eventually such revenues will fall back to normal levels, while the city maintains a higher staff level that is no longer funded.

- c. The city will maintain expenditure categories according to state statute and administrative regulation. Capitalization standards shall be in accordance with GFOA best practices, a policy for “small and attractive” assets (i.e. assets below the capitalization threshold that must be inventoried and tracked due to their susceptibility to theft or conversion to personal use) as required by the State Auditor.
- d. The City will structure service levels in the context of financial sustainability.
- e. The city will forecast its General fund and Street fund expenditures annually for the next six years. The drivers and assumptions used in the forecast will be described.
- f. The city’s cost allocation plan will be updated annually. The cost allocation plan will be the basis for distribution of general government costs to other funds or capital projects (also known as indirect costs). (Cost Allocation Policy is in Section Eleven below.)
- g. All compensation planning and collective bargaining will focus on the total cost of compensation, which includes direct salary, health care benefits, pension contributions, training allowance, and other benefits of a non-salary nature, which are a cost to the City. The city budget will provide for a sustainable level of service as defined in the context of the budget process.

4. Revenues

- a. The city will strive to maintain as diversified and stable a revenue system as permitted by state law to shelter it from short-run fluctuations in any one revenue source. The revenue mix should combine stable revenue sources and volatile revenue sources to minimize the effect of an economic downturn. In the general fund, examples of stable revenue sources include property taxes (in normal economic times), and utility taxes, while examples of volatile revenue sources include sales taxes and building/permit fees.
- b. Because revenues, especially those of the general fund, are sensitive to both local and regional economic activities, revenue estimates provided to the city council shall be conservative.

- c. The city will estimate its annual revenues by an objective, analytical process using best practices as defined by the Government Finance Officers Association.
- d. The city will project each major revenue stream for the next six years and will update this projection annually. The finance department will annually review and make available to the finance committee an analysis of each potential major revenue source before going to the full council for review.
- e. The city will establish all user charges at a level related to the cost of providing the service and within policy parameters established by the city council.
- f. In each even-numbered year, in conjunction with biennial budget development, the city will review user fees to adjust for the effects of inflation and other factors as appropriate. The city will strive to set fees for user activities, such as recreational services, at a level to support the direct and indirect costs of the activity in accordance with cost recovery policies adopted by council.
- g. The city will set fees and user charges for each enterprise fund, such as water, sanitary sewer and storm drainage, at a level that fully supports the total direct and indirect cost of the activity including the cost of annual depreciation of capital assets. Additionally, for analysis and rate modeling purposes, the proposed rates shall also consider debt service coverage commitments made by the city of 1.25 times annual debt service.

5. Operating Budget

- a. The base operating budget is the city's comprehensive biennial financial plan which provides for the desired level of city services as defined by the city's priorities. In each even-numbered year a biennial budget will be developed based on council priorities. In odd-numbered years a mid-biennium review will be performed and a budget amendment proposed, if necessary.
- b. In order to facilitate and implement the budget process, the Mayor will propose a biennial budget calendar sometime in the first quarter of every other year as required by state law for biennial budgets. The calendar will be comprehensive in nature and generally provide for a process that resembles the Best Practices as published by the Government Finance Officers Association.
- c. The goals of the budgeting by priorities process are:

- Align the budget with long-range goals and objectives
 - Measure progress towards priorities
 - Get the best value for each tax dollar
 - Foster continuous learning in the city
 - Build regional cooperation
- c. “One-time” expenses require specific authority to be carried forward into subsequent budgets.
 - d. Biennial operating budgets should provide for design, construction, maintenance and replacement of the city’s capital, plant, and equipment consistent with the capital facilities plan including the related cost for operating such new facilities.
 - e. The city will maintain all its assets at a level such that it protects the city’s capital investment and minimizes future maintenance and replacement costs.
 - f. The city will develop a six-year projection of equipment replacement and maintenance needs and will update this projection every budget cycle consistent with budget development.
 - g. All general government current operating expenditures will be paid from current revenues and cash carried over from the prior biennium.
 - h. Reports on revenues and expenditures will be prepared monthly and reviewed quarterly by the city council during the year.
 - i. The city will avoid budgetary and accounting procedures which balance the current budget at the expense of future budgets.
 - j. The City of Stanwood defines a balanced budget as current fund revenues (including beginning net cash and investments) are equal to or greater than current budgeted expenditures (including ending net cash and investments).
 - k. The city will utilize beginning balances and other one-time revenues only for onetime/non-recurring expenditures.
 - l. All supplemental appropriations for programs (appropriations requested after the original budget is adopted) will be considered as a result of the availability of new revenues (such as unanticipated grants).

- m. Use project/task revenues to support related expenditures (e.g., park and building permit fees).
- n. All supplemental appropriations will conform to the “budgeting by council priorities” process.

6. Capital Budget

- a. The city will make capital improvements in accordance with an adopted capital improvement program.
- b. The Capital Improvement Program and the base operating budget will be reviewed at the same time to ensure that the city’s capital and operating needs are balanced with each other and that the Capital Improvement Program is aligned with the city’s other long-range plans.
- c. The city will develop and update the six-year plan for capital improvements including operations and maintenance costs and update it every year. Capital expenditures will be forecast considering changes in population, changes in real estate development, or changes in relevant economic condition of the city and the region.
- e. The city will identify the estimated costs and potential funding sources for each capital project proposal before it is submitted to council for approval. The city will use intergovernmental assistance and other outside resources whenever possible.
- f. The city will balance financing methods for capital projects with the desire to meet construction deadlines.

7. Operational Controls

The City will maintain a system of financial monitoring, control, and reporting for all operations and funds in order to provide effective means of ensuring that overall City goals and objectives are met.

- a. Accounting Records and Reporting.
 1. The City will maintain its accounting records in accordance with state and federal regulations, which includes requirements for data retention for archival purposes and business continuity.
 2. The City will establish and maintain a high standard of internal controls and accounting practices. The City accounts for revenues and expenditures on a cash basis.
 3. City records will be archived and destroyed in accordance with the Washington State Records Retention Schedule.
 4. The continuation of services after a disaster is critical to the success of the City. The City must ensure that its applications, data and network resources can continue and be appropriately accessible to users. The Finance Director is responsible for developing procedures for the security, storage, retention and retrieval of data to ensure operations continue during and after a disaster.
 5. Budgeting, accounting and reporting will conform to the Budgeting, Accounting and Reporting System (BARS) for Governments as prescribed by the Washington State Auditor. Changes to the City's revenue and expense accounts must be authorized by the finance department and will be made only if it's in the best interest of the overall accounting system.
 6. All known or suspected loss of public funds shall be reported to the State Auditor's Office in accordance with RCW 43.09.185.
- b. Auditing. The State Auditor will perform the City's financial and compliance audit in accordance with state and federal laws. Results of the audit will be provided to the Council in a timely manner.
- c. Payment Approvals. Vendor invoices shall be signed for approval by the department director or designee. Reimbursements payable to City employees shall be signed for approval as follows (employees may not approve their own reimbursement):
 - Council – approved by the Mayor, City Administrator, or designee;
 - Mayor – approved by the City Administrator or designee;
 - City Administrator – approved by the Mayor or designee;
 - Department Head – approved by the City Administrator or designee;
 - Other employees – approved by the Department Director or designee.
- d. Accounts Payable. Original invoices that are received by accounts payable will be date-stamped and routed to department directors. Other invoices may be received directly by the department director or other staff, such as when items

are picked up at will-call or services are performed on-site. For all invoices, department director or designees will verify that the invoiced items have been received and that the invoiced amount is correct. The accounts payable original invoices should include the correct account coding and have a required authorized approval signature. The approved invoice will be routed to accounts payable for payment, within one week of receipt.

- e. Invoicing & Accounts Receivable—Invoices will be created within the City Accounting software only by the Finance Department or by employees authorized by the Finance Director. Accounts receivable aging reports will be monitored by the finance department and appropriate collection activity pursued.
- f. Simplified Fund Structure. To the extent possible, the City will minimize the number of Funds. Funds will be created and accounted for in accordance with BARS.
- g. Cash Management.
 - 1. The Finance Department will develop, maintain, and consistently seek to improve cash management systems which ensure the accurate and timely accounting, investment, and security of all cash assets.
 - 2. There are two locations where monies are received: the City Hall Finance office and the Police department.
 - 3. Deposits will be made every 24 hours as per RCW 43.09.240, including deposits received from the Police Dept. by the finance department.
 - 4. The Finance office and Police Station locations each have cash drawers. These funds are used to make change for cash payments. The amount of these cash drawers are authorized by resolution.
 - 5. No change shall be given when a check is presented for payment.
 - 6. Cash refunds are prohibited. Refunds shall be processed through the method payment was received such as by check or credit card.
 - 7. No one is authorized, at any time, to borrow funds from any cash drawer. Doing so will result in discipline up to and including termination.
 - 8. The Finance Office has a Petty Cash Fund as authorized by SMC 3.69. This fund is used to pay for or reimburse small expenditures where waiting for a payment from the normal payment process is unreasonable. No one is authorized to borrow monies from this Fund.

8. Capital Asset Accounting

- a. Responsibilities. The Finance Director will establish a fixed assets system and prepare guidelines for the physical inventory. To establish the original inventory, department heads and the Finance Director shall conduct a physical inventory of all assets in each department, which shall be adopted by a resolution of the City Council.

To assist in accountability and theft prevention, each department head shall be held responsible for all property assigned to his/her department. Under the City's

Personnel Policy Manual, theft and/or unauthorized use of city property is not allowed and may lead to disciplinary action up to and including termination and criminal prosecution. Any theft or suspicion of theft or unauthorized use should be reported to the responsible department head and the Finance Director for further investigation.

Each department head will notify the Finance Director of any additions, deletions, interdepartmental transfers, modifications, or lease of property within thirty (30) days of the transaction. The Finance Director will ensure the appropriate changes are made to the department's fixed asset records.

- b. Capitalization Limit. All assets acquired with a cost of \$5,000 or more per individual item will be capitalized, tagged and input into the fixed asset system. Assets acquired through capital lease financing will be capitalized in accordance with this policy. Donated fixed assets will be recorded at an estimated fair market value at the time received.
- c. The Finance Director shall maintain asset records, which shall be verified by a physical inventory at least once every two years.
- d. Small and Attractive Assets. Certain assets that do not meet the \$5,000 limit will be tagged and tracked in the fixed asset system if they are determined to be "small and attractive assets" as determined by the Finance Director.
- e. Small and attractive assets are those assets that are particularly at risk or vulnerable to loss that do not meet the City's capitalization threshold of \$5,000. Departments are ultimately accountable for their small and attractive assets and therefore should implement specific measures to control such items in order to minimize the risk of loss.
- f. Departments must include, at a minimum, the following assets with unit costs of \$500 or more as *small and attractive*:
 - a. Personal computers
 - b. Laptops and notebook computers
 - c. Communications equipment, both audio and visual
 - d. Cameras and projection equipment
 - e. Other data processing accessory equipment and components (scanners, mobile data storage devices, etc.)
 - f. Other easily portable and desirable tools or equipment such as portable generators, gas-powered hand tools, etc.
- g. Lost or Stolen Assets. Lost or stolen equipment must be reported to the Mayor and the Finance Director as soon as it is discovered by filing a "missing property report."
- h. An annual report on the status of fixed assets and the results of physical inventory procedures will be prepared by the finance department and included in the first quarter finance department report.

9. Purchasing

The purpose of this policy is to implement the requirements of state law and, when applicable, federal guidance with regards to procurement of goods and services and the required bidding on public contracts for public works, goods, services, supplies, and materials. It is the City's policy to follow state and, when applicable, federal requirements with regard to the expenditure of public funds, to provide a fair forum for those interested in bidding on public contracts, and to help ensure that public contracts are performed satisfactorily and efficiently at least cost to the public, while avoiding fraud, waste, and favoritism in their award. For federally funded purchases and contracts, the purpose of this policy is to also ensure that there is no abuse of federal funds and that all allowable costs are accorded consistent treatment.

Except as otherwise expressly provided herein, the provisions of this policy are intended solely as a convenience and reference guide for City officials and employees. Nothing in this policy is intended to create any liability for or against the City. Without limitation of the foregoing, nothing in this policy is intended to create any enforceable right, entitlement, or cause of action in or for any third parties.

9.1 DEFINITIONS and ACRONYMS

- a. "Architectural and Engineering services" means services rendered by any person, other than a city employee, to perform activities within the scope of the professional practice of architecture RCW 18.08, professional practice of engineering and land surveying RCW 18.43, and/or professional practice of landscape architecture RCW 18.96.
- b. "Bid splitting" means breaking a public work project or purchase of equipment or supplies into segments. The city may not break a public works project to avoid compliance with bidding statutes. RCW 35.23.352(1).
- c. "Contract" means a contract in writing for the execution of a fixed or determinable amount duly awarded after advertisement and competitive bid, or a contract awarded under the small works roster process in RCW 39.04.155.
- d. "Day Labor" refers to the use of city staff to perform public works.
- e. "Formal competitive bid" is the process of advertising and receiving sealed written bids from prospective vendors. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- f. "Informal competitive quotes" are price quotes from vendors that are obtained using a variety of mediums such as phone, fax, e-mail, or writing. Results must be documented and submitted to the Finance Department. The selection of the vendor is primarily based on the lowest cost from a responsible vendor.
- g. "Interlocal agreements" are the exercise of governmental powers in a joint or cooperative undertaking with another public agency.
- h. "SMC" – Stanwood Municipal Code.
- i. "MRSC" – Municipal Research Services Center.

- j. "Ordinary maintenance" is work not performed by contract and that is performed on a regularly scheduled basis (e.g. daily, weekly, seasonally, semiannually, but not less frequently than once per year), to service, check or replace items that are not broken; or work not performed by contract that is not regularly scheduled but is required to maintain the asset so that repair does not become necessary.
- k. ~~"OSP" — Washington's Office of State Procurement.~~
- l. "Personal services" – interchangeable with professional services – services that involve technical expertise provided by a consultant to accomplish a specific study, project, task, or other work. These activities and products are mostly intellectual in nature, and they do not include Architectural and Engineering services. Example of services include accounting, legal, comprehensive planning, and real estate services.
- m. "Professional services" – see personal services.
- n. "Public work," as defined in RCW 39.04.010, means a complete project, and includes all work, construction, alteration, repair, or improvement other than ordinary maintenance executed at the cost of the city or which is by law a lien or charge on any city property. Public work projects include the related materials, supplies, and equipment to complete the project.
- o. "PUD" – Public Utility District.
- p. "Purchased services" – different from personal services in that these services are generally routine, repetitive, or mechanical in nature and supports the City's day to day operations. Purchased services include janitorial, debt collections, equipment service agreements, machine repair, or delivery services. (May include ordinary maintenance.)
- q. "RCW" – Revised Code of Washington.
- r. "RFP - Request for Proposal" means a process that requests interested firms to submit a statement of their proposal for completing a project. Proposals are evaluated based upon the suitability, practicality, quality of the proposal and experience and cost.
- s. "RFQ - Request for Qualifications" means a request only for a firm's general capabilities, including a list of principals, previous projects, number of employees, and licenses. An RFQ does not include pricing information.
- t. "Small Works Roster" is a roster of qualified contractors maintained for use in a modified formal bid process. When the contract amount for a public works project is \$350,000 or less, the city may follow the small works roster process for construction of a public work or improvement as an alternative to formal competitive bid requirements.
- u. "Sole Source Supplier" occurs when purchase is clearly and legitimately limited to a single supplier. These situations often arise when an agency has specific technological requirements. Examples include: (a) licensed, copyrighted, or patented products or services that only one vendor provides; (b) new equipment or products that must be compatible with existing equipment or products; (c) proprietary or custom-built software or information systems that only one vendor provides; and (d) products or services where only one vendor meets the required certifications or statutory requirements. (RCW 39.04.280(1)(a)).

- v. "Use Tax" is a tax on the use of goods or certain services in Washington when sales tax has not been paid. Goods used in Washington are subject to either sales or use tax, but not both.
- w. "WAC" – Washington Administrative Code

9.2 Purchasing Code of Ethics

To instill public confidence in the award of public contracts and the expenditure of public funds, the City adopts the following code of ethics regarding public contracting:

- a) Actions of City employees shall be impartial and fair;
- b) City decisions and policies shall be made in compliance with required procedures and within the proper channels of government structure;
- c) Public employment shall not be used for personal gain, and City employees shall not solicit, accept, or agree to accept any gratuity, or anything of monetary value, for themselves, their families, or others, including city contractors or consultants, that would or could result in personal gain. Purchasing decisions shall be made impartially, based upon the City's specifications for the contract and the responses of those bidding on the contract; and
- d) No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract.

9.3 Controlling Laws

The expenditure of public funds for the purchase of and contracting for goods, services, supplies, and materials shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC). Where this policy conflicts with state law requirements, the more restrictive provision shall prevail. Where this policy is silent with regards to purchasing and/or bidding requirements, state law shall prevail.

Purchases and/or contracts that include federal funding shall also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, published under Title 2 of the Code of Federal Regulations (2 CFR 200), hereinafter referred to as the Uniform Purchasing Guidance. Procurements involving federal funds must adhere to the most restrictive bid thresholds, refer to City of Stanwood "Procedures for Federal Procurements."

Monitoring and Compliance

Each department director shall implement, monitor, and enforce these policies. In the event of any conflict in procurement requirements or questions about proper procedure or other requirements, the matter shall be referred to the City Administrator and/or the Administrator's designee for further action. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline (RCW 39.30.020).

In addition to the enforcement of these policies, the department director shall insure that reasonable measures are taken to safeguard protected, personally identifiable information and other information the federal awarding agency or pass-through entity designates as sensitive or that the City considers sensitive consistent with applicable federal, state, and local laws regarding privacy and obligations of confidentiality.

9.4 Proper Authorization/Certifications

Only authorized employees acting within the scope of their authority may obligate the City in the acquisition of goods or services. Any employee purchasing goods on behalf of the City without proper authorization may be personally liable to the vendor and/or to the City and subject to disciplinary action.

For federally funded purchases and contracts, to assure that expenditures are proper and in accordance with the terms and conditions of the federal award and approved project budgets, the annual and final fiscal reports or vouchers requesting payment under the agreement must include a certification, signed by an official who is authorized to legally bind the City, which reads as follows:

“By signing this report, I certify to the best of my knowledge and belief that the report is true, complete, and accurate, and the expenditures, disbursements, and cash receipts are for the purposes and objectives set forth in the terms and conditions of the federal award. I am aware that any false, fictitious, or fraudulent information, or the omission of any material fact, may subject me to criminal, civil, or administrative penalties for fraud, false statements, false claims, or otherwise. (US Code Title 18, Section 1001 and Title 31, Sections 3729-3730 and 3801-3812.)”

9.5 Budget Sufficiency

Each department director must ensure that purchases are initiated only when the departmental budget is sufficient to cover the anticipated cost. Expenditures that exceed departmental appropriations require a budget amendment approved by City Council. Requests for budget amendments must be submitted in writing and shall be approved by the requesting director or manager and forwarded to the City Administrator and Finance Director for review prior to being forwarded to the City Council for approval.

Financing

If a department is requesting financing for equipment or vehicles, it is necessary to work with the Finance Director. Financing documentation shall be included as part of the documentation for City Council approval to authorize Mayor or designee to sign loan or bond documents.

9.6 Breaking Down or Bid Splitting Purchases

The breaking down or bid splitting of any purchase or contract into units or phases for the purpose of avoiding the maximum dollar amount is prohibited.

9.7 Cost

Purchase cost includes sales tax, use tax, delivery charges, and any related miscellaneous charges.

9.8 Local Businesses

Local businesses should be encouraged to submit bids on City procurements that are open to everybody. When determining the lowest bid on purchase of supplies, materials, or equipment, the City may, whenever indicated in advance, take into consideration sales tax revenue it would receive from a supplier located within its boundaries pursuant to RCW 39.30.040.

9.9 Contract Authorizations

- a) Expenditures are required to be included in the annual budget.
- b) Contract authorizations apply to the aggregate cost of individual items, whether purchased in one order or over a series of orders. Cost is inclusive of sales tax, use tax, delivery charges, and any related miscellaneous charges.
- c) The Mayor or designee may execute professional services, and purchased services contracts, up to \$100,000 (one hundred thousand), as long as the contract is consistent with the adopted budget.
- d) Services contracts greater than \$100,000 (hundred thousand) require Council authorization.
- e) Contracts of any amount that are not consistent with the adopted budget require Council approval.
- f) Initial Interlocal agreements of any amount with governmental agencies require Council authorization. The Mayor or designee up to \$100,000 (one hundred thousand) may execute renewal or extension of existing Interlocal agreements with governmental agencies, if the agreement's terms address renewal and the agreement is consistent with the adopted budget. All other renewals require Council approval.
- g) The Mayor or designee may present any contract to the Council for approval even if the contract is not required to be approved by the Council.

9.12. PUBLIC WORKS PROJECTS

The preparation of plans and/or specifications and an estimate of project cost shall be authorized by the Mayor or designee for projects up to \$100,000 and by the City Council for larger projects.

Type of Purchase or Project	Process	Other Requirements	Contract Authorization
Projects costing under \$350K	May use Small Works Roster (the City uses the MRSC Rosters RCW 39.04.155)	• Prevailing wage • Insurance • Contract/ Performance bond* • Bid bond/deposit (unless using Small Works Roster)	• Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
Projects costing \$350K or more	Formal bids	• Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit	• Must be budgeted • Requires Council approval
Projects costing under \$65K (Alternative to the Small Works Roster)	Solicited quotes	• Prevailing wage • Contract/ Performance bond required between \$10K to \$40K	• Must be budgeted • Mayor or designee may execute
Projects with costs exceeding \$65K for single or multiple trades and less than \$300K	Must call for bids or use Small Works Roster process to solicit quotes	• Prevailing wage • Insurance • Contract/ Performance bond • Bid bond/deposit (unless using Small Works Roster)	• Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
Projects less than \$2,500	One quote needed, two recommended	• Appropriate form(s) for prevailing wages • No bond • No retainage	• Must be budgeted • Mayor or designee may execute
Projects with costs less than \$75,500 for single or \$116,155 for multiple trades, <u>or current limit set by RCW 35.23.352 (via RCW 35A.40.200)</u>	Day Labor may be used	• For projects >\$25K publish project description and estimated cost 15 days prior to work • For projects >\$5K keep a record of the project cost (RCW 39.04.070)	Not applicable

* On contracts of \$150,000 or less, at the option of the contractor, the City may, in lieu of the bond, retain ten percent of the contract amount for a period of thirty days after date of final acceptance, or until receipt of all necessary releases from the department of revenue, the employment security department, and the department of labor and industries and settlement of any liens filed under chapter 60.28 RCW, whichever is later.

Regardless of cost limits, the City may in its discretion solicit formal bids at any time.

Project budget authorization may include a project contingency, not to exceed 20% (twenty percent). If additional budget authority is needed for the project, Council must approve the increase for budget amendment prior to approval of the contract.

9.12.1 Construction Contract Change Orders

~~Construction Contract Change orders which fall within the Council approved scope, project budget, and project contingency may be executed by the Mayor or his/her designee. Authority to approve Construction Contract Change orders is delegated by the City Council to the Public Works Director as follows:~~

- Up to the greater of five percent or \$25,000.00.
- With concurrence of the Mayor or City Administrator—up to the greater of ten percent or \$100,000.00.

Change orders which would significantly change the scope of the project and/or exceed the Council approved project budget ~~beyond~~ Council approved project contingency would require additional Council action. All change orders, regardless of amount, will be reported to Council in the Quarterly Finance Report ~~on a monthly basis.~~

9.12.2 Prevailing Wage Laws

Public work projects and maintenance, when performed by contract, are governed by chapter 39.12 RCW, Prevailing Wages on Public Works regardless of contract amount. It is the responsibility of the contracting employee to notify the vendor of prevailing wage requirements and obtain compliance documentation prior to awarding any public work or maintenance contract. Public work and ordinary maintenance contracts will only be awarded to contractors who document compliance with the Washington State Prevailing Wage Law. The department director or designee managing the project is responsible for collecting ongoing compliance documents. If a contractor is found to be in violation of prevailing wage laws by the Department of Labor and Industries, the City will have to withhold payment (including retainage) from that contractor.

PROFESSIONAL AND PERSONAL SERVICES

Type of Purchase	Process	Other Requirements	Contract Authorization
Architectural and Engineering Services	Request for Qualifications (RCW 39.80), individually or on-call rosters, or the MRSC Roster Process	• Publish RFQ • Must evaluate on performance and qualifications • Negotiate contract after selection	• Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council
All other personal services	No process required by state law		• Must be budgeted • If under \$100K, Mayor or designee may execute • All other must be approved by Council

Any professional and/or personal services contracts not part of the budget, regardless of amount, must be authorized by Council.

9.12.3 Purchases of Materials, Supplies, and Equipment

Type of Purchase	Process	Other Requirements	Contract Authorization
Items costing less than \$7,500	No state law required process	Less than \$3,000 require documented cost comparison. \$3,000 to \$7,500 obtain 3 quotes	• Must be within department budget • Department director or designee may execute
Items costing over \$7,500	Must call for bids or use State Bid Contract, MRSC Vendor List, or other Interlocal bid process approved by Council	Publication of RFP if bidding	• Must be within department budget • Over \$7,500 but less than \$50K, Mayor or designee may execute • Over \$50K, Council must authorize

9.13 Reporting

Information for **any** public work, personal, professional, and/or purchased services contracts approved and signed under the authority of the procurement policy **that do not go to Council** will be forwarded to the Mayor's office with copies to the City Administrator and the Finance Director. A list of the contracts approved under this delegated authority each quarter will be included in the quarterly finance report to the Council.

9.14 Miscellaneous

A lease of property with option to purchase, where the cost of the real or personal property to be leased exceeds the amounts specified in RCW 35.23.352, shall be treated similar to a public works project (RCW 35.42.220) subject to the same process requirements as outlined in Section 5 of this policy.

A competitive negotiation process, as an alternative to bidding, may be used for computer and telecommunications equipment, software, and services (RCW 39.04.270). Item(s) must be within budget and may be authorized by the department head if under \$7,500, by the Mayor or designee if between \$7,500 and \$50,000, and by the Council if over \$50,000.

If the public works project is for street signalization or street lighting, it is treated as a single craft or trade project for bidding purposes.

9.15 Formal Bid Requirements

The following shall apply for public work contracts and when formal bidding is required for the purchase of materials, supplies, or equipment, except as otherwise noted:

- To ensure consistency and fair process, the City will use standard forms, documents, contracts, and terms and conditions, when practical. The City's Project Coordinator will maintain templates for bid-related documents for use by departments when practical. The City may use an evaluation selection committee to promote an open, proper selection. The requesting department director will appoint committee members to act in an advisory capacity.
- Minimum qualifications and/or specifications are stated to ensure bids address the needs of the City. Minimum qualifications cannot be used to eliminate qualified contractors and vendors. Minimum qualifications should be tested against the marketplace to ensure they aren't overly restrictive.
- When practical for public works contracts, the City will conduct a pre-bid conference to allow a thorough discussion of the City's intent, scope, specifications, and terms. Interested companies should be encouraged to attend.
- Selection of a winning offer is based primarily on lowest responsive bid. Quality and expertise, however, may be a consideration to the extent legally permissible.

9.16 Formal Competitive Bid (RCW 35.23.352(1))

I. Publication of Notice.

After City Administrator authorization, the requesting department director (or designee) will publish the Call for Bids for sealed bids in the official newspaper or a newspaper of general circulation most likely to bring responsive bids and ensure notice is posted on the City web page, at least thirteen (13) days prior to bid submittal deadline.

II. Notice Contents for Public Works Contracts.

Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice for public works must include:

- a. Project title;
- b. Nature and scope of work;
- c. Where contract documents (plans and specifications) can be reviewed or obtained;
- d. Cost to obtain a set of contract documents;
- e. Place, date, and time that bids are due;
- f. Place, date, and time that bid will be opened;
- g. Statement that a bid bond must accompany the bid;
- h. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bids and/or the bidding process;
- i. Statement that the contract involves "public work" and that workers shall receive the prevailing rate of wage pursuant to the Prevailing Wages on Public Works Act (Chapter 39.12 RCW);
- j. List of the applicable prevailing wage rates or prevailing wage statement;
- k. Statement that the City is an equal opportunity employer and invites responsive bids from all qualified responsible bidders;
- l. The materials and equipment to be furnished, if any.

III. Notice Contents for Purchases of Materials, Supplies, or Equipment.

Notice (or advertisement) for bids should contain definite specifications and procedures for bidders to use to estimate their bids. At a minimum, a bid notice must include:

- a. Name and description of requested items;
- b. Where contract documents (plans and specifications) can be reviewed or obtained;
- c. Cost to obtain a set of contract documents;
- d. Place, date, and time that bids are due;
- e. Statement that the City retains the right to reject any and all bids and to waive minor irregularities in the bidding process;
- f. Place, date, and time that bid will be opened.

9.17 Bid Opening

Bids are submitted to the responsible department director or designee, where they are time and date stamped and processed. The bids shall be opened at the time and place specified in the advertisement for bids.

- I. Report on Bids: The responsible department director or designee will prepare a report and recommendation on all bids received to the decision maker with the authority to approve the contract.
- II. Bid Award: The City shall award the contract to the lowest responsible bidder or shall have power by Council resolution to reject any or all bids and to make further calls for bids in the same manner as the original call.
- III. Bid Bonds for Public Works Contracts: Upon award of a public works contract or rejection of all bids, bid bonds shall be returned to the unsuccessful bidders. The successful bidder's bid bond or deposit shall be retained until the bidder enters into a contract with the City and furnishes a performance bond in the full amount of the contract price.

9.18 Small Works Roster (RCW 39.04.155(1) and (2))

RCW 39.04.155 provides uniform small works roster provisions to award contracts for construction, building, renovation, remodeling, alteration, repair, or improvement of real property. The Small Works Roster may be used for public work projects valued below \$350,000 in lieu of formal bidding. Use of the Small Works Roster allows the City to waive the advertisement requirements of the formal competitive process.

The Washington State Municipal Research Services Center (MRSC) compiles small works rosters for cities and counties throughout the State of Washington. The City of Stanwood has contracted with MRSC to use its small works rosters for public works contracts valued below \$350,000.

a) Invitations for Quotations.

Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.

Quotations shall be invited from all, or at least five (5), appropriate contractors.

- b) Vendors/contractors selected from the Small Works Roster are not relieved from observing applicable legal requirements such as Contract Bond, Prevailing Wage, Retainage, etc.
- c) Immediately after an award is made, the bid quotations obtained shall be recorded, open to public inspection, and available by telephone inquiry.
- d) As required by RCW 39.04.200, the City must post a list of contracts awarded from the small works roster once every year. The list must contain the name of the contractor, the amount of the contract, a brief description of the type of work performed, and the date of the award.

9.19 Limited Public Works (RCW 39.04.155(3))

For public work projects with an estimated cost of less than \$50,000, the City may use the Limited Public Works Process in lieu of the small works process.

a) Invitations for Quotations.
Invitations for quotations shall include an estimate of the scope and nature of the work to be performed as well as materials and equipment to be furnished. However, detailed plans and specifications need not be included in the invitation. This subsection does not eliminate other requirements for architectural or engineering approvals as to quality and compliance with building codes.

b) Number of contractors invited.
Quotations shall be invited from a minimum of three contractors from the appropriate small works roster and shall award the contract to the lowest responsible bidder. If no bids are received, see **Section 9.20.7** for guidance.

c) Notification of Award.
After an award is made, the quotations shall be open to public inspection and available by electronic request. The City shall maintain a list of the contractors contacted and the contracts awarded during the previous twenty-four months under the limited public works process, including the name of the contractor, the contractor's registration number, the amount of the contract, a brief description of the type of work performed, and the date the contract was awarded.

d) Prevailing Wage/Insurance
Vendors/contractors selected using the Limited Public Works Process are required to comply with prevailing wage and insurance requirements.

9.20 Exemptions to competitive bidding requirements

RCW 39.04.280 provides uniform exemptions to competitive bidding requirements utilized by municipalities when awarding contracts for public works and contracts for purchases.

9.20.1 Purchases that are clearly and legitimately limited to a single source of supply (Sole Source Vendor)

If, after conducting a good faith review of available resources, the requesting department director determines that there is only one source of the required materials, supplies, or equipment, a purchase contract may be awarded without complying with established bid requirements. The requesting department director will submit a written request for sole source procurement to the Finance Director, and Mayor or City Administrator, Council for approval, and conduct price, terms, and delivery negotiations, as appropriate. The vendor must certify in writing that the City is getting the lowest offered price.

The Mayor or City Administrator ~~Council~~ shall approve all sole source purchases ~~by resolution in a form~~ that identifies the factual basis for the sole source justification and concludes that “the purchase is clearly and legitimately limited to a single source or supply.” A sole source resolution shall not be required in case of emergency, under the terms and conditions specified in RCW 39.04.280(2)(b) and (c). On-going sole source purchases of materials, equipment, and supplies should be reviewed annually to ensure the pricing is still the lowest price for the City and that the conditions that justify the sole source purchase still exist.

9.20.2 Purchases involving special facilities or market conditions

By authority of RCW 39.04.280(1)(b) ~~authorizes~~ the City Council ~~by resolution hereby delegates authority to the Mayor or City Administrator~~ to waive established bidding requirements if an exceptional opportunity arises to purchase favorably priced equipment or supplies or used goods that will be sold before the City can conduct the bid process. ~~resolution~~ A procurement summary must be approved by the Finance Director and Mayor or City Administrator, and must set forth the factual basis for the special market conditions.

9.20.3 Quarterly Reporting of Sole Source Exceptions Required

A list of the contracts approved under this delegated authority each quarter will be included in the quarterly finance report to the Finance Committee. Sole Source contracts will be reviewed annually by the Finance Director for continuing sole source authority.

9.20.3 Auctions

RCW 39.30.045 authorizes the City to acquire supplies, materials, and equipment through an auction conducted by an agency of the State of Washington, an agency of the United States, any municipality or other government agency, or any private party if the items can be obtained at a competitive price.

9.20.4 Surplus Property

The City may acquire surplus property from another government without the use of competitive quotes or bids (RCW 39.33.010), when it is possible to procure obvious bargains through the procurement of surplus material, supplies, or equipment. The requesting department director will submit a written request for procurement to the Mayor for approval, and conduct price, terms, and delivery negotiations, as appropriate.

9.20.5 Purchases in the event of an emergency

Emergency is defined as "...unforeseen circumstances beyond the control of the municipality that either: (a) present a real, immediate threat to the proper performance of essential functions; or (b) will likely result in material loss or damage to property, bodily injury, or loss of life if immediate action is not taken." If an emergency situation has been declared, the Mayor or designee may make or authorize others to make emergency procurements of materials, supplies, equipment, or services without complying with the requirements of this policy when there exists a threat to public health, welfare, or safety or threat to proper performance of essential functions; provided, that such emergency procurements shall be made with such competition as is practical under the circumstances. A written determination of the basis for the emergency and for the selection of the particular contractor/vendor shall be included in the contract file. As soon as practical, a record of each emergency procurement shall be made and shall set forth the contract's name, the amount and type of the contract, and listing of the item(s) procured under the contract, which shall be reported to the Council at the next subsequent meeting. If a contract is awarded without competitive bidding due to a declared emergency, the City Council must adopt a resolution certifying the emergency situation existed no later than two weeks following the award of the contract (RCW 39.04.280(2)(b)). The persons authorized to issue an emergency proclamation under SMC 2.80.010, in the same order of succession, are authorized to declare an emergency for purposes of this bidding exemption.

9.20.6 Interlocal Agreements

The City may enter into Interlocal agreements with other public agencies similarly authorized under RCW 39.34.030. State law regarding competitive bidding shall govern any cooperative purchasing agreement. The competitive bid process of the original jurisdiction may substitute for Stanwood's if consistent with the bidding laws that apply to Stanwood. "Piggybacking" on other jurisdiction bids requires an Interlocal agreement. All Interlocal cooperative-purchasing agreements shall be presented to Council for approval.

The City of Stanwood may be able to realize savings through quantity purchasing with the following organizations:

- a) US Communities Shared Purchasing. US Communities is a national collective of local and state agencies that have gathered under a non-profit to bid on items for shared purchasing. The City of Stanwood has

registered with US Communities, allowing the City to use any US Communities contract that meets our needs. Cities and counties from around the country bid the US Communities contracts. They are all subject to bid laws that are similar to those in Washington, and they conduct competitive sealed bids or proposals in much the same way, if not exactly the same way, as we do in Washington. However, use the same care to review the US Communities contracts to verify that they do not violate the City's Procurement Policies and Procedures or Washington state law. All US Communities purchasing agreements shall be presented to Council for approval.

b) Department of Enterprise Services (DES)

The City of Stanwood may be able to realize savings through the DES's quantity purchasing. Use of DES requires an Interlocal agreement with the State of Washington approved by the City Council.

9.20.7 No Bids or Quotations Received

When no responsive bids or quotations are received in response to an invitation to bid or request for quotations, the department director or his/her designee is authorized to procure the required item through direct negotiations with a vendor or to rebid, or do the project with City employees for public works contracts, as the Mayor or his/her designee deems appropriate.

10. EXPENSE REIMBURSEMENT

City employees will be reimbursed for reasonable and customary expenses actually incurred while performing official City business. The City will not reimburse for expenses that have already been paid by another program or organization, or if reimbursement is available through another program or organization.

10.1 Travel

Meal and travel reimbursement should be paid at the Federal Domestic Per Diem Rate as posted by the U.S. General Services Administration. All expense payments or reimbursements for travel and/or subsistence expenses must meet the requirements set forth in the City of Stanwood Financial Procedures Manual, which establishes procedure related to obtaining travel authorization, advance travel funds, and expenditure or reimbursement for travel and subsistence expenses incurred in conduct of business of the City.

The Finance Director is responsible to create and monitor travel authorization and reimbursement procedures and forms, and to provide training and oversight of all city travel.

10.2 Meals & Refreshments at Meetings

Situations arise in which such provision of meals or light refreshments would allow work on city business or city training to continue through meal times, or in which the event atmosphere and morale of participants would facilitate progress on work activities. One example is the National Night Out; other examples include city provision of light refreshments during evening volunteer activities, such as citizen advisory boards or commissions.

The Finance Director shall provide staff guidance regarding appropriate events at which meals or light refreshments are authorized and will provide instruction to ensure appropriate approvals are obtained and documentations are maintained. The city must also consider Internal Revenue Service regulations covering the income tax consequences of providing food and beverages to employees.

10.3 Credit Cards

In accordance with RCW 43.09.2855, local governments are authorized to use credit cards or procurement cards for official government purchases and acquisitions. Cash advances on credit cards or procurement cards are prohibited. Credit cards and procurement cards may not be used to purchase alcoholic beverages. It will be the responsibility of the Finance Director to assign credit cards or procurement cards to employees that need them for City operations.

The Finance Director is authorized to obtain purchasing cards (P-Cards) by participation in the statewide contract administered by DES, ~~Office of State Procurement (OSP)~~ and to provide rules, guidance and procedures for their use. This contract allows the City to earn a quarterly rebate based on the volume spent and timely payment. The use of the P-Card does not relieve the employees from complying with other City and departmental policies and procedures.

10.4 Fuel Credit Cards

Fuel credit cards offer an efficient way for city staff to re-fuel vehicles in the course of city business. Fuel credit cards also offer a way to track fuel purchases and monitor fuel use. The Finance Director is authorized to utilize state-procured contracts to obtain fuel credit cards and to provide rules, guidance and procedures for their use.

10.5 Store-Issued Credit Accounts

The City discourages the practice of requesting new charge accounts from vendors unless the vendor will not accept a procurement card or check on delivery and the City will realize cost savings or has time constraints. It is the City's preference for employees to use the procurement cards whenever possible.

11. Cost Allocation

- a. The City of Stanwood desires to comply with all laws and recommendations in calculating and receiving full cost recovery for services rendered to other funds.
- b. Cost allocation is a method to identify and distribute indirect costs. Direct costs are costs assignable to a specific objective, whereas indirect costs are costs incurred for multiple cost objectives or not assignable to a specific cost objective without effort disproportionate to the benefit received.
- c. The Washington State Auditor's Office prescribes the accounting and reporting of local governments in the State of Washington under the Revised Code of Washington (RCW) Washington State law provides, at RCW 43.09.210. It states in part:
- d. *Separate accounts shall be kept for each department, public improvement, undertaking, institution, and public service industry under the jurisdiction of every taxing body. All service rendered by, or property transferred from, one department, public improvement, undertaking, institution, or public service industry receiving the same, and no department, public improvement, undertaking institution, or public service industry shall benefit in any financial manner whatever by an appropriation of fund made for the support of another.*
- e. *The RCW does not specifically address how "full value" is to be determined.*
- f. RCW 35A.33.122/35A.34.205/35.33.123 states:

Administration, oversight, or supervision of utility – Reimbursement from utility budget authorized. Whenever any code city apportions a percentage of the city manager's, administrator's, or supervisor's time, or the time of other management or general government staff, for administration, oversight, or supervision of a utility operated by the city, or to provide services to the utility, the utility budget may identify such services and budget for reimbursement of the city's current expense fund for the value of such services.

- g. Governmental Accounting Standards Board (GASB)
The GASB is an independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is tested by the Washington State Auditor's Office's annual audit of the City.
- h. The Finance Director is responsible for developing and monitoring cost allocation procedures that comply with the guidance provided by GASB, the Washington State Auditor's Office, Budgeting, Accounting and Reporting System (BARS), and the guidance in 2 CFR 200, Uniform Guidance.

12. Short and Long Term Debt Policies

- a. Short-term debt is defined as a period of three years or less.
- b. The city may use short-term debt to cover temporary cash flow shortages, which may be caused by a delay in receipting tax revenues or issuing long-term debt. The city will not use short-term debt for current operations.
- c. The city may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of these funds will not impact the fund's current operations. All interfund short-term borrowing will be subject to council approval by ordinance or resolution and will bear interest based upon prevailing rates.
- d. Long-term debt is that debt which exceeds three years.
- e. The city will utilize long-term borrowing for capital improvements that cannot reasonably be financed on a pay-as-you-go basis from anticipated cash flows.
- f. Acceptable uses of bond proceeds are items which can be considered capital assets. Refunding bond issues designed to restructure currently outstanding debt is also an acceptable use of bond proceeds provided that the net present value (NPV) of savings is at least four percent (4%).
- g. The city will determine whether self-supporting bonds (such as special assessment improvement district bonds) are in the city's best interest when planning to incur debt to finance capital improvements.
- h. The city will not use long-term debt for current operations.
- i. The city will maintain good communications with bond rating agencies about its financial condition. The city will follow a policy of full disclosure on every financial report and bond prospectus including proactive compliance with disclosure to the secondary market.
- j. Unlimited Tax General Obligation Bond Policy
 - 1. Every project proposed for financing through general obligation debt shall be accompanied by a full analysis of the future operating and maintenance costs associated with the project.
 - 2. Bonds cannot be issued for a longer maturity schedule than a conservative estimate of the useful life of the asset to be financed.
 - 3. Before general obligation bond propositions are placed before the voters, the capital project under consideration should have been included in the Capital Improvement Program. The source of funds should describe the intended use of bond financing.

k. Limited Tax General Obligation (Councilmanic) Bond Policies:

1. As a precondition to the issuance of limited tax general obligation bonds, alternative methods of financing should also be examined.
2. Limited tax general obligation bonds should only be issued under certain conditions:
 - a) A project requires monies not available from alternative sources;
 - b) Matching fund monies are available which may be lost if not applied for in a timely manner; or
 - Catastrophic conditions.

l. Financing of Lease Purchases

- i. Under State law, the public may vote to approve bond issues for general government purposes in an amount not to exceed 2.5% of assessed valuation (AV). Within the 2.5% limit, the City Council may approve bond issues and/or lease purchases up to 1.5% of the City's total AV. In addition, state law provides for an additional 2.5% of AV for parks and open space purposes with a vote of the public.
- ii. Lease purchase financing may be used when the cost of borrowing or other factors make it in the city's best interest.

13. Grant Administration

1. Applications for grants must be reviewed by the city administrator and/or the mayor prior to submission. Grants in the amount of \$25,000 or less may be approved by the mayor. Grants in excess of that amount are subject to the approval of the city council.
2. The department director receiving the grant shall be designated the grant manager and as such is responsible for all grant compliance and recordkeeping requirements. This includes:
 - a. Monitoring to ensure grant activities are properly performed.
 - b. Submitting grant reimbursement requests in a timely manner with the required supporting documentation. Reimbursement requests shall be submitted to the finance department for review prior to submittal to grantor.

- c. Maintaining complete records. This includes the grant application, the grant contract and amendments, any correspondence with the grantor, grant reimbursement requests and supporting documents, any reports submitted to the grantor, etc.
 - d. Coordinating with the finance department to ensure that all grant accounting and reporting requirements are met.
- 3. Financial transactions relating to grants are subject to more specific accounting and financial reporting requirements than other types of transactions. In order to ensure the City correctly accounts for and report grants, the grant manager must forward copies of the following to the finance director within thirty (30) days of receipt:
 - a. Copies of the grant agreement and all amendments.
 - b. Copies of any extensions of time authorized by the grantor.
 - c. Copies of all grant billings and supporting documentation.
 - d. Notification of the close of the grant.
 - e. Notification of any audit to be performed by the grantor.

14. Investment Policies

14.1 Policy:

It is the policy of the City of Stanwood to invest public funds in a manner which will provide the maximum security of the principal while meeting the daily cash flow demands of the city and highest investment return while conforming to all Washington statutes governing the investment of public funds, in this specific order.

14.2 Scope:

This investment policy applies to all financial assets of the City of Stanwood other than any Fiduciary funds which include, but is not limited to Deferred Compensation Plan funds managed externally; Contractors Deposit funds; and such funds excluded by law or bond covenant.

The applicable funds are accounted for in the City's Annual Financial Report and include:

- General Fund
- Special Revenue Funds
- Capital Project Funds
- Enterprise Funds
- Debt Service Funds (unless prohibited by bond covenant)
- Internal Service Funds
- Any new fund created by Council, unless exempted by Council.

14.3 Prudence:

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

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

14.4 Objective:

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

- a. Safety: Safety of principal is the foremost objective of the City of Stanwood. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To attain this objective, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.
- b. Liquidity: The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.
- c. Return on investment: The City's investment portfolio shall be designed with the objective of attaining a market rate of return given the City's risk constraints and cash flow requirements.

14.5 Delegation of Authority:

Management responsibility for the investment program is assigned to the Finance Director (SMC 2.08), who shall establish and monitor written procedures for the operation of the investment program, consistent with this investment policy. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Finance Director. The Finance Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

- a. Investment Committee: The Finance Committee and the Finance Director shall serve as the Investment Committee. The committee shall meet quarterly and provide overall guidance with regard to investment transactions. The committee will review and authorize financial dealers and institutions as provided for in Section 7.

14.6 Ethics and Conflicts of Interest:

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City of Stanwood, particularly with regard to the time of purchases and sales.

14.7 Authorized Financial Dealers and Institutions:

The Finance Director will maintain a list of broker/dealers and financial institutions authorized to provide investment services to the city. Authorized broker/dealers and financial institutions will be limited to those that are approved by the Investment Committee and meet one or more of the following:

- Financial institutions approved by the Washington Public Deposit Protection Commission (RCW 39.58); or,
- Primary dealers recognized by the Federal Reserve Bank; or,
- Non-primary dealers qualified under the U.S. Securities and Exchange Commission Rule 15C3-1, the Uniform Net Capital Rule, and a certified member of the Financial Industry Regulatory Authority (FINRA)~~National Association of Securities Dealers~~.

Each authorized broker/dealer or financial institution will be selected by creditworthiness, required to maintain an office in the State of Washington, and required to regularly submit annual reports, including audited financial statements. Additionally, broker/dealers are required to complete a broker/dealer questionnaire or any other information that may be required by the City to assess the qualifications of the firm. An annual financial statement is required to be on file for each financial institution and broker/dealer with which the City invests.

8 Authorized Investments:

Authorized investments are securities and investments authorized by state statute as defined in RCW's 39.58 and 39.59. Authorized investments include:

- a. Investment deposits, including certificates of deposit, with qualified public depositories as defined in RCW 39.58.
- b. Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States (such as the Government National Mortgage Association).
- c. Obligations of government-sponsored corporations which are eligible as collateral for advances to member banks as determined by the Board of Governors of the Federal Reserve System. (These include but are not limited to Federal Home Loan Bank notes and bonds, Federal Farm Credit Bank consolidated notes and bonds, and Federal National Mortgage Association notes, bonds and guaranteed certificates of participation.)
- d. Bankers' acceptances purchased on the secondary market.
- e. Bonds of the State of Washington and any local government in the State of Washington which have, at the time of investment, one of the three highest credit ratings of a nationally recognized rating agency.
- f. Repurchase agreements for securities listed in 2, 3, and 4 above, provided that the transaction is structured so that the City of Stanwood obtains control over the underlying securities and a Master Repurchase Agreement has been signed with the bank or dealer.
- g. State Investment Pool.
- h. Commercial Paper purchased in the secondary market and having received the highest rating by at least two (2) Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase and adhering to the investment policies and procedures adopted by the State Investment Board.
- i. Mutual funds used specifically for debt issues related to arbitrage.
- j. Investment Pool Offered by Local Government (e.g. Snohomish County Investment Pool)

14.9 Safekeeping and Custody:

All security transactions, including collateral for repurchase agreements, entered into by the City of Stanwood shall be conducted on a delivery-versus-payment (DVP) basis. Securities will be held by a third party custodian designated by the Finance Director. Certificates of Deposit in the City's name, or confirmations of them, will be delivered to and held in the Finance Department.

14.10 Diversification:

The City will diversify its investments by security type and institution. The following schedule provides the maximum holdings in any one type of investment or with any one issuer.

Type of Security	Maximum Holdings
Certificates of Deposit	50% of Portfolio 10% per Issuer 20% of Issuer's Net Worth
U.S. Treasury Notes, Bonds or Certificates	100% of Portfolio
U.S. Government Sponsored Corporations	100% of Portfolio
Bankers Acceptances	25% of Portfolio 10% per Issuer
State of Washington or Local Government Bonds	25% of Portfolio 10% per Issuer
Repurchase Agreements	25% of Portfolio 25% per Dealer
State or Investment Pool Offered by Local Government (e.g. Snohomish County Investment Pool)	100% of Portfolio
Commercial Paper	10% of Portfolio 10% per Issuer
Mutual Funds	Arbitrage related only
Other Authorized Investments	10% of Portfolio

Separate guidelines containing additional or more restrictive limitations for certain investment instruments are contained in the investment procedures document.

14.11 Maturities:

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow or restricted by state guidelines, the City will not directly invest in securities maturing more than five years from the date of purchase. However, the City may collateralize its repurchase agreements using longer-dated investments.

Separate guidelines containing additional or more restrictive limitations for certain investment instruments are contained in the investment procedures document.

14.12 Internal Control:

The Finance Director shall establish a process of independent review by an external auditor. This review will provide internal control by assuring that policies and procedures are being complied with. Such review may also result in recommendations to change operating procedures to improve internal control.

14.13 Performance Standards:

The City of Stanwood's investment portfolio will be designed with the objective of attaining a rate of return commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio.

a) Average Rate of Return:

The basis used by the Finance Director to determine whether an average rate of return is being achieved shall be the 2 year average of the 2-Year Treasury Note.

14.14 Reporting:

The Finance Director will include a report on investments held and the portfolio's returns compared to benchmark in the City's Quarterly Financial Report.

14.15 Investment Policy Review:

The City of Stanwood's investment policy shall be reviewed on a biennial basis by the Finance Committee and any modifications made thereto must be approved by the City Council.

15. Authorization & processing of ACH/Electronic Funds Transfers

15.1 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.

15.2 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.

15.3 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.

15.4 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.

15.5 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

15.6 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.

15.7 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 Keybank.
- 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 (paysub) 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 KeyBank 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 KeyBank 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 KeyBank, staff would complete a KeyBank ACH Service Request for Item Delete/Reversal and fax to KeyBank.

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 Key Bank.
- 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 Key Bank.
- 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 cashing batch.
- iii. The city receives notice daily from Automated Funds Transfer Service (AFTS) for utility payments made via lockbox. These are recorded into Springbrook via the appropriate FTP protocols.
- iv. For online permit payments made via OrbiPay (hosted by Key Bank), notice is retrieved from the OrbiPay website by the cashier using a unique ID assigned specifically to that cashier. Individual payments

as listed on the notice report are posted by the cashier into his/her daily cashing batch. Payments are deposited by the OrbiPay system directly into the City's General Checking account held by Key Bank.

- v. Utility payments made online utilize merchanttransact.com, which is owned by SpringBrook, or Checkfree. Payments made in this manner are imported into Springbrook using the appropriate FTP protocol. Payments are deposited by Merchant Transact directly into the City's General Checking account held by Key Bank.
- vi. As additional departments allow online payments, protocol will mirror item iv 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 Key Bank, 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 or the City Administrator. 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 6 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 KeyBank 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., KeyBank, 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.

15.8 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:
 - 1. The Finance Department will maintain an updated list of WaFed contacts.

15.9 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)

GLOSSARY OF INVESTMENT TERMS

AGENCIES: Federal agency securities.

ANNUAL FINANCIAL REPORT: The official annual report for the City of Stanwood. It is based on a December 31st fiscal year end and is submitted to the State Auditor no later than May 31st of the following year. The State Auditor reviews and issues opinions on the City's annual financial reports on a biennial basis.

ASKED: The price at which securities are offered.

BANKERS' ACCEPTANCE (BA): A draft or bill or exchange accepted by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer.

BID: The price offered for securities.

BROKER: A broker brings buyers and sellers together for a commission paid by the initiator of the transaction or by both sides; he does not position. In the money market, brokers are active in markets in which banks buy and sell money and in interdealer markets.

CERTIFICATE OF DEPOSIT (CD): A time deposit with a specific maturity evidenced by a certificate. Large-denomination CD's are typically negotiable.

COLLATERAL: Securities, evidence of deposit or other property which a borrower pledges to secure repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

COUPON: (a) The annual rate of interest that a bond's issuer promises to pay the bondholder on the bond's face value. (b) A certificate attached to a bond evidencing interest due on a payment date.

DEALER: A dealer, as opposed to a broker, acts as a principal in all transactions, buying and selling for his own account.

DEBENTURE: A bond secured only by the general credit of the issuer.

DELIVERY VERSUS PAYMENT: There are two methods of delivery of securities:

delivery versus payment and delivery versus receipt (also called free). Delivery versus payment is delivery of securities with an exchange of money for the securities. Delivery versus receipt is delivery of securities with an exchange of a signed receipt for the securities.

DISCOUNT: The difference between the cost price of a security and its value at maturity when quoted at lower than face value. A security selling below original offering price shortly after sale also is considered to be at a discount.

DISCOUNT SECURITIES: Non-interest bearing money market instruments that are issued at a discount and redeemed at maturity for full face value, e.g., U. S. Treasury bills.

DIVERSIFICATION: Dividing investment funds among a variety of securities offering independent returns.

FEDERAL CREDIT AGENCIES: Agencies of the Federal government set up to supply credit to various classes of institutions and individuals, e.g., S&L's, small business firms, students, farmers, farm cooperatives, and exporters.

FEDERAL DEPOSIT INSURANCE CORPORATION (FDIC) An independent federal agency that insures deposits in member banks, currently up to \$100,000 per deposit.

FEDERAL FUNDS RATE: The rate of interest at which Fed funds are traded. This rate is currently pegged by the Federal Reserve through open-market operations.

FEDERAL HOME LOAN BANKS (FHLB): The institutions that regulate and lend to savings and loan associations.

FEDERAL NATIONAL MORTGAGE ASSOCIATION (FNMA): FNMA, like GNMA was chartered under the Federal National Mortgage Association Act in 1938. FNMA is a federal corporation working under the auspices of the Department of Housing & Urban Development, H.U.D. It is the largest single provider of residential mortgage funds in the United States. Fannie Mae, as the corporation is called, is a private stockholder-owned corporation. The corporation's purchases include a variety of adjustable mortgages and second loans in addition to fixed-rate mortgages. FNMA's securities are also highly liquid and are widely accepted. FNMA assumes and guarantees that all security holders will receive timely payment of principal and interest.

FEDERAL OPEN MARKET COMMITTEE (FOMC): Consists of seven members of the Federal Reserve Board and five of the twelve Federal Reserve Bank Presidents. The President of the New York Federal Reserve Bank is a permanent member while the other Presidents serve on a rotating basis. The Committee periodically meets to set Federal Reserve guidelines regarding purchases and sales of Government Securities in the open market as a means of influencing the volume of bank credit and money.

FEDERAL RESERVE SYSTEM: An independent agency of the U.S. government that plays a central role in monetary policy, domestic payment systems, and the regulations of financial institutions.

GOVERNMENT NATIONAL MORTGAGE ASSOCIATION (GNMA or Ginnie Mae): Securities guaranteed by GNMA and issued by mortgage bankers, commercial banks, savings and loan associations and other institutions. Security holder is protected by full faith and credit of the U. S. Government. Ginnie Mae securities are backed by FHA, VA or FMHM mortgages. The term pass-throughs is often used to describe Ginnie Maes.

LIQUIDITY: A liquid asset is one that can be converted easily and rapidly into cash without a substantial loss of value. In the money market, a security is said to be liquid if the spread between bid and asked prices is narrow and reasonable size can be done at those quotes.

LOCAL GOVERNMENT INVESTMENT POOL (LGIP): The aggregate of all funds from political subdivisions that are placed in the custody of the State Treasurer for investment and reinvestment.

MARKET VALUE: The price at which a security is trading and could presumably be purchased or sold.

MASTER REPURCHASE AGREEMENT: A written agreement covering all future transactions between the investor and dealer or financial institution. The agreement defines the nature of the transactions, identifies the relationship between the parties, establishes normal practices regarding ownership and custody of the collateral securities during the term of the investment, provides for remedies in the event of a default by either party, and otherwise clarifies issues of ownership.

MATURITY: The date upon which the principal or stated value of an investment becomes due and payable.

MONEY MARKET: The market in which short-term debt instruments (bills, commercial paper, bankers' acceptances, etc.) are issued and traded.

OPEN MARKET OPERATIONS: Purchases and sales of government and certain other securities in the open market by the New York Federal Reserve Bank as directed by the FOMC in order to influence the volume of money and credit in the economy. Purchases inject reserves into the bank system and stimulate growth of money and credit; sales have the opposite effect. Open market operations are the Federal Reserve's most important and most flexible monetary policy tool.

PORTFOLIO: Collection of securities held by an investor.

PUBLIC DEPOSIT PROTECTION COMMISSION: The Public Deposit Protection Commission provides security for public treasurers in Washington State by protecting public deposits which exceed the amount insured by the FDIC. It also minimizes

participating depositories' liability for defaulting institutions

PRIMARY DEALER: A group of government securities dealers that submit daily reports of market activity and positions and monthly financial statements to the Federal Reserve Bank of New York and are subject to its informal oversight. Primary dealers include Securities and Exchange commission (SEC) registered securities broker-dealers, banks, and a few unregulated firms.

PRUDENT PERSON RULE: An investment standard. In some states the law requires that a fiduciary, such as a trustee, may invest money only in a list of securities selected by the state--the so-called legal list. In other states the trustee may invest in a security if it is one which would be bought by a prudent person of discretion and intelligence who is seeking a reasonable income and preservation of capital.

QUALIFIED PUBLIC DEPOSITORIES: A financial institution which does not claim exemption from the payment of any sales or compensating use or ad valorem taxes under the laws of this state, which has segregated for the benefit of the commission eligible collateral having a value of not less than its maximum liability and which has been approved by the Public Deposit Protection Commission to hold public deposits.

RATE OF RETURN: The yield obtainable on a security based on its purchase price or its current market price. This may be the amortized yield to maturity on a bond or the current income return.

REPURCHASE AGREEMENT (RP OR REPO): A transaction between a securities dealer and an investor in which the dealer sells the security to the investor with an agreement to buy the security back at a specific time and price that will result in a predetermined yield for the investor.

SAFEKEEPING: A service provided/contracted with a financial institution for the settling and holding of securities on behalf of the customer. In the case of book entry securities; holding of securities in the customer's name.

SECONDARY MARKET: A market made for the purchase and sale of outstanding issues following the initial distribution.

SEC RULE 15C3-1: See uniform net capital rule.

SECURITIES & EXCHANGE COMMISSION: Agency created by Congress to protect investors in securities transactions by administering securities legislation.

TREASURY BILLS: A non-interest bearing discount security issued by the U. S. Treasury to finance the national debt. Most bills are issued to mature in three months, six months, or one year.

TREASURY BOND: Long-term U. S. Treasury securities having initial maturities of more than ten years.

TREASURY NOTES: Intermediate term coupon bearing U. S. Treasury securities having initial maturities of from one to ten years.

UNIFORM NET CAPITAL RULE: Securities and Exchange Commission requirement that member firms as well as nonmember broker-dealers in securities maintain a maximum ratio of indebtedness to liquid capital of 15 to 1; also called net capital rule and net capital ratio. Indebtedness covers all money owed to a firm, including margin loans and commitments to purchase securities, one reason new public issues are spread among members of underwriting syndicates. Liquid capital includes cash and assets easily converted into cash.

YIELD: The rate of annual income return on an investment, expressed as a percentage. (a) **INCOME YIELD** is obtained by dividing the current dollar income by the current market price for the security. (b) **NET YIELD** or **YIELD TO MATURITY** is the current income yield minus any premium above par or plus any discount from par in purchase price, with the adjustment spread over the period from the date of purchase to the date of maturity of the bond.



SOLE SOURCE JUSTIFICATION PURCHASING MATERIALS and SERVICES

Your Name:	Department:
Vendor Name:	Cost Estimate:
Vendor's Address:	Vendor E-mail:
Vendor Contact Name:	Vendor Phone:

- 1. Describe the product, services or system.** Attach all information
- 2. Here are eligible reasons for sole source. Check all boxes below that apply to your sole source.**
 - ☐ **Compatibility to existing City standard or to existing equipment, inventory, systems, data programs or service.** Describe and list efforts to find other sources.
 - ☐ **Licensed or patented product with only one dealer.** Describe. Attach documentation if available, to confirm your source is the only dealer or supplier for this region.
 - ☐ **Authorized Service Provider, Repair and/or Warranty Services.** Describe:
 - ☐ **Unique design:** Requires unique features that are essential, aesthetic requirements, or not practical to match to existing design or equipment. Describe:
 - ☐ **Used item:** Surplus item bought through an auction, used or at a bargain price. Describe:
 - ☐ **Delivery Date:** Only one supplier can meet required delivery date. Describe. List efforts to find other suppliers to meet the delivery date.
 - ☐ **Project or Research Continuity:** Product, systems, services or data must comply with an ongoing project, research, data testing or analysis. Results would be interrupted or compromised without continuity. Describe:
 - ☐ **Requirement by Funding Source:** Lender, grantor (such as Federal government) or other provider of funds requires the specific product, service or system.
 - ☐ **Legal Monopoly:** Only one supplier, such as electricity, water, or sewage.
 - ☐ **Other:** Please describe:

Signature of Requestor:	Date:
Signature of Dept. Head:	Date:
Signature of Finance Director:	Date:
Signature of City Administrator:	Date:

ATTACHMENT D



City of Stanwood

10220 270th Street NW
Stanwood, Washington 98292
(360) 629-2181

Procurement Summary Transmittal

Date Contract/Agreement Executed _____

Vendor Name _____

Contract Amount \$ _____

Type of Contract (Professional Services,
Materials/Equipment, Public Works) _____

Method of Vendor Selection (Small Works,
Emergency, Piggy-back, Competitive bid) _____

Budget Account _____

Contract Executed By: _____

Please provide link to the draft contract/agreement with this transmittal.

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CITY OF STANWOOD COUNCIL AGENDA STAFF REPORT

ITEM NUMBER: 11b

DATE: December 8, 2022

SUBJECT: Snohomish County Public Defender Association (SCPDA)
for Indigent Defense Services – Contract Extension

CONTACT PERSON: David A. Hammond, Finance Director

ATTACHMENTS: A – Proposed Supplemental Agreement No. 3
B – Original Agreement
C – SCPDA 2023 & 2024 Contract Update

PURPOSE

The purpose of this agenda item is for Council consideration of a professional service agreement supplemental #3 to extend and continue contracting with Snohomish County Public Defender Association for Indigent Defense Services.

BACKGROUND

The City has contracted with the Snohomish County Public Defenders Association since 2015 to provide indigent persons with public defense. Resolution No. 2014-26 established the city's indigent defense standards, complying with RCW 10.101.030. The original agreement allowed for automatic annual extensions, however it only provided for cost-of-living adjustments annually through 2017. The contract has been extended twice through 2022 and an additional supplemental is required to extend the term and update the contract amount.

ANALYSIS

The proposed extension sets the monthly rate at \$2,385 for 2023, which is the same as the current 2022 rate. The Association provided a report of public defender services in 2021-22 and based on the low caseload experienced during the pandemic, has agreed to hold the rate steady for one year. The expectation is that caseloads will return to pre-pandemic levels in this biennium. In 2024, if the referral rates are reduced and projected annualized rate is less than twenty cases per year, the rate will increase 3.8% to 2,574.00 per month. If the referral rates increase to annualize more than 20 cases for the calendar year, then the rate will be \$2,800.00 per month. The finance department monitors the public defense program activity to ensure costs align with budget allocation.

Fiscal Impact			
The biennial budget includes an allocation for public defense services			
Fund(s):	General Fund		
Amount:	\$ 69,700	Project Estimate:	\$ N/A
Budget Authorized	☒ Yes ☐ No	Amendment Required	☐ Yes ☒ No ☐ Monitor

RECOMMENDATIONS

Staff Recommendation: Staff recommends approval of the extension for public defense services through December 31, 2024.

Committee/Board Recommendation: N/A. Legal services are brought to the full council for consideration.

CITY COUNCIL OPTIONS

1. The City Council may authorize the Mayor to execute the PSA supplemental extension no. 3
2. The City Council may not authorize the Mayor to execute the extension and direct staff to bring back other options for this service.

PROPOSED MOTION

MOTION TO AUTHORIZE THE MAYOR TO EXECUTE SUPPLEMENTAL AGREEMENT NO. 3 TO THE PROFESSIONAL SERVICES AGREEMENT BETWEEN THE CITY OF STANWOOD AND SNOHOMISH PUBLIC DEFENDER ASSOCIATION FOR INDIGENT DEFENSE SERVICES THROUGH DECEMBER 31, 2024.

**SUPPLEMENTAL AGREEMENT NO. 3
TO
PROFESSIONAL SERVICES AGREEMENT
BETWEEN
CITY OF STANWOOD
AND SNOHOMISH PUBLIC DEFENDER ASSOCIATION
FOR INDIGENT DEFENSE SERVICES**

This Supplemental Agreement is made and entered into on the **8th day of December 2022**, between the City of Stanwood, hereinafter called the “City” and the Snohomish County Public Defender Association, hereinafter called the “Consultant”.

WITNESSETH THAT:

WHEREAS, the parties hereto have previously entered into Agreement No. 2015-19 for indigent defense services, said Agreement being dated March 23, 2015; and

WHEREAS, both parties desire to extend the term of said Agreement:

NOW THEREFORE, in consideration of the terms, conditions, covenants and performance contained herein or attached and incorporated, and made a part hereof, the parties hereto agree as follows:

Each and every provision of the Original Agreement for Professional Services dated March 23, 2015, shall remain in full force and effect, except as modified in the following sections:

Article 2 of the Original Agreement, Compensation is amended to read as follows: “In 2023, the City shall pay the Firm Two Thousand Three Hundred and Eighty-five Dollars (\$2,385.00) per month for the Services. Two Hundred Dollars is specifically designated for investigator services.

In 2024, if the referral rates are reduced and projected annualized rate is less than twenty cases per year, the City shall pay the Firm Two Thousand Five Hundred and Seventy-four Dollars (\$2,574.00) per month for the Services. Two Hundred Twenty-two Dollars is specifically designated for investigator services. If the referral rates increase to annualize more than 20 cases for the calendar year, then the City shall pay the firm Two thousand, eight hundred Dollars (\$2,800.00) per month. Two hundred Twenty-five dollars is specifically designated for investigator services.”

Article 3 of the Original Agreement Term is amended to read as follows: “The terms of this agreement shall be the later date of execution through midnight December 31, 2024, unless sooner terminated as provided in this Agreement, provided, this Agreement shall be automatically renewed for additional one-year terms each year, unless sooner terminated as follows:”

IN WITNESS WHEREOF, the parties hereto have executed this SUPPLEMENTAL AGREEMENT NO. 3 as of the day and year written above.

CITY OF STANWOOD

SNOHOMISH COUNTY PUBLIC DEFENDER
ASSOCIATION

Sid Roberts, Mayor

Kathleen Kyle, Director

ATTEST/AUTHENTICATED:

Lisa Sokolik, City Clerk

**PROFESSIONAL SERVICES AGREEMENT
FOR INDIGENT DEFENSE SERVICES**

WHEREAS, the City of Stanwood, Washington, ("the City") provides indigent defense services to individuals who have been determined to be eligible for representation at public expense for criminal charges before the Cascade Division of the Snohomish County District Court ("the Court"); and

WHEREAS, the Supreme Court has by Order dated June 15, 2012, adopted New Indigent Defense Standards ("the Supreme Court Standards"), which impose a caseload limit of 400 unweighted misdemeanor cases per attorney; and

WHEREAS, the City has adopted Standards for Indigent Defense by Resolution No. 2014-26 adopted November 24, 2014, ("the City Standards"); and

WHEREAS, based on current trends, the City anticipates filing approximately 40 cases in 2015 for which appointment of a public defender will be required, which will initially require ten percent (10%) of a full time public defender, and

WHEREAS, Snohomish County Public Defender Association ("the Firm") is a law firm employing licensed attorneys in good standing in the state of Washington which has been selected by the City to provide representation of indigent defense clients under contract with the City ("the Services"); and represents that is willing and able to provide the required number of full time public defenders to provide the Services; and

WHEREAS, the City and the Firm desire to provide for compensation for the Services based on a monthly fee, subject to adjustment annually to reflect actual case filings.

Now, therefore, the City and Firm enter into this Agreement in consideration of the mutual benefits to be derived and the mutual promises contained herein:

1. Scope of Services, Standards and Warranty. The Firm will provide the Services in accordance with this Agreement, the Supreme Court Standards and the City Standards, which will initially require the provision of ten percent (10%) of one full time equivalent lawyer.

1.1 The Firm warrants that every attorney and/or intern employed by the Firm to perform services under this contract, has read and is fully familiar with the provisions of the Supreme Court Standards as it has been amended from time to time and the City Standards, which are hereby incorporated in this Agreement by this reference as if set out at length. Compliance with the Supreme Court Standards and the City Standards goes to the essence of this Agreement. Every attorney and/or intern performing services under this Agreement shall certify compliance quarterly with the Court on the form established for that purpose by court rule. A copy of each and every such certification shall be provided to the City contemporaneously with filing with the Court. The Firm further warrants that it has analyzed the cost of providing the Services, and that its proposal, reflected in Section 2, Compensation, is

sufficient to cover all wages and benefits, infrastructure, support and administrative services and systems necessary to comply with the Standards.

1.2 The Firm shall provide the Services from its office in Everett. The Firm shall ensure an attorney is available to each eligible City defendant to ensure that the defendant is provided with effective assistance of counsel. Defendant access to his or her attorney prior to court hearings is paramount. The Firm shall be responsible to use best efforts to ensure its attorneys confer with defendants about cases promptly after appointment and prior to trial or hearings. Defendants shall be provided access to the Firm's attorneys by means of a toll free local call from a Stanwood telephone number made available by the Firm, attorney's email address, and attorney's office and postal address. Attorneys shall respond to defendant inquiries within a reasonable time to ensure the effective assistance of counsel, whether such inquiries are received by letter, telephone, email or otherwise.

1.3 The Firm shall provide an attorney to appear at all Standwood arraignment calendars.

1.4 The Firm shall maintain a case reporting and case management information system, and shall submit reports to the City, which shall be submitted in support of monthly invoices, and shall be a condition of payment pursuant to Section 2. The reports shall include the following information:

1.4.1 The number of cases to which the Firm's attorneys were appointed during the month and year to date.

1.4.2 For each appointment, the name of the defendant, the name of the attorney appointed, the date of appointment and the case number.

1.4.3 The charge(s) filed against the defendant.

1.4.4 The disposition of charge(s), including method of disposition, i.e., trial, plea motion, etc.

1.4.5 Such information required by the City Standards to allow the City to determine Attorney's compliance with caseload limits, including information pertaining to Attorney's other municipal public defense contracts and Attorney's private practice, if any.

1.5 The Firm shall employ an investigator to assist the attorneys providing the Services.

1.6 The Firm shall represent the City on all appeals to Superior Court under the Rules for Appeal of the Decisions of Courts of Limited Jurisdiction (RALJ), which shall be counted as five case credits, provided there shall be no case credit for any RALJ appeal dismissed prior to filing a brief.

2. Compensation. Subject to all the provisions of this section, the City shall pay to the Firm a fee of One Thousand Eight Hundred Thirty-three Dollars and Thirty-three Cents

(\$1,833.33) per month for the Services, including all proceedings in the Municipal Court and all appeals therefrom. This represents 10% of the salary and benefits of a lawyer on Level 1 Step 3 of the Firm's 2015 salary scale for lawyers, 1% of the salary and benefits of the Misdemeanor Supervisor, 0.3% of the Firm's cost of office management and administrative staff, 0.3% of office expenses and 0.4% of the salaries and benefits of the Firm's staff of investigators. Sixty-two Dollars (\$62.00) of each monthly payment is specifically designated as costs of investigator services.

2.1 Except as expressly provided in Section 2.2, the cost of all infrastructure, wages and benefits, administrative and support expenses, equipment and systems, the investigator, and overhead costs necessary to comply with the City Standards is included in the payment provided in the flat monthly fee.

2.2 The City shall pay for the following case expenses in addition to the per case fee when reasonably incurred and approved by the Municipal Court on ex-parte motion:

2.2.1 Medical and psychiatric evaluations;

2.2.2 Expert witness fees and expenses;

2.2.3 Interpreters fees;

2.2.4 Polygraph, forensic and other scientific tests;

2.2.5 Lay witness fees and mileage incurred in bringing defense witnesses to court, including the cost of service of a subpoena, but not including salary or expenses of law enforcement officers required to accompany incarcerated witnesses; and

2.2.6 The cost of obtaining medical, school, birth, DMV, and other similar records, and 911 and emergency communication recordings and logs; and

2.2.7 Any other costs or expenses the Court finds necessary and proper for the investigation, preparation, and presentation of a case.

2.3. For post-conviction relief cases, the City shall pay the cost to obtain copies of the court file, the transcript and original charging documents.

2.4 In January of each year, the City and the Firm shall review the number of City cases to which the Firm's attorneys were appointed during the prior year, if the actual number of cases is more than 10% greater or lesser than the anticipated 40 case, the monthly fee shall be adjusted by adjusting the lawyer salary and benefits component to reflect the actual full time equivalent represented by the actual number of cases, i.e., by dividing the actual number of cases by 400, and maintaining the other components of the monthly fee identified above at their 2015 dollar amounts. Additionally, the monthly fee as adjusted for actual caseload shall be increased by 3% in the second and third years of the term of this Agreement. Compensation for additional one year renewal terms as provided in Section 3 shall be remain at the prior year's level unless different compensation is agreed to prior to the commencement of any renewal term.

2.5 In the event the Firm has a conflict that prevents it from representing a client for whom one of its attorneys has been appointed, the Firm shall not be required to compensate conflict counsel.

3. Term. The term of this Agreement shall be from the later of the date of mutual execution or May 1, 2015, through December 31, 2017, unless sooner terminated as provided in this Agreement, provided, this Agreement shall be automatically renewed for additional one year terms each year unless terminated as follows:

3.1 This Agreement may be terminated for cause for violation of any material term. "Material term" shall include any violation indicating a failure to provide representation in accordance with the rules of the court and the ethical obligations established by the Washington State Bar Association, a violation of the Standards of the provisions of Section 6 relating to insurance, conviction of a criminal charge, and/or a finding that the license of the Firm, or any attorney providing service under this agreement, has been suspended or revoked. Any violation of the other provisions of this Contract shall be subject to cure. Written notice of contract violation shall be provided to the Firm which shall have ten (10) business days to correct the violation. Failure to correct the violation will give rise to termination for cause at the City's discretion. In lieu of terminating this contract, the City may agree in writing to alternative corrective measures.

3.2 This Agreement may be terminated at any time without cause by either party giving the other party not less than ninety (90) days written notice.

3.3 The parties may agree in writing to terminate this contract at any time. Unless otherwise agreed to in writing, termination or expiration of this contract does not affect any existing obligation or liability of either party.

4. Nondiscrimination. Neither the Firm nor any person acting on behalf of the Firm, shall, by reason of race, creed, color, national origin, sex, sexual orientation, honorably discharged doctrine or military status, or the presence of any sensory, mental, or physical disability or the use of a trained guide dog or service animal by a person with a disability, discriminate against any person who is qualified and available to perform the work to which the employment relates, or in the provision of services under this Agreement.

5. Indemnification. The Firm agrees to hold harmless and indemnify the City, its officers, officials, agents, employees, and representatives from and against any and all claims, costs, judgments, losses, or suits including Attorney's fees or awards, and including claims by Attorney's own employees to which Attorney might otherwise be immune under Title 51 arising out of or in connection with any willful misconduct or negligent error, or omission of the Firm, its officers or agents. It is specifically and expressly understood that the indemnification provided herein constitutes the waiver of the Firm's waiver of immunity under Title 51 RCW solely for the purposes of this indemnification. The parties have mutually negotiated this waiver. This clause shall survive the termination or expiration of this agreement and shall continue to be in effect for any claims or causes of action arising hereunder.

6. Insurance. The Firm shall procure and maintain for the duration of this agreement insurance against claims for injuries to persons or property which may arise from or in connection with the performance of work hereunder by the attorneys, or agents, representatives, or employees of the Firm.

6.1 The Firm shall obtain insurance of the types described below:

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

6.1.2 Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors, products-completed operations, personal injury and advertising injury, and liability assumed under an insured contract. The City shall be named as an insured under the Service Provider'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 CG 20 37 10 01 or substitute endorsements providing equivalent coverage.

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

6.1.4 Professional Liability insurance appropriate to the Firm's undertakings. This policy shall not contain an exclusion for ineffective assistance of counsel claim, loss or liability.

6.2 The Firm shall maintain the following insurance limits:

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

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

6.2.3 Professional Liability insurance shall be written with limits no less than \$1,000,000 per claim and \$1,000,000 policy aggregate limit. The policy shall contain no exclusion for loss or liability relating to a claim of ineffective assistance of counsel.

6.3 The insurance policies are to contain, or be endorsed to contain, the following provisions for Automobile Liability and Commercial General Liability insurance.

6.3.1 The Firm's insurance coverage shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Service Provider's insurance and shall not contribute with it.

6.3.2 The Firm's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.

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

6.5 The Firm shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the insurance requirements of the Service Provider before commencement of the work.

7. Work Performed by the Firm. In addition to compliance with the City Standards, in the performance of work under this Agreement, the Firm shall comply with all federal, state and municipal laws, ordinances, rules and regulations which are applicable to the Firm's business, equipment, and personnel engaged in operations covered by this Agreement or accruing out of the performance of such operations.

8. Work Performed at the Firm's Risk. The Firm shall be responsible for the safety of its employees, agents, and subcontractors in the performance of work hereunder, and shall take all protections reasonably necessary for that purpose. All work shall be done at the the Firm's own risk, and the Firm shall be responsible for any loss or damage to materials, tools, or other articles used or held in connection with the work. The Firm shall also pay its employees all wages, salaries and benefits required by law and provide for taxes, withholding and all other employment related charges, taxes or fees in accordance with law and IRS regulations.

9. Personal Services, No Subcontracting. This Agreement has been entered into in consideration of the Firm's particular skills, qualifications, experience, and ability to meet the Standards incorporated in this Agreement. This Agreement shall not be subcontracted without the express written consent of the City and refusal to subcontract may be withheld at the City's sole discretion. Any assignment of this Agreement by the Firm without the express written consent of the City shall be void.

10. Modification. No waiver, alteration or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by the duly authorized representatives of the City and the Firm.

11. Entire Agreement. This Agreement contains the entire agreement between the City and the Firm. The provisions of this Agreement shall supersede all prior verbal statements of any officer or other representative of the City, and such statement(s) shall not be effective or construed as entering into or forming a part of, or altering in any manner whatsoever, this Agreement.

12. Written Notice. All communications regarding this Agreement shall be sent to the parties at the addresses listed below, unless notified to the contrary. Any written notice hereunder shall become effective as of the date of mailing by registered or certified mail, and

shall be deemed sufficiently given if sent to the addressee at the address stated in the Agreement or such other address as may be hereinafter specified in writing:

TO CITY:

City of Stanwood
Attn.: City Administrator
10200 270th St. NW
Stanwood, WA 982927

TO THE FIRM:

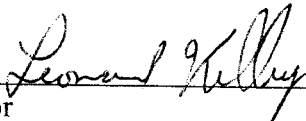
Bill Jaquette
Snohomish County Public Defender Association.
2722 Colby Ave., Ste. 200
Everett, WA 98201

13. Nonwaiver of Breach. The failure of the City to insist upon strict performance of any of the covenants and agreements contained herein, or to exercise any option herein conferred in one or more instances shall not be construed to be a waiver or relinquishment of such covenants, agreements, or options, and the same shall be and remain in full force and effect.

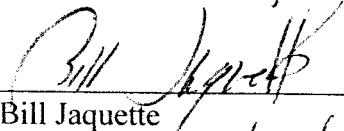
14. Resolutions of Disputes, Governing Law. Should any dispute, misunderstanding or conflict arise as to the terms or conditions contained in this Agreement, the matter shall be referred to the Chief Administrative Officer, whose decision shall be final, provided, however, that any complaint regarding any violation of the City Standards or which relate to any manner whatsoever to trial strategy or an ongoing case, or any dispute concerning the City's determination on Attorney's request for higher compensation for a particular case, shall be referred to the Judge of the Court. Nothing herein shall be construed to obligate, require or permit the City, its officers, agents, or employees to inquire into any privileged communication between an attorney and any indigent defendant. In the event of any litigation arising out of this Agreement, the prevailing party shall be reimbursed for reasonable attorneys' fees from the other party. This Agreement shall be governed by and construed in accordance with the laws of the State of Washington and the rules of the Washington Supreme Court as applicable. Venue for an action arising out of this Agreement shall be in Stanwood County Superior Court.

CITY OF STANWOOD

SNOHOMISH COUNTY PUBLIC
DEFENDER ASSOCIATION



Mayor



Bill Jaquette

Date signed: 3/23/2015

Date signed: 3/30/2015

ATTEST:

City Clerk

shall be deemed sufficiently given if sent to the addressee at the address stated in the Agreement or such other address as may be hereinafter specified in writing:

TO CITY:

City of Stanwood
Attn.: City Administrator
10200 270th St. NW
Stanwood, WA 982927

TO THE FIRM:

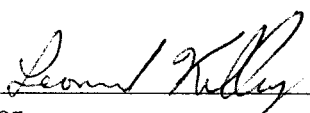
Bill Jaquette
Snohomish County Public Defender Association.
2722 Colby Ave., Ste. 200
Everett, WA 98201

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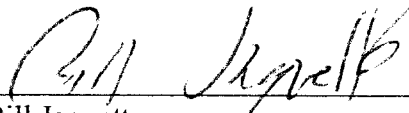
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CITY OF STANWOOD

SNOHOMISH COUNTY PUBLIC
DEFENDER ASSOCIATION



Mayor



Bill Jaquette

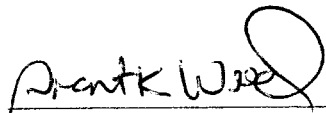
Date signed: 3/23/2015

Date signed: 3/30/2015

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney

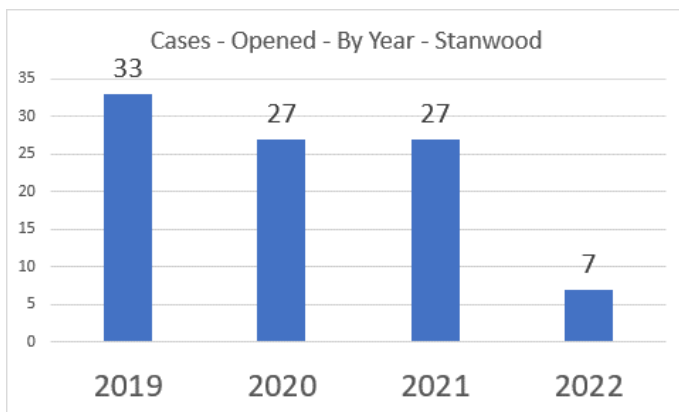


2023 & 2024 Contract Update

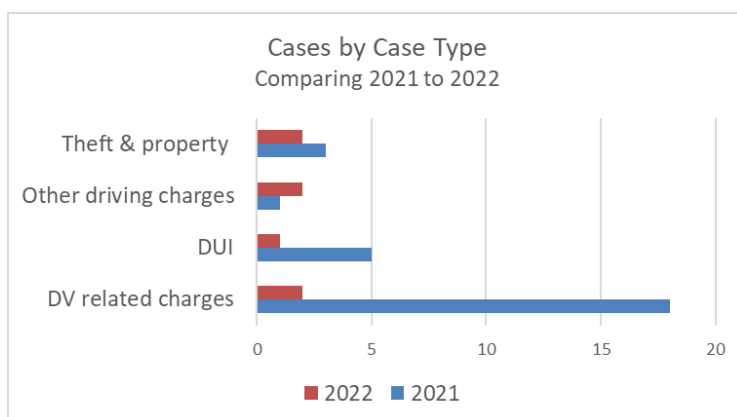
The Snohomish County Public Defender Association (SCPDA) has been providing public defender services to the City of Stanwood since 2015. The current contract provides for up to 40 new case assignments per year.

Referrals to SCPDA reduced during the pandemic. See Chart *Cases Opened By Year*. It is anticipated that this trend will correct in the future. Factors for the reduced referrals in 2022 are the reported Covid backlog and changes in staffing at the Snohomish County Prosecuting Attorney's Office. The labor market shortages have impacted all work sectors.

Cases Opened By Year



Cases by Case Type



Workloads in 2023 and 2024 will involve cases from prior years. Cases requiring investigation take time to resolve. If a case results in a conviction, probationary terms are typically 5 years for DUI and DV convictions and 2 years for other types of convictions. Attorneys continue to represent these clients until the end of the probation term. See Chart of *Cases By Case Type* comparing 2021 to 2022.

For 2023, SCPDA is agreeing to a rate pass. For 2024, the proposed contract renewal provides flexibility if the referrals remain reduced. The rate is lower for a reduced workload.

MEET OUR STANWOOD ATTORNEYS & INVESTIGATOR



Catherine Bentley

Attorney



Blake Wessinger

Attorney



Alex Helsel

Investigator

CATHERINE BENTLEY

Catherine joined SCPDA in 2021. Catherine is a graduate of Seattle University School of Law where she was a Calhoun Family Fellow, a member of the Korematsu Center for Law and Equity Clinic, and a Rule 9 Licensed Intern at the Public Defender Association in King County. Prior to starting at SCPDA, Catherine worked as an attorney for the Public Defender Association's L.E.A.D. Legal Team and Racial Disparity Project.

BLAKE WESSINGER

Blake joined SCPDA in 2021. Blake is a graduate of Georgetown University Law Center. Prior to working at SCPDA, Blake worked in the Criminal Defense and Prisoner Advocacy Clinic at Georgetown University and interned at the Loudoun County Public Defender's Office in Virginia.

ALEX HELSEL

Alex joined SCPDA in 2017. Alex has an advanced paralegal degree from Edmonds College and a BA in Political Science from Washington State University.

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**CITY OF STANWOOD
CITY COUNCIL
AGENDA STAFF REPORT**

ITEM NUMBER: 11c
DATE: December 8, 2022
SUBJECT: Mayors and Business Leaders for Public Safety
CONTACT PERSON: Shawn Smith, City Administrator
ATTACHMENTS: A – Mayors and Business Leaders for Public Safety Invoice

Link to Organization website: <https://www.keepourcitiessafe.com/>

ISSUE

The issue for the City Council is to consider supporting the Cities of Snohomish Public Safety Coalition to support public safety policy initiatives and legislative efforts including a one-time payment of \$3,750.

BACKGROUND

In September, mayors from 15 Snohomish County cities launched a new coalition to develop and implement policies that address ongoing community concerns about public safety in the county.

The Cities of Snohomish Public Safety Coalition was created in response to increased incidents of property and violent crime across Snohomish County, and to address mental health and homelessness challenges that are primary drivers of the increase. The coalition will also address legislative actions that have contributed to the problem and constrained local efforts to stem criminal activity.

In the coming legislative session, the coalition will pursue a coordinated agenda that includes:

- Legislation addressing the Blake decision, which decriminalized nearly all drug possession in Washington state.
- Criminal justice policies that will allow officers to use their training, experience and judgment more effectively in the field.
- Increased funding for both law enforcement and social services.

FISCAL IMPACT

Based on population, the recommended participation level for Stanwood is \$3,750. This would be a general fund expense. Although it is not currently included in the budget it will not require a budget amendment.

COMMITTEE REVIEW AND RECOMMENDATION

Participation in the new coalition has not been reviewed by any committee.

CITY COUNCIL OPTIONS

1. Authorize support for the new coalition with a payment in year one of \$3,750.
2. Do not authorize support for the new coalition and direct staff to areas of concern. This option implies Council has questions or concerns regarding support for the coalition.

RECOMMENDED MOTION:

I MOVE TO AUTHORIZE THE MAYOR TO SUPPORT THE MAYORS AND BUSINESS LEADERS FOR PUBLIC SAFETY COALITION INCLUDING A FIRST YEAR PAYMENT OF \$3,750.

**Mayors and
Business Leaders for
Public Safety**

3128 Colby Ave.
Everett, WA 98201

ATTACHMENT A Invoice

Donor

City of Stanwood
Mayor Sid Roberts
10220 270th St NW
Stanwood, WA 98292

Date	Invoice #
11/29/2022	1012

Description	Amount
City Membership Level	3,750.00
Thank you for your contribution! We are a registered Non Profit Organization with IRS code 88-3794690	Total \$3,750.00

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