

Next Ord: 1780-13
Next Res: 892-13

VISION STATEMENT

SEDRO-WOOLLEY IS A FRIENDLY CITY THAT IS CHARACTERIZED BY CITY GOVERNMENT AND CITIZENS WORKING TOGETHER TO ACHIEVE A PROSPEROUS, VIBRANT AND SAFE COMMUNITY

MISSION STATEMENT

TO PROVIDE SERVICES AND OPPORTUNITIES WHICH CREATE A COMMUNITY WHERE PEOPLE CHOOSE TO LIVE, WORK AND PLAY

CITY COUNCIL AGENDA

November 26, 2013

7:00 PM

Sedro-Woolley Municipal Building

Council Chambers

325 Metcalf Street

- 1. Call to Order
- 2. Pledge of Allegiance
- 3. Consent Calendar1-61

NOTE: Agenda items on the Consent Calendar are considered routine in nature and may be adopted by the council by a single motion, unless any Councilmember wishes an item to be removed. The Council on the regular agenda will consider any item so removed after the Consent Calendar.

- a. Approval of Agenda
- b. Minutes from Previous Meeting
- c. Finance
 - Claim Checks #78056 to #78141 in the amount of \$248,098.45 (Void Check #78102, 78117, 78118)
 - Payroll Checks #56962 to #57065 in the amount of \$190,453.23
- d. HRA VEBA Agreement Update
- e. Amendment 4 to the Interlocal Agreement dated 10/18/2011 with Skagit County Conservation District- Public Education & Involvement Project in support of the NPDES Phase II Stormwater Permit WAR-04-555
- f. Resolution 891-13 - Cues Push Camera Purchase
- g. Award of Bid - Police Vehicle - Blade Chevrolet

- 4. Public Comment.....63

PUBLIC HEARING

- 5. Utility Rate Ordinances (2nd reading).....65-76
- 6. 2014 Budget (2nd reading).....77-91

UNFINISHED BUSINESS

- 7. Property Tax Levy Ordinances (2nd reading).....93-105
- 8. Proposed modification to Municipal Code regarding parking requirements for new businesses in the CBD (2nd reading).....107-115
- 9. Recreational Marijuana Producers and Processors - Modify Moratorium.....117-122

NEW BUSINESS

- 10. Bayview Ridge UGA Resolution.....123-126

COMMITTEE REPORTS AND REPORTS FROM OFFICERS

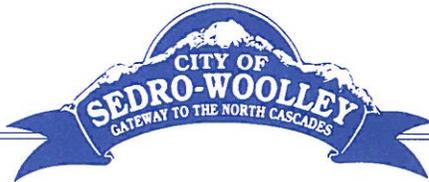
- 11. Minor contracts approved under SWMC 2.104.060 (if any).....127-134

EXECUTIVE SESSION

There may be an Executive Session immediately preceding, during or following the meeting.

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 1-3



DATE: November 26, 2013
TO: Mayor Anderson and City Council
FROM: Patsy Nelson, Finance Director
SUBJECT: 1) CALL TO ORDER; 2) PLEDGE OF ALLEGIANCE; 3) CONSENT
CALENDAR

1. CALL TO ORDER - The Mayor will call the November 26, 2013 Regular Meeting to Order. The Finance Director will note those in attendance and those absent.

___ Ward 1 Councilmember Kevin Loy
___ Ward 2 Councilmember Tony Splane
___ Ward 3 Councilmember Thomas Storrs
___ Ward 4 Councilmember Keith Wagoner
___ Ward 5 Councilmember Hugh Galbraith
___ Ward 6 Councilmember Rick Lemley
___ At-Large Councilmember Brett Sandström

2. PLEDGE OF ALLEGIANCE - The Mayor will lead the City Council and citizens in the Pledge of Allegiance to the United States of America.
3. CONSENT CALENDAR - Mayor will ask for Council approval of Consent Calendar items.

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 36

CITY OF SEDRO-WOOLLEY

Regular Meeting of the City Council
November 13, 2013 – 7:00 P.M. – Council Chambers

ROLL CALL: Present: Mayor Mike Anderson, Councilmembers: Kevin Loy, Tony Splane, Tom Storrs, Hugh Galbraith, Rick Lemley and Brett Sandström. Staff: Recorder Brue, Finance Director Nelson, City Supervisor/Attorney Berg (Late), Planning Director Coleman, Fire Chief Klinger and Police Chief Wood (Late).

The Meeting was called to order at 7:00 P.M. by Mayor Anderson.

Pledge of Allegiance

Consent Calendar

- Approval of Agenda
- Minutes from Previous Meeting
- Finance
 - Claim Checks #77944 to #78055 in the amount of \$1,476,421.67
 - Payroll Checks #56855 to #56961 in the amount of \$256,569.72
- Interlocal Agreement for Functioning of a Skagit County Multiple Agency Response Team (SMART)
- Riverfront Park Caretaker Agreement
- Setting Public Hearing – 2014 Budget Ordinance

Councilmember Storrs moved to approve the consent calendar Items A through F. Seconded by Councilmember Splane. Councilmember Lemley abstained from Check # 77988 payable to JJ's Cruisers due to his involvement with the organization. Motion carried (6-0).

SCOG Presentation – Kevin Murphy, Executive Director

Kevin Murphy, Executive Director of Skagit Council of Governments (SCOG) presented an overview of SCOG. He noted their main focus is on transportation and forecasting for growth management. Murphy highlighted membership, structure, goals, priorities for 2013-2015, information sharing, staffing, Economic Development strategies and the revolving loan fund. He also addressed selection of projects, marketing of the revolving loan fund, funding sources and the benefits of membership.

Murphy then entertained questions from Councilmembers which included transparency and accountability to the public.

City Supervisor/Attorney Berg arrived at 7:25 P.M.

Public Comment

Mayor Anderson read a statement outlining procedures for the public comment period.

No comment received.

PUBLIC HEARING

Possible Resolution – Citizens United v. the Federal Elections Commission

City Supervisor/Attorney Berg reintroduced the draft resolution that models the resolution passed by the City of Anacortes. Berg noted the topic has been published for public hearing.

Police Chief Wood joined the meeting at 7:29 P.M.

Mayor Anderson stated he has received a petition requesting postponement of the vote. He noted since it has been advertised as a public hearing it will continue to go forward. Mayor Anderson read a statement outlining the procedures for the public hearing and testimony.

The public hearing was opened at 7:32 P.M.

Councilmember Loy addressed the Council to present information of an opposing view to the Citizen's United stance presented at the last Council meeting.

Public testimony was presented by the following people:

Cookson Beecher – 9641 Simpson Rd., Sedro-Woolley (In Favor)
Gail Nichols – 7802 West Shore Drive, Anacortes (In Favor)
Glen Bordner – Mount Vernon (In Favor)
Stan Mason – No address given (In Favor)
Kathy Reim – 23262 Meadow View Ln., Sedro-Woolley (In Favor)
Bill Schwinden – 17208 Chinook Ct., Mount Vernon (In Favor)
Noel Bourasaw – 810 Central St., Sedro-Woolley (In Favor)
Ken Winkes – Conway (In Favor)
Ann Winkes – 18562 Main St., Conway (In Favor)
Troy Erwin – 124 N. Reed St., Sedro-Woolley (Opposed)
Dennis O'Neil – 109 Talcott St., Sedro-Woolley (In Favor)
Don Smith – 310 Sapp Rd., Sedro-Woolley (In Favor)
Ginny Wolf – 8639 Ershig Rd., Bow (In Favor)
Nick Petrich – 18333 Eagle Pt. Ln., Mt. Vernon (In Favor)

The Public Hearing closed at 8:26 P.M.

Councilmember Loy moved to deny the Citizen's United resolution. Seconded by Councilmember Splane. The vote ended with a 3-3 tie (Councilmembers Galbraith, Lemley and Sandström opposed). Mayor Anderson cast the tie breaking vote. Motion carried (4-3).

Property Tax Levy Ordinances

Finance Director Nelson reviewed the first reading of the Property Tax Levy for 2014. She reviewed the allocation of the 2013 property tax and noted that Skagit County property owners pay a higher tax than those within the City. Nelson also reviewed voter approved bond tax revenues and General property tax revenues. Three sample property tax ordinances were presented and reviewed. Nelson noted November 30th is the deadline for ordinance submission to the county. She then entertained questions from the Council.

Discussion ensued regarding banked capacity and funding for police officers.

The Public Hearing opened at 8:37 P.M.

Mayor Anderson read a statement outlining the process for the public hearing.

George Walner – no address given, inquired as to how many police officers are on staff and questioned the need for additional officers.

Police Chief Wood stated there are 14 full time officers. Since the downturn in the economy the department has lost 1 full time officer, a full time code enforcement officer and a full time transcriptionist. He also noted that the call per officer is the highest in county and addressed the level of crime and their focus.

Elizabeth Fernando – 508 Creek Lane, addressed the Council stating their must be an increase in taxes in order to fund additional officers.

Troy Erwin – 124 N. Reed, addressed the need for additional revenue for an officer. He encouraged the Council to raise taxes. He also questioned the percentage of the police budget.

Phil Murray – 223 State St. questioned the property valuation in connection to the property taxation and questioned the recent vehicle purchase for the Police Department.

George Walner, again to the podium stated he supports having another police officer but believes the catch and release of criminals to be the biggest problem.

The public hearing closed at 8:52 P.M.

UNFINISHED BUSINESS

Recreational Marijuana Producers and Processors – Planning Commission Direction

Planning Director Coleman noted the Council passed a moratorium at the last meeting in order to have time to address the location of recreation marijuana processors and producers. The Planning Commission will be holding their public hearing next Tuesday and Coleman requested Council weigh in on locations.

Council discussion was held to restrict the production and processing to the industrial areas. Discussion also included the ability to restrict production and processing from the city limits and placing scrubbers to contain odors. The Council consensus was to limit locations to the industrial area with odor protections.

NEW BUSINESS

Proposed Modification to Municipal Code Regarding Parking Requirements for New Businesses in the CBD

Planner Coleman reviewed proposed modifications to parking requirements for new businesses and new buildings in the CBD. He noted this came to the forefront as a result of inquiries for a new market. He noted the businesses downtown depend on the city owned parking lots. Coleman also addressed new buildings in the downtown area in regards to parking. The Planning Commission held an open record hearing on July 16 and is recommending to allow new businesses or new buildings located in the area bounded by north and west by the railroad tracks on the south by the alley in between State and Warner Street and on the east by Puget Avenue/4th Avenue to use city-owned parking lots to accommodate the parking requirements in Chapters 17.36 and 17.24 SWMC.

Council discussion took place regarding parking, distinction of office versus retail parking, parking for residential/apartments above businesses, three hour parking limitation, competing parking, vacant lots in the downtown and existing buildings versus new buildings.

Utility Rate Ordinances

City Supervisor/Attorney Berg reviewed proposed utility rate ordinances to reflect an increase of 1.4%. He noted the proposed balanced budget includes the proposed increase. Berg also noted an increase in the haul fee on roll off containers to reflect market place increases. A public hearing will be held at the next meeting.

Clarification of the stormwater fees on ten thousand square foot ERU baseline was presented.

2014 Budget

Finance Director Nelson reviewed the 2014 budget ordinance. She noted the budget is available for citizen review with copies available in the Finance office as well as online. Nelson also noted the budget was presented in great detail at the last worksession. A public hearing will be held at the next meeting.

City Supervisor/Attorney Berg noted a change within the union Cemetery for repair of the driving lanes.

COMMITTEE REPORTS AND REPORTS FROM OFFICERS

Minor Contracts Approved Under SWMC 2.104.060

Planning Director Coleman – reported that A-1 Storage has come into full compliance with their storage units.

City Supervisor/Attorney Berg – reported on the Sergeant Assessment held in Lynnwood and the glowing comments given on the Sedro Woolley candidates.

Finance Director Nelson – reminded Councilmembers that the next meeting will be on Tuesday due to the Thanksgiving holiday.

Councilmember Loy – commented on the State Patrol also giving glowing comments about the Sedro-Woolley officers.

Councilmember Lemley – reported on the need for turn arrows in the right hand lane in front of the Iron Skillet.

Councilmember Sandström – stated he was involved in a group conversation regarding the disaffected youth which Lt. Tucker was also a part of and he appreciated Tucker's comments.

EXECUTIVE SESSION

The meeting adjourned to Executive Session at 9:38 P.M. under RCW 42.30.140 (4) and 42.30.110 (1) (g) for collective bargaining and the performance of a public employee for approximately 15 minutes with no decision anticipated.

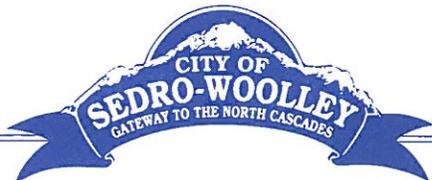
The meeting reconvened at 9:59 P.M.

Mayor Anderson entertained a motion to adjourn. Seconded by all. Motion carried (6-0).

The meeting adjourned at 9:59 P.M.

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 36



DATE: November 26, 2013
TO: Mayor Anderson and City Council
FROM: Patsy Nelson, Finance Director
SUBJECT: FINANCE - CLAIMS

Attached you will find the Claim Checks register proposed for payment for the period ending November 26, 2013.

Motion to approve Claim Checks #78056 to #78141 in the amount of \$248,098.45. (Void Check #78102, 78117, 78118)

Motion to approve Payroll Checks #56962 to #57065 in the amount of \$190,453.23.

If you have any comments, questions or concerns, please contact me for information during the working day at 855-1661. This will allow me to look up the invoices that are stored in our office.

CITY OF SEDRO-WOLLEY
 SORTED TRANSACTION WARRANT REGISTER
 11/26/2013 (Printed 11/22/2013 11:30)

PAGE 1

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
78056	SKAGIT COUNTY AUDITOR	MISC-FILING FEES/LIEN EXP	SWR	480.00
		MISC-FILING FEES/LIEN EXP	SAN	480.00
		WARRANT TOTAL		960.00
78057	A WORKSAFE SERVICE, INC.	PROFESSIONAL SERVICES	PD	52.00
		PROFESSIONAL SERVICES	SWR	52.00
		WARRANT TOTAL		104.00
78058	ALLWEST UNDERGROUND INC.	MAINTENANCE OF LINES	SWR	584.82
		MAINTENANCE OF LINES	SWR	110.47
		WARRANT TOTAL		695.29
78059	AMERICAN FLEET MAIN. LLC	REPAIRS/MAINT-EQUIP	FD	1,432.57
		WARRANT TOTAL		1,432.57
78060	ANDGAR CORP	REPAIRS/MAINT-DORM	FD	262.35
		REPAIR/MAINT-CITY HALL	PK	91.82
		WARRANT TOTAL		354.17
78061	APOLLO DECKS, GUTTERS & MORE	REPAIRS/MT-RIVERFRONT	PK	1,246.53
		REPAIR/MT-SENIOR CENTER	PK	344.05
		WARRANT TOTAL		1,590.58
78062	ARAMARK UNIFORM SERVICES	MISC-LAUNDRY	ST	4.60
		MISC-LAUNDRY	ST	4.60
		LAUNDRY	SWR	8.21
		LAUNDRY	SWR	8.21
		WARRANT TOTAL		25.62
78063	ASSOCIATION OF WA CITIES	RETIRED MEDICAL	PD	3,738.53
		WARRANT TOTAL		3,738.53
78064	ASSOC PETROLEUM PRODUCTS	AUTO FUEL	CWP	24.66
		AUTO FUEL	CS	44.52
		OFFICE/OPERATING SUPPLIES	PD	1,594.78
		AUTO FUEL/DIESEL	FD	784.56
		AUTO FUEL/DIESEL	PK	50.01
		AUTO FUEL/DIESEL	PK	227.53
		AUTO FUEL/DIESEL	ST	797.83
		AUTO FUEL/DIESEL	ST	652.79
		AUTO FUEL/DIESEL	SWR	155.47
		AUTO FUEL/DIESEL	SWR	120.16
		AUTO FUEL/DIESEL	SWR	79.68
		AUTO FUEL/DIESEL	SAN	418.39
		AUTO FUEL/DIESEL	SAN	1,905.45
		WARRANT TOTAL		6,855.83
		78065	BAY CITY SUPPLY	OPERATING SUP - CITY HALL
OPERATING SUP - CITY HALL	PK			178.98
WARRANT TOTAL				308.64
78066	BERG VAULT COMPANY	LINERS	CEM	1,705.00

CITY OF SEDRO-WOLLEY
 SORTED TRANSACTION WARRANT REGISTER
 11/26/2013 (Printed 11/22/2013 10:44)

WARRANT	VENDOR NAME	DESCRIPTION	AMOUNT
		WARRANT TOTAL	1,705.00
78067	BIAS SOFTWARE	BILLING SOFTWARE SYSTEM SWR	33,030.66
		BILLING SOFTWARE SYSTEM SAN	10,000.00
		BILLING SOFTWARE SYSTEM STWR	3,000.00
		WARRANT TOTAL	46,030.66
78068	BIOSCIENCE, INC.	MAINTENANCE OF LINES SWR	1,150.00
		WARRANT TOTAL	1,150.00
78069	BOULDER PARK, INC	SOLIDS HANDLING SWR	7,984.36
		WARRANT TOTAL	7,984.36
78070	CDW GOVERNMENT, INC.	REPAIR/MAINT-COMPUTER LIB	725.91
		WARRANT TOTAL	725.91
78071	CASCADE NATURAL GAS CORP.	PUBLIC UTILITIES PD	26.16
		PUBLIC UTILITIES-CITY HALL PK	184.08
		WARRANT TOTAL	210.24
78072	COASTAL WEAR PRODUCTS	OPERATING SUPPLIES ST	1,613.35
		WARRANT TOTAL	1,613.35
78073	CONCRETE NOR'WEST, INC.	CONTRACTED OVERLAY ST	360.29
		MAINTENANCE OF LINES SWR	432.81
		WARRANT TOTAL	793.10
78074	CRYSTAL SPRINGS	OPERATING SUPPLIES SWR	30.90
		WARRANT TOTAL	30.90
78075	DAY WIRELESS SYSTEMS INC	MACHINERY & EQUIPMENT PD	25.45
		WARRANT TOTAL	25.45
78076	E & E LUMBER	REPAIR & MAINT - AUTO PD	18.30
		TRAINING FACILITIES FD	6.50
		TRAINING FACILITIES FD	14.62
		OPERATING SUP - RIVERFRONT PK	75.05
		OPERATING SUP - RIVERFRONT PK	78.52
		OPERATING SUP - RIVERFRONT PK	11.48-
		OPERATING SUP - RIVERFRONT PK	7.42
		OPERATING SUP - RIVERFRONT PK	22.79
		OPERATING SUP - RIVERFRONT PK	18.30
		OPERATING SUP - RIVERFRONT PK	49.34
		OPERATING SUP - RIVERFRONT PK	33.58
		OPERATING SUP - RIVERFRONT PK	13.29
		OPERATING SUP - RIVERFRONT PK	10.85
		OPERATING SUP - RIVERFRONT PK	37.84
		OPERATING SUP - RIVERFRONT PK	12.19
		OPERATING SUP - RIVERFRONT PK	16.19
		OPERATING SUP - RIVERFRONT PK	35.11
		OPERATING SUP - RIVERFRONT PK	7.52-
		OPERATING SUP - CITY HALL PK	6.10

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		OPERATING SUP - CITY HALL	PK	91.56
		REPAIR/MT-LIONS ROADSIDE	PK	28.46
		OPERATING SUPPLIES	ST	16.06
		OPERATING SUPPLIES	ST	13.73
		OPERATING SUPPLIES	ST	16.27
		OPERATING SUPPLIES	ST	18.30
		OPERATING SUPPLIES	SWR	27.48
		WARRANT TOTAL		648.85
78077	EDGE ANALYTICAL, INC.	PROFESSIONAL SERVICES	SWR	474.00
		PROFESSIONAL SERVICES	SWR	35.00
		PROFESSIONAL SERVICES	SWR	129.00
		PROFESSIONAL SERVICES	SWR	35.00
		WARRANT TOTAL		673.00
78078	ENTERPRISE OFFICE SYSTEMS	SUPPLIES	FIN	211.62
		WARRANT TOTAL		211.62
78079	EMERGENCY MEDICAL PRODUCTS INC	MACHINERY & EQUIPMENT	PD	203.50
		WARRANT TOTAL		203.50
78080	FASTENAL COMPANY	OPERATING SUPPLIES	SAN	89.04
		OPERATING SUPPLIES	SAN	94.09
		WARRANT TOTAL		183.13
78081	GLEASON, JOHN M.	PROSECUTING ATTORNEY	LGL	2,500.00
		WARRANT TOTAL		2,500.00
78082	FRONTIER	TELEPHONE	FD	145.35
		UTILITIES-COMMUNITY CTR	PK	89.75
		WARRANT TOTAL		235.10
78083	H.B. JAEGER CO. LLC	MAINTENANCE OF LINES	SWR	629.06
		MAINTENANCE OF LINES	SWR	64.49
		WARRANT TOTAL		693.55
78084	HUMANE SOCIETY OF SKAGIT	VETERINARY SERVICES	PD	66.00
		WARRANT TOTAL		66.00
78085	INGRAM LIBRARY SERVICES	BOOKS & MATERIALS	LIB	6.67
		BOOKS & MATERIALS	LIB	94.21
		BOOKS & MATERIALS	LIB	16.36
		WARRANT TOTAL		117.24
78086	JOB SHOP INC. (THE)	CONTAINERS	SAN	132.27
		WARRANT TOTAL		132.27
78087	C. JOHNSON CONSTRUCTION INC.	OTHER IMPROVEMENTS	SWR	19,215.85
		WARRANT TOTAL		19,215.85
78088	KROESEN'S INC.	UNIFORMS	FD	345.48
		UNIFORMS	FD	462.11

CITY OF SEDRO-WOLLEY
 SORTED TRANSACTION WARRANT REGISTER
 11/26/2013 (Printed 11/22/2013 10:44)

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WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		WARRANT TOTAL		807.59
78089	LOGGERS AND CONTRACTORS	MAINTENANCE OF VEHICLES	SWR	36.84
		WARRANT TOTAL		36.84
78090	MCCANN, WILLIAM R.	INDIGENT DEFENDER	LGL	3,000.00
		WARRANT TOTAL		3,000.00
78091	MOORE, JACK R.	PROFESSIONAL SERVICES	INSP	677.47
		WARRANT TOTAL		677.47
78092	MOUNT VERNON, CITY OF	PROFESSIONAL SERVICES	LIB	6.50
		WARRANT TOTAL		6.50
78093	NEOFUNDS BY NEWPOST	POSTAGE	JUD	246.57
		POSTAGE	FIN	445.62
		POSTAGE	LGL	1.65
		POSTAGE	PLN	46.14
		POSTAGE	ENG	46.90
		POSTAGE	PD	161.31
		POSTAGE	FD	21.69
		POSTAGE	FD	14.82
		POSTAGE	INSP	47.04
		POSTAGE	CEM	39.52
		POSTAGE	SWR	83.68
		POSTAGE	SAN	38.62
		OPERATING SUPPLIES	SWTR	6.44
		WARRANT TOTAL		1,200.00
78094	OASYS	REPAIR/MAINTENANCE-EQUIP	LIB	102.88
		WARRANT TOTAL		102.88
78095	OFFICE DEPOT	SUPPLIES/BOOKS	PLN	27.45
		SUPPLIES/BOOKS	PLN	3.28
		SUPPLIES	ENG	36.54
		SUPPLIES	ENG	3.28
		OFF/OPER SUPPS & BOOKS	INSP	12.21
		OFF/OPER SUPPS & BOOKS	INSP	3.28
		WARRANT TOTAL		86.04
78096	OLIVER-HAMMER CLOTHES	OPERATING SUPPLIES	SWR	108.26
		WARRANT TOTAL		108.26
78097	P & P EXCAVATING LLC	MAINTENANCE OF LINES	SWR	2,501.17
		WARRANT TOTAL		2,501.17
78098	PACIFIC POWER BATTERIES	OPERATING SUPPLIES	SWR	92.32
		WARRANT TOTAL		92.32
78099	PAT RIMMER TIRE CTR, INC	REPAIR & MAINT - AUTO	PD	594.95
		REPAIRS/MAINT-EQUIP	SAN	1,966.25
		REPAIR/MAINTENANCE	SAN	41.78

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		WARRANT TOTAL		2,602.98
78100	PUBLIC UTILITY DIS. NO.1	PUBLIC UTILITIES	FD	188.34
		WARRANT TOTAL		188.34
78101	PUBLIC SAFETY TESTING	PROFESSIONAL SERVICES	CIV	200.00
		WARRANT TOTAL		200.00
78103	PUGET SOUND ENERGY	CONTRACTED OVERLAY	ST	350.00
		WARRANT TOTAL		350.00
78104	ROHLINGER ENTERPRISES, INC.	MAINTENANCE CONTRACTS	SWR	21.31
		WARRANT TOTAL		21.31
78105	SANDERSON SAFETY SUPPLY	PORTABLE EQUIPMENT	SWR	838.33
		WARRANT TOTAL		838.33
78106	SCIENTIFIC SUPPLY	OPERATING SUPPLIES	SWR	351.20
		OPERATING SUPPLIES	SWR	208.55
		OPERATING SUPPLIES	SWR	107.10
		OPERATING SUPPLIES	SWR	127.93
		WARRANT TOTAL		794.78
78107	SEDRO-WOLLEY AUTO PARTS	REPAIR & MAINT - AUTO	PD	17.52
		OPERATING SUP - RV PARK	PK	21.80
		REPAIR/MAINTENANCE-LAND	CEM	29.90
		REPAIR/MAINTENANCE-EQUIP	ST	125.64
		WARRANT TOTAL		194.86
78108	SEDRO-WOLLEY CHAMBER OF	CHAMBER OF COMMERCE	HOT	1,925.95
		CHAMBER OF COMMERCE	HOT	387.92
		CHAMBER OF COMMERCE	HOT	374.25
		WARRANT TOTAL		2,688.12
78109	SEDRO-WOLLEY SCHOOL DIST	SCHOOL GMA IMPACT FEES		13,245.00
		WARRANT TOTAL		13,245.00
78110	SEVEN SISTERS, INC.	CONTRACTED OVERLAY	ST	5,545.53
		CONTRACTED OVERLAY	ST	1,129.50
		WARRANT TOTAL		6,675.03
78111	SJOSTROM LAW OFFICE	PROFESSIONAL SERVICES	LGL	240.00
		MISC-FILING FEES/LIEN EXP	SWR	4,316.79
		MISC-FILING FEES/LIEN EXP	SAN	2,058.78
		OPERATING SUPPLIES	SWTR	265.65
		WARRANT TOTAL		6,881.22
78112	SKAGIT CO. PUBLIC WORKS	SOLID WASTE DISPOSAL	SAN	46,031.04
		WARRANT TOTAL		46,031.04
78113	SKAGIT CO. PUBLIC WORKS	PROFESSIONAL SERVICES	SWR	500.00
		WARRANT TOTAL		500.00

CITY OF SEDRO-WOLLEY
 SORTED TRANSACTION WARRANT REGISTER
 11/26/2013 (Printed 11/22/2013 10:44)

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WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
78114	SKAGIT COUNTY SHERIFF	PRISONERS	PD	8,832.32
		WARRANT TOTAL		8,832.32
78115	SKAGIT FARMERS SUPPLY	AUTO FUEL/DIESEL	SAN	245.02
		WARRANT TOTAL		245.02
78116	SKAGIT PUBLISHING	LEGAL PUBLICATIONS	LGS	70.00
		LEGAL PUBLICATIONS	LGS	80.00
		LEGAL PUBLICATIONS	LGS	90.00
		LEGAL PUBLICATIONS	LGS	50.00
		WARRANT TOTAL		290.00
78119	STAPLES BUSINESS ADVANTAGE	SUPPLIES	FIN	87.57
		OFFICE/OPERATING SUPPLIES	PD	66.26
		OFFICE/OPERATING SUPPLIES	PD	205.74
		OFFICE/OPERATING SUPPLIES	PD	86.52
		REPAIR/MAINTENANCE EQUIP	PK	25.37
		WARRANT TOTAL		298.42
78120	STATE AUDITOR'S OFFICE	STATE AUDITING	FIN	1,833.56
		WARRANT TOTAL		1,833.56
78121	STILES & STILES	MUNICIPAL COURT JUDGE	JUD	2,728.00
		WARRANT TOTAL		2,728.00
78122	SWISSPHONE LLC	REPAIRS/MAINT-EQUIP	FD	61.34
		WARRANT TOTAL		61.34
78123	TARGHEE FIRE SVC. LLC	SMALL TOOLS & MINOR EQUIP	FD	2,037.94
		WARRANT TOTAL		2,037.94
78124	TRUE VALUE	OFFICE/OPERATING SUPPLIES	CWP	4.19
		OFFICE/OPERATING SUPPLIES	CWP	34.40
		OFFICE/OPERATING SUPPLIES	PD	4.86
		OPERATING SUPPLIES	FD	15.15
		OPERATING SUP - RIVERFRONT	PK	17.62
		OPERATING SUP - RIVERFRONT	PK	68.22
		OPERATING SUP - RV PARK	PK	5.62
		OPERATING SUP - CITY HALL	PK	10.38
		OPERATING SUPPLIES	SWR	8.21
		OPERATING SUPPLIES	SWR	60.56
		WARRANT TOTAL		229.21
78125	US BANK -- PURCHASE CARDS	SUPPLIES	LGS	19.49
		INTERNET SERVICES	IT	81.38
		NETWORK HARDWARE	IT	55.45
		NETWORK HARDWARE	IT	364.45
		TRAVEL	ENG	13.35
		DUES/MEMBERSHIPS	ENG	260.00
		DUES/MEMBERSHIPS	ENG	260.00
		OFFICE/OPERATING SUPPLIES	PD	85.52
		OFFICE/OPERATING SUPPLIES	PD	13.62

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		OFFICE/OPERATING SUPPLIES	PD	22.14
		TRAVEL	PD	30.61
		TRAVEL	PD	35.37
		TRAVEL	PD	323.58
		MACHINERY & EQUIPMENT	PD	5,978.69
		PROFESSIONAL SERVICES	FD	50.00
		SUPPLIES	LIB	135.69
		EARLY LITERACY PROGRAM	LIB	24.85
		EARLY LITERACY PROGRAM	LIB	40.00
		COMMUNITY GRANT PROGRAM	LIB	560.41
		COMMUNITY GRANT PROGRAM	LIB	463.99
		POSTAGE	LIB	119.60
		TUITION/REGISTRATION	LIB	26.87
		BOOKS & MATERIALS	LIB	53.67
		BOOKS & MATERIALS	LIB	296.34
		UNAPPLIED CASH - SUSPENSE		110.30
		WARRANT TOTAL		9,425.37
78126	UNITED LABORATORIES	OPERATING SUPPLIES	SWR	319.79
		WARRANT TOTAL		319.79
78127	UPS	POSTAGE	FD	9.26
		POSTAGE	FD	11.87
		MAINTENANCE CONTRACTS	SWR	8.57
		WARRANT TOTAL		29.70
78128	UTIL UNDERGROUND LOC CTR	OPERATING SUPPLIES	SWR	55.44
		WARRANT TOTAL		55.44
78129	VALLEY FREIGHTLINER INC	REPAIRS/MAINT-EQUIP	SAN	3,631.47
		WARRANT TOTAL		3,631.47
78130	VANDERLINDEN, ROBERT	PROFESSIONAL SERVICES	INSP	200.00
		WARRANT TOTAL		200.00
78131	WA STATE DEPT OF ECOLOGY	MISC-DUES/SUBSCRIPTIONS	SWR	30.00
		WARRANT TOTAL		30.00
78132	WA ST DEPT OF PROF LICEN	INTERGOV SVC-GUN PERMITS	PD	186.00
		WARRANT TOTAL		186.00
78133	WA STATE DEPT OF REVENUE	REPAIR & MAINTENANCE SUP	IT	1.74
		PRINTING/PUBLICATIONS	PD	8.12
		OFF/OPER SUPPS & BOOKS	INSP	2.16
		MISC-DUES	INSP	8.20
		TAXES AND ASSESSMENTS	PK	58.65
		TAXES AND ASSESSMENTS	CEM	297.83
		OPERATING SUPPLIES	ST	2.16
		OPERATING SUPPLIES	ST	79.63
		EQUIPMENT	ST	.06
		TAXES & ASSESSMENTS	LIB	9.92
		BOOKS & MATERIALS	LIB	14.88

WARRANT	VENDOR NAME	DESCRIPTION		AMOUNT
		EQUIPMENT	SI	91.22
		MAINT OF GENERAL EQUIP	SWR	430.92
		TAXES & ASSESSMENTS	SWR	5,229.45
		OPERATING SUPPLIES	SAN	2.15
		TAXES & ASSESSMENTS	SAN	5,594.68
		WARRANT TOTAL		11,831.77
78134	WA STATE DEPT OF REVENUE	LICENSING FEES	FIN	100.84
		WARRANT TOTAL		100.84
78135	WA ST DEPT OF TRANSPORT	CONST-SR20/COOK REALIGN	ART	2,244.97
		CONST SR9 LUCAS/PK COTTAGE	AST	188.92
		CONST-SR9 MCGARG/SUMR MEAD	AST	188.91
		WARRANT TOTAL		2,622.80
78136	WA STATE PATROL	INTERGCV SVC-GUN PERMITS	PD	132.00
		MISC-TUITION/REGISTRATION	PK	30.00
		PROFESSIONAL SERVICES	SWR	10.00
		WARRANT TOTAL		172.00
78137	WASTE MANAGEMENT OF SKGT	SOLID WASTE DISPOSAL	SAN	11,493.56
		WARRANT TOTAL		11,493.56
78138	WEST PAYMENT CTR	WESTLAW SERVICES	LGL	241.88
		WARRANT TOTAL		241.88
78139	WOOD'S LOGGING SUPPLY INC	REPAIR/MAINTENANCE EQUIP	PK	14.09
		REPAIR/MAINTENANCE EQUIP	PK	73.54
		WARRANT TOTAL		87.63
78140	RICHARD LEE BRYAN	GENERAL BUSINESS LICENSES		35.00
		WARRANT TOTAL		35.00
78141	PIONEER CABLE CONTRACTORS	GENERAL BUSINESS LICENSES		35.00
		WARRANT TOTAL		35.00
		RUN TOTAL		248,098.45

FUND	TITLE	AMOUNT
001	CURRENT EXPENSE FUND	42,675.65
101	PARK FUND	3,385.29
102	CEMETERY FUND	2,072.25
103	STREET FUND	10,730.34
104	ARTERIAL STREET FUND	2,622.80
105	LIBRARY FUND	2,698.75
108	STADIUM FUND	2,688.12
109	SPECIAL INVESTIGATION FUND	91.22
401	SEWER FUND	80,284.05
412	SOLID WASTE FUND	84,222.59
425	STORMWATER	3,272.09
621	SUSPENSE FUND	13,355.30
TOTAL		248,098.45

CITY OF SEDRO-WOLLEY
SORTED TRANSACTION WARRANT REGISTER
11/26/2013 (Printed 11/22/2013 10:44)

DEPARTMENT	AMOUNT
001 000 000	70.00
001 000 011	309.49
001 000 012	2,974.57
001 000 014	2,679.21
001 000 015	6,046.78
001 000 016	200.00
001 000 017	503.02
001 000 018	44.52
001 000 019	76.87
001 000 020	620.07
001 000 021	22,336.81
001 000 022	5,863.95
001 000 024	950.36
FUND CURRENT EXPENSE FUND	42,675.65
101 000 076	3,385.29
FUND PARK FUND	3,385.29
102 000 036	2,072.25
FUND CEMETERY FUND	2,072.25
103 000 042	10,730.34
FUND STREET FUND	10,730.34
104 000 042	2,622.80
FUND ARTERIAL STREET FUND	2,622.80
105 000 072	2,698.75
FUND LIBRARY FUND	2,698.75
108 000 019	2,688.12
FUND STADIUM FUND	2,688.12
109 000 021	91.22
FUND SPECIAL INVESTIGATION FUND	91.22
401 000 035	80,284.05
FUND SEWER FUND	80,284.05
412 000 037	84,222.59
FUND SOLID WASTE FUND	84,222.59
425 000 031	3,272.09
FUND STORMWATER	3,272.09
621 000 000	13,355.30
FUND SUSPENSE FUND	13,355.30
TOTAL	248,098.45

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 30

Memorandum

To: City Council & Mayor Anderson
From: Patsy Nelson *Patsy*
Date: 11/13/2013
Re: HRA VEBA Agreement Update

Background

The City of Sedro-Woolley HRA VEBA Medical Reimbursement Plan has been in existence since 1/1/09. This plan covers sick leave cash-out upon retirement, dual insurance incentives as well as monthly employee contributions for employees according to collective bargaining agreements or City policies.

Plan changes are required as a result of the Affordable Health Care Act and IRS guidance contained in Notice 2013-54. Rather than submitting an amendment, VEBA is requiring a complete new adoption agreement.

Post-separation HRA Plans in addition to Standard HRA Plans are now required of all employers. The City does not anticipate having any employees which would fall under the post-separation guidelines; however is still required to establish such a plan. There is no extra fee for establishment or maintenance of the second plan.

Recommendation

Move to authorize Mayor Anderson to sign the attached employer adoption documents with VEBA Service Group as an update of the existing agreement.



Employer Adoption Documents

*A fully completed and signed Employer Adoption Agreement must be received and accepted by HRA VEBA Trust prior to establishing Participant Accounts. **Please submit two original, signed copies of your Employer Adoption Agreement as per the Instructions.** One countersigned copy will be returned to you upon acceptance by HRA VEBA Trust.*

Contents:

- Instructions
- Employer Adoption Agreement
 - Employer Data Page
 - Provisions
 - Schedule A: Formal Action and Plan Design Documentation
 - Schedule B: Summary of Compliance Requirements Applicable to HRAs
 - Exhibit A: Form of Annual Certification Regarding Integration

Plan Consultant:

VEBA Service Group, a Division of Gallagher Benefit Services, Inc.

Home Office

906 West 2nd Avenue, Suite 400 | Spokane, WA 99201
Phone: 1-800-888-VEBA (8322) | Fax: (509) 838-5613

HRA VEBA Employer Adoption Agreement

Instructions

Two fully completed and signed original copies of your Employer Adoption Agreement must be received and accepted by HRA VEBA Trust prior to establishing participant accounts and providing benefits on behalf of your eligible employees. The Employer Adoption Agreement consists of five parts:

- Employer Data Page (page 5)
- Provisions (pages 6 - 10)
- Schedule A: Formal Action and Plan Design Documentation (pages 11 - 14)
- Schedule B: Summary of Compliance Requirements Applicable to HRAs (pages 15 - 16)
- Exhibit A: Form of Annual Certification Regarding Integration (page 17)

Following these steps will be helpful when completing your Employer Adoption Agreement.

1. **Call your client consultant**

VEBA Service Group, a Division of Gallagher Benefit Services, Inc. (VSG), has been engaged by the HRA VEBA Trust as the Plan Consultant. VSG is available to help you avoid common mistakes and answer your questions. **Prior to completing and submitting your Employer Adoption Agreement**, all language and documentation related to your HRA VEBA plans that contains employee group-specific details, such as funding methods, contribution calculations, and eligibility requirements, should be reviewed by your VSG client consultant (e.g. collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc.). This advance review will help avoid unexpected delays in getting your Employer Adoption Agreement accepted by HRA VEBA Trust.

2. **Complete all sections of the Employer Data Page (page 5)**

Employer contact information will be kept on file by VSG and the third-party administrator (Third-party Administrator or TPA) for the Plan. This will help these primary service providers communicate with the appropriate individual(s) when questions or issues arise. Please immediately notify your VSG client consultant if your primary contact information changes.

3. **Complete the Participation section (page 6)**

In this section, please indicate whether you are a New Employer or a Renewing Employer.

Instructions—continued

4. Complete the Employer Plan Design Selections (pages 7-9)

These sections allow you to make plan design selections regarding participant accounts and forfeitures for each Plan.

5. Complete the Employer Account section (page 9)

An Employer Account can be used to hold assets to offset other post-employment benefit (OPEB) liabilities under Governmental Accounting Standards Board Statement No. 45 (GASB 45).

6. Complete and sign the Employer Adoption Agreement (page 10)

Enter the requested information and provide an authorized signature. Please read item 9 below for more details.

7. Complete Schedule A To Employer Adoption Agreement (pages 11-14)

Schedule A requires that you attach copies of the following items:

- a. **NEW EMPLOYERS**: The **formal Employer action** which was executed to approve and adopt the Plans (e.g. resolution or other similar action; sample language available upon request). **RENEWING EMPLOYERS**: The Trust does not require any formal action; however, please provide copies of any such formal Employer action, if taken in connection with such renewal, in order for the Trust to maintain current records. Please note that formal Employer action is separate and apart from collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc., which contain employee-group specific details such as funding methods and eligibility requirements.
- b. **ALL applicable excerpts** of collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc. which define the agreed upon funding methods and corresponding eligibility requirements.
- c. **ALL documentation language or provisions** that describe the contribution formulas and eligibility definitions for the HRA VEBA contributions. For example, if an Employee group's sick leave or vacation cash out amounts are being redirected to HRA VEBA in lieu of taxable income, **ALL** language which describes and defines the Employer's cash out program must be attached.

Additionally, if you are a renewing Employer and will be making future contributions to the Post-separation HRA Plan on behalf of employees who were already enrolled in the Standard HRA Plan as of July 1, 2013, please attach a list of such participants to Schedule

Instructions—continued

A prior to making your initial contribution to the Post-separation HRA Plan. This is in lieu of you having to collect and submit new Enrollment Forms for such participants (see page 14 for more information).

8. Complete and sign Exhibit A (page 17)

Enter the requested information and provide an authorized signature to certify the provisions of Exhibit A on behalf of the employer.

9. Return two original, signed paper copies

Please mail two original copies of your completed and signed documents and any attachments to VSG's home office in Spokane:

**VEBA Service Group, a Division of Gallagher Benefit Services, Inc.
906 West 2nd Avenue, Suite 400
Spokane, WA 99201**

VSG will review the submitted documents and, if properly completed and submitted, will accept and countersign the documents on behalf of HRA VEBA Trust. Upon acceptance, one countersigned, original copy will be returned to you for your files. VSG will keep the second countersigned, original copy on file for the benefit of HRA VEBA Trust and forward a copy to the TPA.

10. After this initial Plan adoption, provide future changes/renewals in advance

Submit a fully-completed and signed **Plan Design Change Form** to VSG prior to adopting and implementing future changes that may occur after your initial plan adoption, including any changes relating to participant eligibility or contribution methods or policies. Also, when groups renew participation without making any changes, please provide copies of applicable collective bargaining language or other documents to VSG. The Plan Design Change Form is available online at www.hraveba.org or by request from VSG.

If you have any questions or need assistance when completing your Employer Adoption Agreement, please contact your VSG client consultant.

Spokane
1-800-888-8322

Sumner
1-800-422-4023

Vancouver
1-877-695-3945

Richland
1-855-565-2555

HRA VEBA Employer Adoption Agreement

Employer Data Page

Employer contact information will be kept on file by VSG and the Plan TPA. This will help these primary service providers communicate with the appropriate individual(s) when questions or issues arise. **Please immediately notify your VSG client consultant if your primary contact information changes.**

SECTION 1: EMPLOYER INFORMATION			
Employer Name: <u>City of Sedro-Woolley</u>			
Employer Address: <u>325 Metcalf Street</u>	<u>Sedro-Woolley</u>	<u>WA</u>	<u>98284</u>
<small>Street Address</small>	<small>City</small>	<small>State</small>	<small>Zip</small>
Employer Phone: <u>(360) 855-1661</u>		Employer Fax: <u>(360) 855-0707</u>	
Estimated number of newly-enrolling employees within the next 12 months: <u>3</u>			
Plan Effective Date: <u>1/1/2009</u>			
Employer Tax Identification Number: <u>91-6001276</u>		Total Number of FTEs: <u>53</u>	

SECTION 2: CONTACT INFORMATION	
a) Contact for General Plan Communications: Please identify the primary business or administrative contact who should receive official Plan communications (such as amendments) and other time sensitive administrative and operational communications and information. This person will receive your counter-signed Adoption Agreement and Employer Welcome kit.	
Contact Name: <u>Eron Berg</u>	Contact Title: <u>City Supervisor</u>
Mailing Address (if different than above): _____	
Telephone: <u>(360) 855-1661 or (360) 855-9921</u>	E-mail: <u>eberg@ci.sedro-woolley.wa.us</u>
b) Contact for Enrollment/Payroll Contribution Matters: Please identify the person who is generally responsible for facilitating participant enrollment and Employer contribution remittance.	
Contact Name: <u>Teresa Nesheim</u>	Contact Title: <u>Accounting clerk/payroll</u>
Mailing Address (if different than above): _____	
Telephone: <u>(360) 855-1661</u>	E-mail: <u>tnesheim@ci.sedro-woolley.wa.us</u>

SECTION 3: FOR INTERNAL USE ONLY – To be completed by VSG	
VSG Client Consultant: _____	Phone: _____
E-mail: _____	

**HRA VEBA
EMPLOYER ADOPTION AGREEMENT**

VEBA TRUST FOR PUBLIC EMPLOYEES IN THE NORTHWEST

Provisions:

1. Participation. [check one only]

(a) [] New Employer. Employer is a newly-adopting Employer, with a plan effective date of _____ [enter intended plan effective date]. This Employer Adoption Agreement may be amended only in writing as executed by authorized officers of all parties hereto.

or

(b) [x] Renewing Employer. Employer is a currently-participating Employer and wants to renew and ratify or amend its participation in the Plans and the Trust (as defined below). This Employer Adoption Agreement supersedes all prior Employer Adoption Agreements, if any, and may be amended only in writing as executed by authorized officers of all parties hereto.

2. Formal Authorization of Employer. The Employer, by formal action of its governing body or other authorized action, has formally established an employee benefit plan or arrangement pursuant to which it desires to make one or more contributions to the following health reimbursement arrangement (“HRA”) plans (as each may be amended, restated, or offered under one or more alternative plan document versions from time to time and referred to herein as a “Plan” or an “HRA VEBA Plan”) offered by the Voluntary Employees’ Beneficiary Association Trust for Public Employees in the Northwest (as the same may be amended or restated from time to time, the “Trust”):

(a) VOLUNTARY EMPLOYEES’ BENEFICIARY ASSOCIATION STANDARD HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST (also referred to as the “HRA VEBA Standard HRA Plan”), which is designed to be exempt from the annual limits restrictions under the Public Health and Safety Act (“PHSA 2711”), as amended by the Patient Protection, Affordability, and Care Act of 2012 (“PPACA”), based upon integration with another group health plan in accordance with PHSA 2711 and applicable PPACA regulatory guidance. The HRA VEBA Standard HRA Plan may accept only contributions (i) made on behalf of participants who are enrolled in the Employer’s group health plan or another group health plan that provides minimum value, as defined by applicable PPACA regulatory guidance (a “Qualified Group Health Plan”)¹ or (ii) made after December 31, 2012 but before January 1, 2014 that are approved by the Trust as permitted or “grandfathered” contributions under PPACA and applicable PPACA regulations and regulatory guidance.

¹ For a description of the types of plans that can be considered to be Qualified Group Health Plans, refer to “What is a Qualified Group Health Plan?” enclosed or available online at www.hraveba.org.

Employer Adoption Agreement—continued

- (b) VOLUNTARY EMPLOYEES' BENEFICIARY ASSOCIATION POST-SEPARATION HEALTH CARE REIMBURSEMENT PLAN FOR PUBLIC EMPLOYEES IN THE NORTHWEST (also referred to as the "HRA VEBA Post-separation HRA Plan"), for which payment or reimbursement of benefits are available only after an eligible participant has retired from employment or otherwise separated from service with his or her Employer. The HRA VEBA Post-separation HRA Plan may accept contributions on behalf of all participants, including participants who are not enrolled in a Qualified Group Health Plan, as directed by the Employer pursuant to (i) this Employer Adoption Agreement, (ii) a Plan Design Change Form, (iii) contribution reports for the Post-separation HRA Plan submitted with participant contributions, or (iv) other written instructions from the Employer. **Contributions on behalf of participants who are not enrolled in a Qualified Group Health Plan must be submitted by the Employer into the Post-separation HRA Plan and included only in the Employer's contribution report for the Post-separation HRA plan.**

Through this Employer Adoption Agreement the Employer applies for participation in each Plan and the Trust, to be effective with respect to any Plan only when both of the following have occurred with respect to such Plan: (i) the Trust has accepted this Employer Adoption Agreement and (ii) the Employer has made a contribution or transfer into such Plan on behalf of one or more participants. With respect to each Plan, the Employer shall be considered to be a sponsor of such Plan with respect to its employees and shall have adopted and become subject to the provisions of such Plan and the Trust only upon acceptance by the Trust and the funding by the Employer of any contributions or transfer of assets into such Plan. The Employer acknowledges that it understands and agrees that: (a) neither the Plans, the Trust, nor the Plans/Trust's auditor performs audit work or otherwise examines to assure that any contribution from the Employer to the Trust is in accordance with the Employer's plan or arrangement and that this determination is the sole responsibility of the Employer; and (b) in the event the Employer's plan or arrangement for contributions is determined by the IRS to permit individual employee elections and thereby results in taxable income to affected employees, the Employer shall hold harmless and indemnify each Plan, Trust, and their agents for liability which may result therefrom.

3. **HRA VEBA Standard HRA Plan - Plan Design Selections.** Pursuant to collective bargaining agreements, other written agreements, or Employer benefits policies, whichever is applicable, the Employer hereby elects the following options under the Plan:

- (a) **Participant Accounts.** [check one only, unless Employer is establishing more than one type of Participant Account;⁽¹⁾ **if no option is selected, the default election will be 3(a)(i) – In-service and post-separation coverage; 100% vested**]

⁽¹⁾ In almost all cases Employer will select only one Participant Account option. However, more than one option may be selected if an Employer wants to (1) establish more than one type of Participant Account per Employee or (2) establish different types of Participant Accounts across multiple Employee groups. **Example 1**—Employer wants to establish two types of Participant Accounts per employee within the Standard HRA plan: one that permits in-service and post-separation benefits and is 100% vested, and one that permits post-separation benefits only subject to vesting. **Example 2**—Employer wants to establish different types of Participant Accounts for certain Employee groups. For Employee group A, Employer wants to establish Participant Accounts that are subject to vesting. For Employee group B, Employer wants to establish Participant Accounts that are 100% vested.

If Employer selects more than one Participant Account option, language must be attached that clearly describes, by Employee group, which type(s) of Participant Account(s) are to be established for each eligible Participant.

Employer Adoption Agreement—continued

Commencement of Benefits shall be as directed below by Employer or, for Employees whose assets have been transferred by Employer from a prior plan, Employer may additionally direct in writing that the commencement of Benefits shall coincide with the Employee's benefits eligibility date under the prior plan, provided the Employee becomes a Participant as defined by the Plan.

- (i) In-service and post-separation coverage; 100% vested. Participants shall immediately be eligible to file claims for qualified expenses and premiums incurred any time after a Participant Account is established with respect to such Employee.

or

- (ii) Post-separation coverage only; 100% vested. Participants shall be eligible to file claims for qualified expenses and premiums incurred after separation from service. Employer must notify the Third-party Administrator of such Employees' separation dates by submitting a completed Participant Status Change Form.

or

- (iii) In-service and post-separation coverage; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred while in-service and post-separation after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' claims eligibility dates, separation dates, and/or vested account percentages by submitting a completed Participant Status Change Form.

or

- (iv) Post-separation coverage only; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred post-separation and after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' separation dates and vested account percentages by submitting a completed Participant Status Change Form.

4. **HRA VEBA Post-separation HRA Plan – Plan Design Selections.** Pursuant to collective bargaining agreements, other written agreements, or Employer benefits policies, whichever is applicable, the Employer hereby elects the following options under the Plan:

- (a) Participant Accounts. [check one only, unless Employer is establishing more than one type of Participant Account;⁽¹⁾ **if no option is selected, the default election will be 4(a)(i) – Post-separation coverage; 100% vested**]

Commencement of Benefits shall be as directed below by Employer or, for Employees whose assets have been transferred by Employer from a prior plan, Employer may additionally direct in writing that the commencement of Benefits shall coincide with the Employee's benefits eligibility date under the prior plan, provided the Employee becomes a Participant as defined by the Plan.

Employer Adoption Agreement—continued

- (i) Post-separation coverage; 100% vested. Participants shall be eligible to file claims for qualified expenses and premiums incurred after separation from service. Employer must notify the Third-party Administrator of such Employees' separation dates by submitting a completed Participant Status Change Form.

or

- (ii) Post-separation coverage; subject to vesting. Participants shall be eligible to file claims for qualified expenses and premiums incurred post-separation and after having met any vesting requirements. Employer must notify the Third-party Administrator of such Employees' separation dates and vested account percentages by submitting a completed Participant Status Change Form.

5. **Forfeitures.** In the event any funds within a Participant Account are forfeited in accordance with the terms of the Plan documents, such forfeited funds will be transferred to a general forfeiture account held within the Trust on behalf of the deceased or forfeiting Participant's Employer to be re-contributed as future contributions or otherwise applied for the benefit of all Participants of the Employer within the Trust, as directed by the Employer, but in all cases subject to applicable law, the terms of the Plan document, and the rules, policies and procedures established by the Administrator:

6. **Employer Account.** [check one only]

An Employer Account can be used to hold assets to offset other post-employment benefits, such as OPEB liabilities as defined by Governmental Accounting Standards Board Statement No. 45 (GASB 45) accounting rules. An Employer Account can also be established for the purpose of accepting Participant Account forfeitures due to a Participant's death or failure to meet vesting requirements, if any. An Employer Account is not required in order to receive forfeitures as described in paragraph 5. All forfeitures will be deposited into a general forfeiture account but may be subsequently transferred from the general forfeiture account into an Employer Account at the direction of the Employer.

- (a) Employer is not establishing any Employer Account.

or

- (b) Employer is establishing one or more Employer Accounts.

7. **Annual Compliance Certification.** The Employer acknowledges that the qualification of the HRA VEBA Standard HRA Plan as an integrated HRA Plan depends in part upon the Employer's compliance with the contribution restrictions under the Standard HRA Plan and described in paragraph 2(a) above. The Employer hereby agrees to execute and deliver herewith, and agrees to execute and deliver to the Trust annually, a certificate substantially in the form of Exhibit A hereto, as the same may be revised from time to time as required by law in order to maintain the qualification of the HRA VEBA Standard Plan as an integrated HRA Plan.

Employer Adoption Agreement—*continued*

IN WITNESS WHEREOF, the Employer has approved this Employer Adoption Agreement, as evidenced by the signature below of its authorized officer, to be effective when accepted by signature below on behalf of HRA VEBA Trust.

Employer

Name: City of Sedro-Woolley

By: _____ Mike Anderson
Authorized signature Printed name
Mayor _____
Title Date

Accepted by HRA VEBA Trust:

VEBA Service Group, a Division of Gallagher Benefit Services, Inc. on behalf of the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest.

By: Mark Wilkerson, Area President

Authorized signature Date

SCHEDULE A:
FORMAL ACTION AND PLAN DESIGN DOCUMENTATION

Most items contained in this Schedule A require Employer to submit supporting documentation. The most common and preferred method of providing the required information is to simply attach ALL applicable excerpts from collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc. that relate to the HRA VEBA Plans.

NOTE: After Employer completes and submits its Employer Adoption Agreement, Employer must complete and submit a **Plan Design Change Form** prior to the adoption and implementation of future changes. Future changes include adding new participating employee groups; adding new funding methods; changing existing funding methods; adding an Employer Account, etc. The required form is available online at www.hraveba.org, or it can be requested from your VSG client consultant when needed.

Also, when groups renew or ratify participation without making any changes, **please send copies of such collective bargaining language or other documents to VSG.** This will help keep current information on file for you.

PLAN ADOPTION

1. Formal Employer Action.

Attached to this Schedule A is a copy of the formal action taken by Employer to adopt the HRA VEBA Plans⁽¹⁾.

DESCRIPTION OF ELIGIBILITY PROVISIONS AND FUNDING METHODS

2. Participating Employee Groups. [check one only]

(a) Attached to this Schedule A (preferred method); or

(b) Set forth below

is information which lists the name(s) of all Employee group(s) currently eligible or becoming eligible to participate in the Plans pursuant to collective bargaining agreements, Employer policy, etc., whichever is applicable.

⁽¹⁾ Formal Employer action is commonly a **resolution or similar action** (sample language available upon request), which is separate and apart from collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc., that contain employee group-specific details such as funding methods and corresponding eligibility requirements. For renewing Employers, the Trust does not require any formal action; however, please provide copies of any such formal Employer action, if taken in connection with such renewal, in order for the Trust to maintain current records.

Schedule A—continued

3. Employer Contribution Methods and Eligibility Requirements. [check one only⁽²⁾]

(a) Attached to this Schedule A (preferred method); or

(b) Set forth below

is information which:

(i) describes, by Employee group, the Employer contribution method(s) applicable to each; and

(ii) defines the corresponding eligibility requirements.

⁽²⁾ In most cases, Employers **select option 3(a)** and supply the required information by attaching the cover page and ALL applicable excerpts from collective bargaining agreements, memorandums of understanding, other written agreements, Employer policies, etc., which relate to the HRA VEBA Plans, and that contain clear descriptions of Employer contribution methods and corresponding definitions of eligibility.

If such documents do not exist, **select option 3(b)** and complete the table on the next page by entering the name, size, contribution method(s), and eligibility requirements for each participating employee group.

EXAMPLE:

Employee Group Name	Group Size (# of members)	Contribution Method(s)	Eligibility Requirement(s)
Bargaining Unit A	15	\$100/month mandatory employee contribution	All active employee group members
Bargaining Unit B	27	Sick leave & vacation leave cash out	All active employee group members who separate from service

Regardless of which option is selected, **option 3(a) or 3(b)**, Employer must attach copies of ALL language and documentation that describes the contribution formulas and eligibility definitions that provide the basis for its HRA VEBA contributions. For example, if an employee group's sick leave or vacation cash out amounts are being redirected to HRA VEBA in lieu of taxable income, ALL language and documentation which describes and defines the Employer's cash out program must be attached.

Schedule A—continued

Complete the following table if option 3(b) is selected. When entering the required information, follow the example contained in footnote 2 on page 12.

Employee Group Name	Group Size (# of members)	Contribution Method(s)	Eligibility Requirement(s)

4. Vesting Requirements. [check one only]

- (a) All Employer contributions are 100% vested at all times (most common); or
- (b) Attached to this Schedule A; or
- (c) Set forth below

is information which includes a description, by Employee group, of any vesting requirements applicable to Participant Accounts which must be satisfied before a Participant becomes eligible to file claims for qualified expenses incurred on or after the date upon which the Participant becomes vested.

If vesting applies, Employer is responsible for tracking when an Employee becomes eligible to file claims after having met the Employer’s vesting requirements and providing such notification to the Third-party Administrator. Notification shall include what percentage of the Participant’s account balance is vested (e.g. 100% vested; 50% vested, 0% vested, etc.). A Participant Status Change Form for this purpose is required and is available online or can be requested from the Third-party Administrator.

Schedule A—continued

5. Automatic Enrollment for Certain Previously Enrolled Participants of Renewing Employers
[Applicable only for Renewing Employers who (a) previously adopted the HRA VEBA Plan prior to July 1, 2013 and (b) are adopting the Post-separation HRA Plan for the first time with this Adoption Agreement].

Attached to this Schedule A is a list of participants (“Initial Post-separation Participants”) who were enrolled in the HRA VEBA Plan prior to July 1, 2013, and for which the Employer wishes to establish a Post-separation HRA participant account upon initial adoption of the Post-separation HRA Plan. Upon receipt of this Adoption Agreement, the Trust will establish a participant account within the Post-separation HRA Plan for all Initial Post-separation Participants, and such participants will be automatically enrolled in the Post-separation HRA Plan. Thereafter, a Participant Enrollment Form will be required for any other participant who is added to the Employer’s contribution report for the Post-separation HRA Plan (whether or not such participant was enrolled prior to July 1, 2013).

[The remainder of this page is intentionally left blank.]

Revision Date: January 9, 2013
Issued By: Eron Berg, City Supervisor
Approved By: City Council
Effective: February 1, 2013

Policy ____ HRA VEBA FOR NON-REPRESENTED EMPLOYEES

A. GENERAL

The City of Sedro-Woolley ("Employer") has adopted the HRA VEBA Medical Reimbursement Plan for Public Employees in the Northwest ("Plan"). Employer shall contribute to the Plan on behalf of all non-represented employees ("Group") defined as eligible to participate in the Plan. Each eligible employee must submit a completed and signed Membership Enrollment Form to become a Plan participant and be eligible for benefits under the Plan.

This policy is effective for regular full-time employees of the City who are not represented by or part of any bargaining unit and are not eligible for Tricare.

Contributions on behalf of each eligible employee shall be based on the following selected funding sources/formulas:

1. **Sick leave cash-out upon retirement.** Eligibility is limited to employees who retire with sick leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of all unused sick leave accrued and available for cash-out upon retirement per Employer policy.
2. **Mandatory employee contributions** (no individual elections permitted). Eligible employees shall receive additional benefits in the form of VEBA Plan contributions equal to twenty five Dollars (\$25.00) per pay period and the employee's salary shall be reduced in an equal amount. Such contributions shall be made on behalf of all Group employees defined as eligible and shall be considered and referred to as Employer contributions.
3. **Dual Insurance Incentives.** Eligible employees who participate in the Dual Insurance Incentive program shall have 100% of their incentive money paid into their HRA-VEBA accounts.

Policy ____ HRA VEBA FOR NON-REPRESENTED EMPLOYEES

A. GENERAL

The City of Sedro-Woolley ("Employer") has adopted the HRA VEBA Medical Reimbursement Plan for Public Employees in the Northwest ("Plan"). Employer shall contribute to the Plan on behalf of all non-represented employees ("Group") defined as eligible to participate in the Plan. Each eligible employee must submit a completed and signed Membership Enrollment Form to become a Plan participant and be eligible for benefits under the Plan.

This policy is effective for regular full-time employees of the City who are not represented by or part of any bargaining unit.

Contributions on behalf of each eligible employee shall be based on the following selected funding sources/formulas:

1. **Sick leave cash-out upon retirement.** Eligibility is limited to employees who retire with sick leave cash-out rights during the term hereof. Employer contributions shall include the entire cash-out value of all unused sick leave accrued and available for cash-out upon retirement per Employer policy.
2. **Mandatory employee contributions** (no individual elections permitted). Eligible employees shall receive additional benefits in the form of VEBA Plan contributions equal to twelve Dollars and fifty Cents (\$12.50) per pay period and the employee's salary shall be reduced in an equal amount. Such contributions shall be made on behalf of all Group employees defined as eligible and shall be considered and referred to as Employer contributions.

B. TERM

The term of this Employer Policy shall be from January 1, 2009 until amended, revoked or superseded by the Employer.

This policy is adopted under the authority granted in Resolution 782-08.

7.1.4 The City of Sedro-Woolley (“Employer”) has adopted the HRA VEBA Medical Reimbursement Plan for Public Employees in the Northwest (“Plan”). Employer agrees to contribute to the Plan on behalf of all employees in the collective bargaining group (“Group”) defined as eligible to participate in the Plan. Each eligible employee must submit a completed and signed Membership Enrollment Form to become a Plan participant and be eligible for benefits under the Plan.

Contributions on behalf of each eligible employee shall be based on the following selected funding sources/formulas:

Upon the retirement of an employee, said employee shall receive twenty-five percent (25%) of the then accrued and unused sick leave as a contribution to the employee’s HRA VEBA Plan account.

7.1.5 Upon the death of an employee, said employee shall receive twenty-five percent (25%) of the then accrued and unused sick leave in cash in addition to the last regular paycheck due.

Issue Date: November 22, 2011
 Issued By: Eron Berg, City Supervisor
 Approved By: City Council
 Effective: December 1, 2011

Policy ___ Dual Insurance Coverage

A. Establishment of Policy

- Voluntary program for employees and/or dependents who are eligible for medical benefits from the City of Sedro-Woolley.
- Employees must certify eligibility annually during open enrollment.
- Dual insurance benefit is limited to medical coverage only. Dental and vision insurance will remain in effect for all eligible employees and dependents per AWC requirements for participation.
- Prior to removing medical insurance for an eligible employee and/or dependents, employees are required to sign a waiver certifying that they and/or their dependents have other medical insurance. This waiver includes acknowledgement that proof of continuous, comprehensive medical coverage is required to re-enroll the employee and/or eligible dependents in a City of Sedro-Woolley plan. *Note: If a court has established that you are financially responsible for a dependent child you are advised to speak with an attorney prior to enrolling in this program.*
- Employees and/or eligible dependents are only eligible to rejoin the City's medical insurance program during open enrollment. Open enrollment is from November 15 to December 15 of each year (for coverage beginning January 1 of the following year). The only exception would be if an employee and/or eligible dependent loses their (non-City) medical coverage during the middle of the year. In this situation the employee and/or dependent is eligible to rejoin the City's program on the 1st day of the month following loss of insurance.
- Employees are required to notify the Payroll Department of the City of Sedro-Woolley immediately if any dependent who has been removed from the City's medical insurance no longer qualifies as an eligible dependent for medical benefits through the City. The incentive payment will be adjusted to reflect the dependent's loss of eligibility. Failure to do so will cause repayment of the ineligible costs and payments.
- Incentives shall be paid as follows: For an eligible employee, \$200.00 per month; for an eligible spouse, \$200.00 per month; for an eligible child, \$100.00 per month (maximum of two children as no additional cost savings are achieved by the city for additional children). Incentives shall be paid into the employee's HRA-VEBA account.
- This program will remain in effect until employee informs the City of Sedro-Woolley of a change or the dependent is no longer eligible for medical insurance, or the City modifies or cancels the program.
- Employees may be denied participation based upon minimum enrollment requirements from AWC.

B. Scope & Applicability

- Applies to employees who were eligible for medical benefits from the City of Sedro-Woolley prior to December 1, 2011.
- Limited to non-union employees and/or dependents who are eligible for insurance benefits through the City of Sedro-Woolley and who have other coverage. Employees, spouses and dependents are eligible to be removed from the insurance program.
- May be extended to represented employees as bargained in the future. The City Supervisor is authorized to enter into MOU's extending this policy to bargaining unit employees.
- **The City of Sedro-Woolley retains the right to revoke, modify, or cancel the policy at any time and as it sees appropriate.**

Policy extended to include AFSCME members per MOU dated November 23, 2011

SCHEDULE A
FORMAL ACTION AND PLAN DESIGN DOCUMENTATION

INITIAL POST-SEPARATION PARTICIPANTS

NONE

SCHEDULE B:
SUMMARY OF COMPLIANCE
REQUIREMENTS APPLICABLE TO HRAs

1. HSA Participation

- (a) Employees/participants can have both a health savings account (HSA) and a health reimbursement arrangement (HRA), such as HRA VEBA. But, for a participant or his or her spouse to become eligible to make or receive contributions to an HSA, the participant will need to elect limited purpose coverage.
- (b) If you currently make HSA contributions on behalf of eligible employees, you may want to consider offering HRA VEBA contributions in lieu of HSA contributions for employees who are ineligible for HSA contributions, such as those covered under their spouse's medical plan, health flexible spending account (FSA), etc.
- (c) Your VSG client consultant is available to help you determine what employee/participant educational communication may be warranted regarding HSA participation and coordination of benefits.

2. No Individual Choice

- (a) Applicable law governing the tax-exemption of the HRA VEBA Plans does not permit individual choice with regards to participation (eligibility) or contribution amounts. All employee group members defined as eligible (in Schedule A of this Employer Adoption Agreement) must participate. If an eligible employee refuses or fails to complete the required Enrollment Form, the employee may receive no other remuneration in lieu of the HRA contribution.
- (b) Indirect cafeteria plan funding is not permitted. This means an employee's salary reduction election cannot affect (increase) their HRA contribution. (IRS Notice 2002-45)

3. Form W-2 Reporting Requirements

- (a) Form W-2 reporting is not required for HRAs. This is not expected to change unless the IRS publishes further guidance. (IRS Notice 2012-9)

4. Summary of Benefits and Coverage Requirements

- (a) Newly-enrolling participants may access a Summary of Benefits and Coverage document on the HRA VEBA website (hraveba.org). The HRA VEBA Participant Enrollment Kit directs enrolling participants to the website, or they can contact the TPA and request a free, paper copy.

5. Medical opt-outs

- (a) Employers may not provide employees with HRA contributions to purchase individual medical plans in lieu of offering their employees an employer-sponsored group health plan. (HIPAA rules)
- (b) Employers may provide medical opt-out HRA contributions (*i.e.* contributions made for any employee who has elected to not participate in the employer's group health plan) only if (i) the employee is enrolled in another Qualified Group Health Plan (other than

Schedule B—continued

Medicare; see (d) below) or (ii) such contributions are directed only to the Post-separation HRA Plan. (HIPAA and PPACA rules)

- (c) The only medical opt-out HRA contributions that may be made to the Standard HRA Plan are those on behalf of employees who are covered under another Qualified Group Health Plan, not an individual policy.
- (d) Employers may not offer medical opt-out HRA contributions to employees age 65 or older, unless such employee has primary coverage other than Medicare. Medicare Secondary Payer (MSP) rules prohibit Employers from providing incentives to employees to drop employer-sponsored coverage, which would otherwise be primary to Medicare. (MSP rules)

6. PCORI Fee

- (a) Federal health care reform imposes the new Patient-Centered Outcomes Research Institute (PCORI) fee on all group health plans, including the HRA VEBA Plans, to fund clinical effectiveness research.
- (b) For the 2012-13 Plan year, the PCORI fee was \$1.00 per participant. The fee increased to \$2.00 per participant for the 2013-14 Plan year and may go up each year thereafter through the 2019-20 Plan year based on increases in the projected per capita amount of national health expenditures.

7. Annual Limit Restrictions under PHSA 2711 (and related PPACA guidance)

- (a) The HRA VEBA Standard HRA Plan has been re-designed to be exempt from the annual limits restrictions under PHSA 2711, as an HRA plan that is integrated with another group health plan. To qualify as an integrated HRA plan, the HRA VEBA Standard HRA Plan may accept only contributions (i) made on behalf of employees who are enrolled in a Qualified Group Health Plan or (ii) that are approved by the Trust as “grandfathered” contributions under PPACA and applicable PPACA regulations and regulatory guidance. Contributions that do not qualify for the Standard HRA Plan will be accepted into the Post-separation HRA Plan.
- (b) The HRA VEBA Post-separation HRA Plan is designed to be exempt from the annual limits restrictions under PHSA 2711, as an HRA plan that provides benefits to former employees only after retirement or other separation from service from the Employer. The HRA VEBA Post-separation HRA Plan may accept contributions for any participant, including participants who are not enrolled in a Qualified Group Health Plan.

EXHIBIT A
**ANNUAL EMPLOYER CERTIFICATION REGARDING
HRA INTEGRATION WITH A QUALIFIED GROUP PLAN**

The undersigned, a duly authorized officer of the Employer named below, hereby certifies the following on behalf of such Employer:

- (a) The Employer has previously adopted and made contributions into the Voluntary Employees' Beneficiary Association Standard Health Care Reimbursement Plan For Public Employees in the Northwest (also referred to as the "HRA VEBA Standard HRA Plan") offered by the Voluntary Employees' Beneficiary Association Trust for Public Employees in the Northwest (as the same may be amended or restated from time to time, the "Trust")
- (b) The Employer will make contributions into the HRA VEBA Standard HRA Plan only (i) on behalf of participants who are enrolled in the Employer's group health plan or another Qualified Group Health Plan that provides Minimum Value (as described in "What is a Qualified Group Health Plan?" attached hereto) or (ii) during the period after December 31, 2012 but before January 1, 2014 if such contributions are approved by the Trust (or its designee) as permitted or "grandfathered" contributions under PPACA and applicable PPACA regulations and regulatory guidance; and
- (c) To the extent Employer makes contributions into the HRA VEBA Standard HRA Plan on behalf of any participants, the Employer will, at least annually, either (i) confirm that such participants are enrolled in the Employer's group health plan or (ii) require such participants to certify to the Employer that they are enrolled in a Qualified Group Health Plan for the applicable HRA Plan year; and
- (d) The Employer will use its best efforts to assist the Trust and the Third-party Administrator to correct or reverse any contributions made into the HRA VEBA Standard HRA Plan that are not permitted under the Standard HRA Plan document.

IN WITNESS WHEREOF, the Employer has caused this Annual Certification to be executed and delivered, as evidenced by the signature below of its authorized officer.

Employer
Name: City of Sedro-Woolley

By: _____
Authorized signature

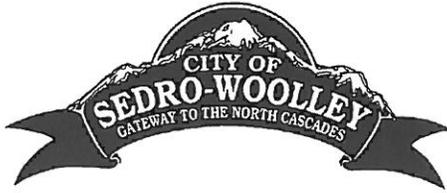
Mike Anderson
Printed name

Mayor
Title

Date

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 3e

CITY OF SEDRO-WOOLLEY

Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9933
Fax (360) 855-0733

Mark A. Freiburger, PE
Director of Public Works

MEMO TO: City Council
FROM: Mark A. Freiburger, PE
RE: **Amendment 4 to the Interlocal Agreement dated 10/18/2011 with Skagit County Conservation District Public Education & Involvement Project in support of the NPDES Phase II Stormwater Permit WAR-04-5555**
DATE: November 20, 2013 (for Council action November 27, 2013)

ISSUE: Should the Council authorize Mayor Anderson to sign the attached Amendment 4 to the Interlocal Agreement with Skagit County Conservation District for activities related to NPDES Permit compliance in the amount of \$10,169, for a new total of \$34,180.00?

BACKGROUND:

The City entered into an Interlocal agreement with Skagit Conservation District on October 18, 2011 to provide public education and outreach efforts in conjunction with the other Skagit County agencies in support of our efforts to fulfill NPDES Stormwater Permit requirements. Utilizing SCD for this purpose fulfills our NPDES Permit obligations for these activities, allowing Staff to concentrate on other permit requirements.

When the SCD Interlocal was negotiated, we anticipated a one year agreement expiring on 12/31/2012, with a one time charge for all tasks, including 1-2 and 2-2. Previous Amendments 2 and 3 have extended the Agreement completion date to 12/30/2013 and increased the total reimbursable to \$24,011, which provided budget for authorized tasks for the second and third year of the Agreement.

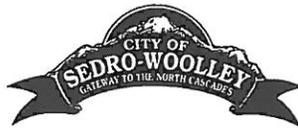
The proposed Amendment 4 will extend the agreement an additional year, through 12/31/2014, and increase the budget by \$10,169.00, for a new total of \$34,180. The estimated amounts per task are the same as allowed in the original agreement.

ANALYSIS:

Amendment 4 adds additional budget for FY2014 totaling \$10,169, for a new agreement total of \$34,180.00. We will utilize a portion of our \$50,000 FY2013/2014 Ecology Capacity Grant for this work.

MOTION:

Move to authorize Mayor Anderson to execute Amendment 4 to the Interlocal Agreement with Skagit County Conservation District for activities related to NPDES Permit compliance in the amount of \$10,169, for a new total of \$34,180.00.



AMENDMENT NO. 4

To the INTERLOCAL COOPERATIVE AGREEMENT
Dated October 18, 2011
Between The City of Sedro-Woolley, Washington
And Skagit Conservation District

This Amendment revises the above contract as follows:

Section 1 – General Purpose is revised added to this agreement as follows:

The City will reimburse the District in an amount not to exceed Thirty-four Thousand One Hundred and Eighty Dollars (\$34,180).

Section 3 – Terms of Agreement is revised added to this agreement as follows:

The term of this agreement shall be effective upon the date of mutual execution through December 31, 2014, unless terminated pursuant to the terms herein.

Section 4 – Manner of Payment is revised added to this agreement as follows:

4.3 The maximum funding to be provided by the City to the District pursuant to this Agreement is limited to a total amount not to exceed Thirty-four Thousand One Hundred and Eighty Dollars (\$34,180).

Exhibit A – Scope of Work and Schedule, Task 1-1 Host Two Private Stormwater Facility Maintenance Workshops is revised as follows:

Total Cost 2011-2014: \$4,500

- Plus 10% Administrative Fee = \$4,950

Exhibit A – Scope of Work and Schedule, Task 1-2 Watershed Masters Volunteer Training Program is revised as follows:

Total Cost 2011-2014: \$6,000

- Plus 10% Administrative Fee = \$6,600

Exhibit A – Scope of Work and Schedule, Task 2-1 Backyard Conservation Stewardship Short Course Program is revised as follows:

Total Cost 2011-2014: \$4,500

- Plus 10% Administrative Fee = \$4,950

Exhibit A – Scope of Work and Schedule, Task 2-2 Resource Materials/Education for Local Schools is revised as follows:

Total Cost 2011-2014: \$4,400

- Plus 10% Administrative Fee = \$4,840

Exhibit A – Scope of Work and Schedule, Task 2-3 Stormwater Poster Contest for Local Youth is revised as follows:

Total Cost 2011-2014: \$5,088
Plus 10% Administrative Fee = \$5,597

Exhibit A – Scope of Work and Schedule, Task 2-4 Stormwater Education Brochures and Fact Sheets is revised as follows:

Total Cost 2011-2014: \$5,880
Plus 10% Administrative Fee = \$6,468

All other terms and conditions remain as per the original agreement.

Exhibit A – TOTAL COSTS 2011-2014 ALL TASKS **\$34,180**

DATED this ___th day of **November, 2013**.

CITY OF SEDRO-WOOLLEY
A Washington municipal corporation

By: _____
Mike Anderson, Mayor

CONTRACTOR:

Skagit Conservation District

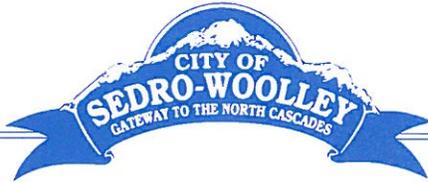
By: _____
Paul Blau, Chair

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 3F

CITY OF SEDRO-WOOLLEY



Wastewater Treatment Plant
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 856-1100
Fax (360) 856-5269

Memorandum

Date: November 21, 2013
To: Mayor Anderson and City Council Members
From: Debbie Allen, Wastewater Treatment Supervisor 
Subject: **Purchase of CUES MP Plus Unit**

Background Information:

The City of Sedro-Woolley Wastewater Department owns a push camera that is used for sewer inspections on four-inch sewer lines. This essential camera is scheduled to be replaced in 2013 due to increasing down time over the past two years.

The attached quote, dated August 15, 2013, is for a replacement camera unit that was to be available in the fall of 2013. I have verified this item is now in production and would like to place an order for the MP Plus Unit.

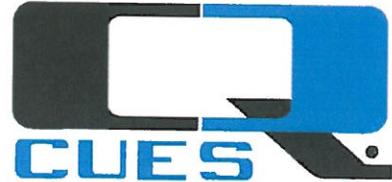
The push camera has wireless integration that must match up to the wireless equipment on our existing CUES CCTV truck which makes this a sole source purchase. Funding for this item will be taken from sewer ER&R line item.

Recommended Action:

Move to approve Resolution No. 891-13 attached hereto waiving competitive bidding requirements for the purchase of the MP Plus Unit manufactured by CUES, for the purpose of replacing the aging Wastewater camera unit and authorizing purchase of the same.

Move to authorize Mark Freiberger, PE to sign the parts quote from CUES dated August 15, 2013 in the amount of \$9,900 plus tax.

"The Standard of the Industry"



August 15, 2013

Debbie Allen
City of Sedro Wooley
720 Murdock Street
Sedro Wooley, WA 98282

Dear Debbie;

Here is the pricing you requested for the new Cues MP Plus unit. It will be available this fall.

In summary, the system will include:

- 200' cable
- Auto up-righting camera with built in 512 HZ sonde
- Wireless to cues truck package
- Built in footage counter
- Built in battery pack
- Built in monitor
- Built in Keyboard
- Built in SD card recorder
- delivery

Price: \$9,900

Delivery: End of OCTOBER

FOB: Destination

Terms: Net 30

Please feel free to give me a call with any questions.

Sincerely,

Gillian Wilson
Cues NW Territory Manager

Resolution No. 891-13

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, WAIVING COMPETITIVE BIDDING REQUIREMENTS FOR THE PURCHASE OF A MP PLUS UNIT MANUFACTURED BY CUES, FOR THE PURPOSE OF REPLACING AGING WASTEWATER CAMERA UNIT AND AUTHORIZING PURCHASE OF THE SAME

WHEREAS, in Smith v. Seattle, 192 Wn.2d 64, 72 P.2d 588 (1937), the Washington Supreme Court held that cities have the right to specify a particular brand of article for purchase by public contract, even where such article is held in a monopoly by a single supplier; and

WHEREAS, the Sedro-Woolley Wastewater Department has requested that the City Council authorize the purchase of a MP Plus Unit manufactured by CUES, to replace aging wastewater camera unit; and

WHEREAS, the Sedro-Woolley Wastewater Department currently operates a camera inspection unit manufactured by CUES which includes a wireless equipment system that matches up to the push camera wireless integration; and

WHEREAS, there is only one source of supply for the matched wireless systems in our vicinity and that is CUES Northwest of Welches, Oregon; and

WHEREAS, RCW 35.23.352(9), as amended by chapter 120, laws of 1987, authorizes the City Council to waive competitive bidding requirements for purchasing when the purchase is clearly and legitimately limited to a single source of supply in the near vicinity

NOW, THEREFORE THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. Based upon the preceding legislative findings, the City Council hereby declares that the purchase of the MP Plus Unit is clearly and legitimately limited to a single source of supply in the near vicinity of Sedro-Woolley and that the sole source of supply is CUES Northwest of Welches, Oregon.

Section 2. Based upon the preceding legislative findings, the competitive bidding requirements for the City of Sedro-Woolley are hereby waived and the Sedro-Woolley Wastewater Department is authorized to purchase the MP Plus Unit as requested to replace aging unit at the Wastewater Department.

Section 3. This resolution shall take effect immediately upon passage.

RESOLVED this 27th day of November, 2013 and signed in authentication of its passage this 27th day of November, 2013.

MAYOR

ATTEST:

FINANCE DIRECTOR

APPROVED AS TO FORM:

CITY ATTORNEY

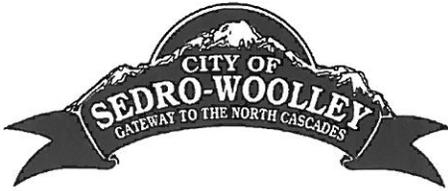
CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 29

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Eron M. Berg
City Supervisor/City Attorney



MEMO TO: City Council
FROM: Eron Berg
RE: Police Vehicle
DATE: November 26, 2013

ISSUE: Should the Council authorize staff to purchase (1) used 2013 Ford Police Interceptor from Blade Chevrolet?

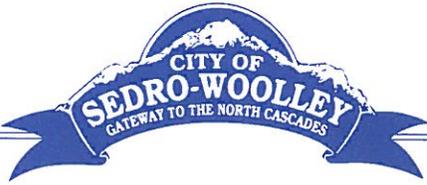
BACKGROUND: Truckvault has a 2013 police interceptor with under 10,000 miles, police package, lights, siren, Truckvault secure storage package and related accessories that was purchased to demo Truckvault's products. This vehicle is nearly identical to the vehicle we have currently on order from Dwayne Lane's North Cascade Ford. The vehicle appears to be in excellent condition. In an effort to keep up with our fleet demands and save a few dollars, we would like to purchase this vehicle. A brand new vehicle, fully outfitted, is budgeted to cost the city just under \$37,000.00. Blade Chevrolet will sell this vehicle to us for \$25,000 + tax.

The draft 2014 budget included dollars to purchase two cars from the ER&R fund. If the council approves this request, a future budget amendment will be brought to the council to reflect this purchase in 2013 and only one purchase in 2014. The source of the ER&R dollars to purchase police vehicles is the 1/10th of 1% sales tax that was approved by the voters in 2012.

RECOMMENDATION: Motion to authorize the purchase of this vehicle for \$25,000.00 plus tax and to issue a manual check in the same amount.

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 4

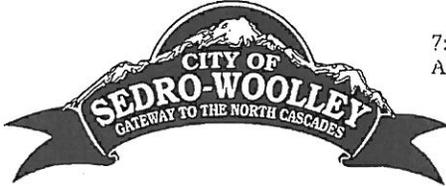


SUBJECT: PUBLIC COMMENT

Name:
Address:
Narrative:

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 13 2013



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 10

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013

Eron M. Berg
City Supervisor/City Attorney

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 5

MEMO TO: City Council
FROM: Eron Berg
RE: Utility Rate Ordinances
DATE: November 13, 2013

2ND READING
OLD BUSINESS

ISSUE: Should the Council adopt the draft ordinances increasing sewer, storm drainage and solid waste utility rates by the amount of the Consumer Price Index?

BACKGROUND: This item was discussed at the City Council's last worksession as part of the 2014 budget. The proposed balanced budget includes revenue assumptions that the utilities' rates be increased by the amount of the Consumer Price Index increase from June 2012 to June 2013 which is 1.4%.

These ordinances are scheduled for public hearing at your November 26, 2013 meeting.

RECOMMENDATION: *First Reading:* Provide direction to staff if any changes are requested to any of these ordinances.

ORDINANCE NO. _____

AN ORDINANCE AMENDING SECTION 8.04.075 OF THE SEDRO-WOOLLEY MUNICIPAL CODE TO INCREASE SOLID WASTE UTILITY RATES AND CHARGES BY THE CONSUMER PRICE INDEX

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Bremerton-Tacoma which increased 1.4% from June of 2012 to June of 2013; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, notice of this pending rate change was published in the City's newspaper of record on November 11, 2013 and November 18, 2013 and a public hearing was held on November 26, 2013; and

WHEREAS, the City Council finds that adoption of the user fees set forth in this ordinance will support the operation of the refuse collection system with the lowest possible rates; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore;

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO HEREBY ORDAIN AS FOLLOWS:

Section 1: SWMC 8.04.075 is amended to read as follows:

8.04.075 Collection charges.

Charges for refuse and garbage collection and disposal shall be compulsory. Charges not paid within twenty-five days of billing date shall be delinquent and the charge may become a lien against the property which is serviced by the garbage collection and disposal system. The city, at its discretion, may also reduce or eliminate service on delinquent accounts.

A. The charges for regular weekly garbage service shall be as follows:

1. Table 1: Residential.

Monthly Charge with One Pickup Per Week

Type of Service	Garbage	Recycling	Total
Residential, 20-gal. can	\$8.56	\$2.56	\$11.12
	\$8.68	\$2.60	\$11.28
Residential, 32-gal. can	16.19	2.56	18.75
	16.42	2.60	19.02
Residential, 68-gal. can	23.48	2.56	26.04
	23.81	2.60	26.41

Residential, 96-gal. can	\$31.36 <u>\$31.80</u>	\$2.56 <u>\$2.60</u>	\$33.92 <u>\$34.40</u>
Residential, low income	80% of applicable residential rate		

2. Residential includes single-family, duplex, triplex and condominium residences. Each living unit of such residences shall be subject to the rates established in this chapter.

3. Table 2: Commercial and Multifamily.

Commercial, 32-gal. can	\$18.32 <u>\$18.58</u>		
Commercial, 68-gal. can	\$29.10 <u>\$29.51</u>		
Commercial, 95-gal. can	\$39.63 <u>\$40.19</u>		
Commercial, 1-yard container	\$80.31 <u>\$81.44</u>	Each extra pickup	\$72.09 <u>\$73.10</u>
Commercial, 2-yard container	\$106.19 <u>\$107.68</u>	Each extra pickup	\$96.94 <u>\$98.30</u>
Commercial, 3-yard container	\$158.15 <u>\$160.37</u>	Each extra pickup	\$145.83 <u>\$147.88</u>
Commercial, 4-yard container	\$208.27 <u>\$211.19</u>	Each extra pickup	\$191.84 <u>\$194.53</u>
Commercial, 6-yard container	\$307.27 <u>\$311.58</u>	Each extra pickup	\$286.73 <u>\$290.75</u>
Commercial, 8-yard container	\$410.80 <u>\$416.56</u>	Each extra pickup	\$387.17 <u>\$392.59</u>
Commercial, 30-yard container	\$150.00 <u>\$160.00</u> haul fee, actual charges for disposal, and \$50.00 – \$50.70 delivery fee, plus rental fee of \$50.00 – \$50.70 per month		
Multifamily, apartments, cabin courts and trailer park units, etc.	Applicable commercial rate plus \$2.56 <u>2.60</u> per unit for recycling		

B. If more than one pickup per week is required on a continuing basis and the customer is utilizing a container smaller than eight-yard capacity, a larger container shall be required. The city may at its discretion authorize more than one pickup per week under the following conditions:

1. Where the largest container provided by the city is not adequate for the amount of waste generated;
2. Where more than one pickup per week is required to maintain proper health and sanitation;

3. Where a larger container cannot reasonably be placed on the customer's property due to space limitation.

C. In cases where additional pickups are requested due to the use of container on construction sites or other temporary uses or to accommodate temporary increases in the amount of waste generated, additional pickups shall be made at the rate set forth as follows for both residential and commercial customers:

1-yard container	\$ 26.70 <u>\$27.08</u> for each pickup
2-yard container	\$47.24 <u>\$47.91</u> for each pickup
3-yard container	\$72.91 <u>\$73.93</u> for each pickup
4-yard container	\$83.18 <u>\$84.35</u> for each pickup
6-yard container	\$124.26 <u>\$126.00</u> for each pickup
8-yard container	\$165.34 <u>\$167.66</u> for each pickup

D. 1. A residential or commercial can (up to thirty-two gallons) may not contain in excess of sixty-five pounds per can in weight. The city may, in its discretion, empty a can weighing over sixty-five pounds. In that event, an additional fee of (\$5.00) five dollars shall be charged.

2. If the cost to the city for emptying any container shall exceed the charges therefor, due to excessive weight or content, the city may proceed as set forth in subsection G of this section.

E. Yard Trimmings. Yard trimmings, including but not limited to weeds, grass, sod, trees, shrubs, foliage parts, rocks, cement or other material not generally considered regular household refuse, shall be excluded from sanitation collection services unless special arrangements are made with the sanitation department. Extra charges for such collection shall be determined by the mayor or his designee.

F. Interest Charges. All charges for sanitation services shall be due and payable when rendered. Sanitation service charges shall be delinquent if not paid in full within twenty-five days after the date of billing. Delinquent charges shall bear interest at the rate of eight percent per annum beginning on the first day of the month following delinquency until paid in full. In addition, a late penalty of (\$10.00) ten dollars shall be charged for any solid waste account that is delinquent for more than sixty days.

G. The mayor or his designee may charge any resident or customer such additional service charges when he or she determines that special circumstances make it necessary to do so in order to compensate the city for the actual cost of solid waste collection, disposal and administration, when the foregoing fee schedule is not adequate for this purpose. Any resident or customer may appeal the assessment of this additional charge to the city council. Notice of appeal shall be by written request to the city clerk within ten days of mailing of the bill or receipt of payment for such services by the city, whichever is less. The decision of the city council shall be final.

H. Rates include a three-and-six-tenths-percent state of Washington refuse tax.

Section 2. The provisions of this ordinance are declared to be severable, and if any section, sentence, clause or phrase of this ordinance shall for any reason be held invalid or unconstitutional or if the application of this ordinance to any person or circumstances shall be held invalid or unconstitutional, such decisions shall not affect the validity of the remaining sections, sentences, clause or phrases of this ordinance.

Section 3. The effective date of this Ordinance shall be January 1, 2014.

Passed and approved this _____ day of _____, 2013.

Mayor

Attest:

Finance Director

Approved as to form:

City Attorney

Filed with the City Clerk:	November 7, 2013
Public Hearing:	November 26, 2013
First Reading:	November 13, 2013
Second Reading:	November 26, 2013
Passed by the City Council:	
Date of Publication:	
Effective Date:	

ORDINANCE NO. _____-13

AN ORDINANCE AMENDING THE FEES AND CHARGES FOR USE OF THE CITY OF
SEDRO-WOOLLEY STORM AND SURFACE WATER UTILITY SYSTEM BY THE
AMOUNT OF THE CONSUMER PRICE INDEX

WHEREAS, the City has established a Stormwater Utility; and

WHEREAS, the purpose of this utility is to collect funds to regulate and operate a system of collection and treatment of storm and surface water; and

WHEREAS, it is recognized that storm and flood control measures benefit all citizens of Sedro-Woolley; and

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Bremerton-Tacoma which increased 1.4% from June of 2012 to June of 2013; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore,

NOW THEREFORE, THE CITY COUNCIL DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. SWMC 2.46.080 is amended to read as follows:

It is the intention of the city to impose a baseline standard residential storm drainage fee equaling five dollars and ~~thirty nine~~ to five dollars forty seven cents (\$5.47) per month. This equivalent residential unit (ERU) fee is based on the assumption that the average single-family lot equals approximately ten thousand square feet.

The fees for other customer classifications shall use this ten thousand square-foot ERU baseline as the basis for the calculation of the fee.

SECTION 2. SWMC 2.46.090 is amended to read as follows:

The following ERU-derived fees shall apply. The derived ERU-based fees shall be billed in whole units and are billed to the next higher unit (for example, if a parcel has a forty-three thousand five hundred square-foot area, the parcel's owner would be billed for five ERUs; if a parcel has two thousand square-foot area, the parcel's owner would be billed for one ERU) and in no case shall the ERU-based fee be less than five dollars and ~~thirty nine~~ forty seven cents(\$5.47).

Class 1 customers includes all single-family residential units and all multifamily and condominium units with one unit. Class 1 fee: five dollars and ~~thirty nine~~ thirty nine forty seven cents (\$5.47) per month per unit.

Class 2 customers includes all multifamily units and condominium with two or more units. Class 2 fee: fifty percent of the Class 1 fees on a per-unit basis.

Class 3 customers includes all commercial and industrial customers. Class 3 fee: five dollars and ~~thirty nine~~ thirty nine forty seven cents (\$5.47) per month for every ten thousand square feet of land area or ten dollars and ~~seventy eight~~ ninety three cents (\$10.93) per month for every ten thousand square feet of impervious surface.

Class 4 customers includes all public-use customers (schools, hospitals, churches, government buildings, etc.). Class 4 fee: five dollars and ~~thirty nine~~ thirty nine forty seven cents (\$5.47) per month for every ten thousand square feet of land area or ten dollars ~~seventy eight~~ ninety three cents (\$10.93) per month for every ten thousand square feet of impervious surface.

Class 5 customers includes all mixed-use structures. Class 5 fee: five dollars and ~~thirty nine~~ thirty nine forty seven cents (\$5.47) per month per commercial unit for every ten thousand square feet of land area and five dollars and ~~thirty nine~~ thirty nine forty seven cents (\$5.47) per month for every residential unit. However, should there be more than three residential units, the fee shall be fifty percent of the Class 1 fees on a per-unit basis.

SECTION 3. These fees shall be imposed and become effective for the billings mailed out by the City in February 2014 for services provided in January 2014.

SECTION 5. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional, the invalidity or unconstitutionality thereof shall not affect the validity or constitutionality of any other section, clause or phrase of this ordinance.

SECTION 6. This ordinance shall be effective five (5) days after passage and publication as provided by law.

PASSED by majority vote of the members of the Sedro-Woolley City Council this _____ day of _____, 2013, and signed in authentication of its passage this _____ day of _____, 2013.

Mike Anderson, Mayor

Attest:

Patsy Nelson, Finance Director

Approved as to form:

Eron Berg, City Attorney

Filed with the City Clerk:	November 7, 2013
Public Hearing:	November 26, 2013
First Reading:	November 13, 2013
Second Reading:	November 26, 2013
Passed by the City Council:	
Date of Publication:	
Effective Date:	

AN ORDINANCE INCREASING THE FEES AND CHARGES FOR USE OF THE CITY OF SEDRO-WOOLLEY SANITARY SEWER SYSTEM BY THE CONSUMER PRICE INDEX

WHEREAS, the City Council of the City of Sedro-Woolley updated its Sanitary Sewer Capital Facilities Plan in 2008, and

WHEREAS, the work identified by the City will cost about \$15,133,000.00; most of which has already been spent to increase capacity and eliminate a long-standing moratorium, and

WHEREAS, the City used P WTF monies to the extent possible, to achieve a lower cost of funds, and

WHEREAS, the City hired consultants who made recommendations concerning the allocation of the cost of construction between connection fees and charges and monthly user fees, and

WHEREAS, the number of connection fees has been substantially less than planned for in the allocation; and

WHEREAS, the cost of doing business continues to increase and one measure of that increase is the Consumer Price Index for Seattle-Bremerton-Tacoma which increased 1.4% from June of 2012 to June of 2013; and

WHEREAS, the City Council desires to balance the financial stability and fiscal sustainability of its utilities with the services needed by the community; and

WHEREAS, the City Council finds that it is in the interests of the public health, safety and welfare to adopt the fee schedules set forth below, now therefore,

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY DO HEREBY ORDAIN AS FOLLOWS:

Section 1: SWMC Section 13.30.010 is hereby amended to read as follows:

13.30.010 Effective date.

Commencing on January 1, 2014, the sewer service charges specified in this chapter shall take effect. For buildings which have a public sewer available after that date, a sewer service charge shall commence thirty days after such public sewer has been available and notice of such availability is given.

Section 2: SWMC Section 13.30.020 is hereby amended to read as follows:

13.30.020 Residential rates.

Unless exempt from connection to the sewer, there shall be charged to each single residential dwelling unit (including mobile or manufactured homes on individual lots or in a

mobile home park), and to each unit of a residential duplex (two units) or triplex (three units) dwelling, to which sewer service is available a basic monthly sewer service charge as follows:

January 1, 2014 and thereafter: ~~\$54.68~~ \$55.45

The City Council shall review and adjust these rates annually or as needed.

Section 3: SWMC Section 13.30.040 E is hereby amended to read as follows:

13.30.040 Nonresidential schedule and other provisions.

E. The volume rate shall be as follows:

January 1, 2014 and thereafter	\$5.13 <u>\$5.21</u>
	per 100
	cubic feet

Section 4. The effective date of this ordinance shall be January 1, 2014, more than 5 days after passage and publication.

Passed and approved this ____ day of November, 2013.

Mayor

Attest:

Finance Director

Approved as to form:

City Attorney

Filed with the City Clerk:	November 7, 2013
Public Hearing:	November 26, 2013
First Reading:	November 13, 2013
Second Reading:	November 26, 2013
Passed by the City Council:	
Date of Publication:	
Effective Date:	

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 6

Memorandum

To: Mayor Anderson and City Council
From: Patsy Nelson *Patsy*
Date: 11/15/13
Re: 2014 Budget Public Hearing (second reading)

2ND READING
OLD BUSINESS

Attached are two budget ordinances for Council consideration. In both options, all funds are balanced according to State law.

Option 1 This ordinance summarizes the budget amounts for each fund as detailed in the Mayor's 2013 Preliminary Budget with the following change as discussed at the November Worksession:

<u>Cemetery Operations Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
<i>(Repair all driving lanes)</i>		
102.000.000.386.00.00.00 Endowment Fund Transfer	26,000	
102.000.036.595.30.63.00 Driving Lane Repairs		26,000
<u>Cemetery Endowment Fund</u>		
<i>(Transfer monies for driving lane project)</i>		
106.000.036.597.00.00.00 Cemetery Operations Transfer		26,000
106.000.900.508.10.00.00 Ending Cash		-26,000

Option 2 This ordinance includes the cemetery change as noted above plus provides for one additional police officer (lateral transfer) beginning March 1, 2014. Proposed revenues include: **1)** increasing property taxes by 2.47% which includes previously banked capacity, equaling \$43,922.06. **2)** eliminating property tax revenues previously allocated to the Stormwater Operating Fund and thereby reducing the transfer to the Stormwater Reserve Fund.

The above property tax revenues do not pay for the full cost of a new officer; the existing police budget hopefully will cover the cost of additional ammunition, communications equipment/fees as well as a planned automobile purchase from the ERR with Voted Sales Tax monies.

<u>General Fund</u>	<u>Revenue</u>	<u>Expenditures</u>
<i>(Increase property taxes at the maximum allowed to fund one additional police officer 3/1-12/3 and maintaining 8% ending cash)</i>		
001.000.000.311.10.00.00 Property Taxes (2.47%)	43,922	
001.000.000.311.10.00.00 Property Taxes from Storm	48,950	
001.000.021.521.20.11.00 Salaries		55,000
001.000.021.521.20.XX.00 Payroll taxes & benefits		30,100
001.000.021.521.20.26.00 Uniforms/Accessories		3,500
001.000.900.508.80.00.00 Ending Cash		4,272
 <u>Stormwater Operations Fund</u>		
<i>(Decrease property tax revenues, maintaining 8% ending cash)</i>		
425.000.000.311.10.00.00 Property Taxes	-48,950	
425.000.426.597.00.00.00 Reserve Transfer		-45,000
425.000.900.508.80.00.00 Ending Cash		-3,950
 <u>Stormwater Reserve Fund</u>		
426.000.425.397.00.00.00 Operations Transfer	-45,000	
426.000.900.508.10.00.00 Ending Cash		-45,000

Motion to approve Option 1:

I move to approve Ordinance No. ____-13, an ordinance adopting the annual budget for the City of Sedro-Woolley, Washington, for the fiscal year ending December 31, 2014.

Motion to approve Option 2:

I move to approve Ordinance No. ____-13, an ordinance adopting the annual budget for the City of Sedro-Woolley, Washington, for the fiscal year ending December 31, 2014 increasing the police force by one additional officer.

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE CITY OF SEDRO-WOOLLEY, WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

WHEREAS, the Mayor of the City of Sedro-Woolley, Washington, completed and placed on file with the City Finance Director, a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses for the City of Sedro-Woolley for the fiscal year ending December 31, 2014, and a notice was published that the Sedro-Woolley City Council would meet on the 26th day of November, 2013, at the hour of 7:00 P.M., at the Sedro-Woolley City Hall, for the purpose of making and adopting a budget for the year 2014, and giving taxpayers within the city limits of Sedro-Woolley an opportunity to be heard upon said budget; and

WHEREAS, the Sedro-Woolley City Council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, the proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Sedro-Woolley for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Sedro-Woolley do ordain as follows:

Section 1. The budget for the City of Sedro-Woolley, Washington, for the year 2014 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Sedro-Woolley 2014 Annual Budget, which are on file in the Office of the Finance Director or available on the City's website.

Section 2. Estimated resources, including fund balances or working capital from each separate fund of the City of Sedro-Woolley, and aggregate totals for all such funds combined, for the year 2014 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2014 as set forth below:

FUND:	AMOUNT:
001 GENERAL FUND	4,881,504
101 PARKS FUND	621,052
102 CEMETERY FUND	177,370
103 STREET FUND	886,163
104 ARTERIAL STREET FUND	2,819,679
105 LIBRARY FUND	326,747
106 CEMETERY ENDOWMENT FUND	124,346
107 PARKS RESERVE FUND	615
108 LODGING TAX FUND	40,339
109 SPECIAL INVESTIGATIONS FUND	25,923
111 DOG FUND	1,123
112 CODE ENFORCEMENT FUND	29,082
113 PATHS AND TRAILS FUND	40,154
205 G/O BOND REDEMPTION FUND 2008	234,397
206 G/O BOND 2008 RESERVE FUND	150,000
230 G/O BOND 1996 REDEMPTION FUND	270,340
302 CAPITAL PROJECTS RESERVE FUND	231,018
303 BUILDING MAINTENANCE RESERVE FUND	246,957
310 POLICE MITIGATION RESERVE FUND	11,672
311 PARKS IMPACT FEE RESERVE FUND	31,361
312 FIRE IMPACT FEE RESERVE FUND	7,124
401 SEWER OPERATIONS FUND	3,716,423
402 SEWER OPERATIONS RESERVE FUND	692,119
407 98 SEWER REV BOND REDEPTION FUND	813,199
410 SEWER FACILITES RESERVE FUND	2,682,511
411 98 SEWER REV BOND RESERVE FUND	376,482
412 SOLID WASTE OPERATIONS FUND	1,952,924
413 SOLID WASTE RESERVE FUND	202,541
425 STORMWATER FUND	639,440
426 STORMWATER RESERVE FUND	161,060
501 EQUIPMENT REPLACEMENT FUND	673,964
621 SUSPENSE (SWSD)	41,950
TOTAL ALL FUNDS	23,109,579

Section 3. The City Finance Director is directed to transmit a certified copy of the budget hereby adopted to the Washington State Auditor's Office.

Section 4. This ordinance shall be in force and take effect five (5) days after its publication according to law.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF, NOVEMBER, 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE CITY OF SEDRO-WOOLLEY, WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

WHEREAS, the Mayor of the City of Sedro-Woolley, Washington, completed and placed on file with the City Finance Director, a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses for the City of Sedro-Woolley for the fiscal year ending December 31, 2014, and a notice was published that the Sedro-Woolley City Council would meet on the 26th day of November, 2013, at the hour of 7:00 P.M., at the Sedro-Woolley City Hall, for the purpose of making and adopting a budget for the year 2014, and giving taxpayers within the city limits of Sedro-Woolley an opportunity to be heard upon said budget; and

WHEREAS, the Sedro-Woolley City Council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, the proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Sedro-Woolley for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Sedro-Woolley do ordain as follows:

Section 1. The budget for the City of Sedro-Woolley, Washington, for the year 2014 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Sedro-Woolley 2014 Annual Budget, which are on file in the Office of the Finance Director or available on the City's website.

Section 2. Estimated resources, including fund balances or working capital from each separate fund of the City of Sedro-Woolley, and aggregate totals for all such funds combined, for the year 2014 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2014 as set forth below:

FUND:	AMOUNT:
001 GENERAL FUND	4,974,376
101 PARKS FUND	621,052
102 CEMETERY FUND	177,370
103 STREET FUND	886,163
104 ARTERIAL STREET FUND	2,819,679
105 LIBRARY FUND	326,747
106 CEMETERY ENDOWMENT FUND	124,346
107 PARKS RESERVE FUND	615
108 LODGING TAX FUND	40,339
109 SPECIAL INVESTIGATIONS FUND	25,923
111 DOG FUND	1,123
112 CODE ENFORCEMENT FUND	29,082
113 PATHS AND TRAILS FUND	40,154
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311 PARKS IMPACT FEE RESERVE FUND	31,361
312 FIRE IMPACT FEE RESERVE FUND	7,124
401 SEWER OPERATIONS FUND	3,716,423
402 SEWER OPERATIONS RESERVE FUND	692,119
407 98 SEWER REV BOND REDEPTION FUND	813,199
410 SEWER FACILITES RESERVE FUND	2,682,511
411 98 SEWER REV BOND RESERVE FUND	376,482
412 SOLID WASTE OPERATIONS FUND	1,952,924
413 SOLID WASTE RESERVE FUND	202,541
425 STORMWATER FUND	590,490
426 STORMWATER RESERVE FUND	116,060
501 EQUIPMENT REPLACEMENT FUND	673,964
621 SUSPENSE (SWSD)	41,950
 TOTAL ALL FUNDS	 23,108,501

Section 3. The City Finance Director is directed to transmit a certified copy of the budget hereby adopted to the Washington State Auditor's Office.

Section 4. This ordinance shall be in force and take effect five (5) days after its publication according to law.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF, NOVEMBER 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

NOV 13 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 11

Memorandum

To: Mayor Anderson and City Council

From: Patsy Nelson *Patsy*

Date: 11/05/13

Re: 2014 Budget (first reading)

The attached ordinance summarizes the budget amounts for each fund as detailed in the Mayor's 2014 Preliminary Budget which was presented and discussed at the November Worksession. All funds have been balanced according to Council goals and direction as outlined in the Mayor's 2014 Budget Memo. Staff will be available to answer any additional Council questions.

The attached revenue and expenditures charts are the same as those presented in your preliminary budget notebooks and are provided for citizen information.

AN ORDINANCE ADOPTING THE ANNUAL BUDGET FOR THE CITY OF SEDRO-WOOLLEY, WASHINGTON, FOR THE FISCAL YEAR ENDING DECEMBER 31, 2014.

WHEREAS, the Mayor of the City of Sedro-Woolley, Washington, completed and placed on file with the City Finance Director, a proposed budget and estimate of the amount of the moneys required to meet the public expenses, bond retirement and interest, reserve funds and expenses for the City of Sedro-Woolley for the fiscal year ending December 31, 2014, and a notice was published that the Sedro-Woolley City Council would meet on the 26th day of November, 2013, at the hour of 7:00 P.M., at the Sedro-Woolley City Hall, for the purpose of making and adopting a budget for the year 2014, and giving taxpayers within the city limits of Sedro-Woolley an opportunity to be heard upon said budget; and

WHEREAS, the Sedro-Woolley City Council did meet at said time and place and did then consider the matter of said proposed budget; and

WHEREAS, the proposed budget does not exceed the lawful limit of taxation allowed by law to be levied on the property within the City of Sedro-Woolley for the purposes set forth in said budget, and the estimated expenditures set forth in said budget being all necessary to carry on the government of said City for said year and being sufficient to meet the various needs of said City during said period.

NOW, THEREFORE, the City Council of the City of Sedro-Woolley do ordain as follows:

Section 1. The budget for the City of Sedro-Woolley, Washington, for the year 2014 is hereby adopted at the fund level in its final form and content as set forth in the document entitled City of Sedro-Woolley 2014 Annual Budget, which are on file in the Office of the Finance Director or available on the City's website.

Section 2. Estimated resources, including fund balances or working capital from each separate fund of the City of Sedro-Woolley, and aggregate totals for all such funds combined, for the year 2014 are set forth in summary form below, and are hereby appropriated for expenditure at the fund level during the year 2014 as set forth below:

FUND:	AMOUNT:
001 GENERAL FUND	4,881,504
101 PARKS FUND	621,052
102 CEMETERY FUND	151,370
103 STREET FUND	886,163
104 ARTERIAL STREET FUND	2,819,679
105 LIBRARY FUND	326,747
106 CEMETERY ENDOWMENT FUND	124,346
107 PARKS RESERVE FUND	615
108 LODGING TAX FUND	40,339
109 SPECIAL INVESTIGATIONS FUND	25,923
111 DOG FUND	1,123
112 CODE ENFORCEMENT FUND	29,082
113 PATHS AND TRAILS FUND	40,154
205 G/O BOND REDEMPTION FUND 2008	234,397
206 G/O BOND 2008 RESERVE FUND	150,000
230 G/O BOND 1996 REDEMPTION FUND	270,340
302 CAPITAL PROJECTS RESERVE FUND	231,018
303 BUILDING MAINTENANCE RESERVE FUND	246,957
310 POLICE MITIGATION RESERVE FUND	11,672
311 PARKS IMPACT FEE RESERVE FUND	31,361
312 FIRE IMPACT FEE RESERVE FUND	7,124
401 SEWER OPERATIONS FUND	3,716,423
402 SEWER OPERATIONS RESERVE FUND	692,119
407 98 SEWER REV BOND REDEPTION FUND	813,199
410 SEWER FACILITES RESERVE FUND	2,682,511
411 98 SEWER REV BOND RESERVE FUND	376,482
412 SOLID WASTE OPERATIONS FUND	1,952,924
413 SOLID WASTE RESERVE FUND	202,541
425 STORMWATER FUND	639,440
426 STORMWATER RESERVE FUND	161,060
501 EQUIPMENT REPLACEMENT FUND	673,964
621 SUSPENSE (SWSD)	41,950
TOTAL ALL FUNDS	23,083,579

Section 3. The City Finance Director is directed to transmit a certified copy of the budget hereby adopted to the Washington State Auditor's Office.

Section 4. This ordinance shall be in force and take effect five (5) days after its publication according to law.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 11th DAY OF, DECEMBER 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 7

Memorandum

To: Mayor Anderson and City Council
From: Patsy Nelson *Patsy*
Date: 11/18/2013
Re: Property Tax Levy Ordinances (second reading)

2ND READING
OLD BUSINESS

Attached are the Preliminary Assessed Valuations for the purpose of calculating property taxes payable in 2014 as provided by the Skagit County Assessor. The assessed value for general property tax base has increased from \$696,093,913 (2013) to \$711,597,658 (2014) and the assessed value for the voted bond levy tax base has also increased from \$682,686,293 (2013) to \$698,455,001 (2014). Low-income senior/disabled persons do not pay the voted bond levy tax and either do not pay or pay a reduced amount for the general tax levy which accounts for the different tax bases.

The document calculates the maximum amount of general property taxes which the Council may impose for next year. The maximum is estimated at tax rate of \$2.56476, below the statutory maximum of \$3.3750. The final assessed valuations and resulting tax rate, will not be known until January/February, 2014.

Three sample property tax ordinances are attached for Council consideration; increasing general property taxes at 0%, 1% and 2.47%. A 1% increase would result in \$17,747 of additional property tax (plus new construction). If the City Council were to choose to use the City's entire banked capacity in 2014, it would result in a tax increase of 2.47% or \$43,922 (plus new construction). Budget Ordinance Option 2 providing for one additional police officer reflects the passage of a 2.47% property tax increase.

The amount of the voter approved bond tax revenues is the same on all three sample ordinances. November 30 is the deadline for submitting property tax requests to Skagit County.

Sample motions:

I move to approve Ordinance ____-13 an ordinance of the City of Sedro-Woolley approving the property tax levy at an increase of 0%.

I move to approve Ordinance ____-13 an ordinance of the City of Sedro-Woolley approving the property tax levy at an increase of 1%.

I move to approve Ordinance _____-13 an ordinance of the City of Sedro-Woolley approving the property tax levy at an increase of 2.47% in order to increase the police force by one additional officer.

**PRELIMINARY ASSESSED VALUE
FOR COMPUTATION OF PROPERTY
LEVY FOR DISTRICTS WITH
POPULATION MORE THAN 10,000
2013 LEVY FOR 2014 TAXES**

TAXING DISTRICT: City of Sedro Woolley

Tax Base for Regular Levy

1. Preliminary total district taxable value (excluding boats, timber assessed value and senior citizen exemptions from regular levy). Tax base for regular levy:	\$699,150,465
2. 2013 State Assessed Utility value:	\$12,447,193
Preliminary Total Tax Base for Regular Levy	<u>\$711,597,658</u>

Tax Base for Excess and Voted Bond Levies

3. Less assessed value of the senior citizen/disability exempt property:	\$13,152,657
4. Plus 2014 Timber Assessed Value (TAV):	\$0
5. Tax Base for Excess and Voted Bond Levies (1+2-3+4):	<u>\$698,445,001</u>

**PRELIMINARY
LEVY LIMIT CALCULATION
2013 LEVY FOR 2014 TAXES**

A. Highest regular tax which could have been lawfully levied beginning with the 1985 levy.			
Year: 2013	\$1,800,641	X	101% =
			\$1,818,647
(Actual levy taken: \$1,774,725.29, \$25,915.66 banked)			
B. Current year's assessed value of new construction and improvements in original district before the annexation occurred times last years levy rate.			
A.V.	\$2,523,200	X	2.5495486411 / \$1,000 =
			\$6,433
C. Current year's assessed value of state assessed property in original district if annexed, less last years value of state assessed property.			
The remainder to be multiplied by last year's regular levy rate.			
\$ _____	-	\$ 12,447,193	= \$
Current Yr. A.V.		Previous Yr. A.V.	Remainder
\$ _____	X	\$ 2.5495486411	/\$1,000 =
Remainder		Last Years Levy Rate	
D. Regular Property Tax Limit: A+B+C =			<u>\$1,825,080</u>

**PRELIMINARY LEVY RATE
COMPUTATION**

Regular Levy

Type of Taxing District:

Statutory **maximum** dollar rate for taxing district: \$3.3750

The dollar amount of the **certified levy** divided by the assessed value

$$\$1,825,080 \quad / \quad \$711,597,658 = \quad 2.56476 \quad *$$

For **Regular Rate**, enter the lesser of the statutory maximum dollar rate or the certified levy rate:

\$2.56476

**Not to exceed the Statutory Maximum rate shown above!*

NOV 13 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 7

Memorandum

To: Mayor Anderson and City Council
From: Patsy Nelson *Patsy*
Date: 11/5/2013
Re: Public Hearing Property Tax Levy Ordinances (first reading)

Background information: The City of Sedro-Woolley's property taxes have two components. The first is voter approved bond tax revenues and the second is general property tax revenues.

Voter Approved Bond Tax Revenues Part of the ordinance is for the debt service for the Public Safety Building which was previously approved by the voters of Sedro-Woolley. Low-income senior citizens and disabled persons do not pay this tax. The 2014 tax request is \$210,000 which is the same as 2009, 2010, 2011, 2012 and 2013. The final payment on this bond is December 1, 2016.

General Property Tax Revenues As the population of the City is greater than 10,000, we fall under the Implicit Price Deflator (IPD) levy limit factor. The IPD limits the property tax levy to the lesser of 100% plus inflation or 101 percent (plus new construction and annexation). The Department of Revenue calculates the rate of inflation based upon the percentage change in the IPD. For the 2014 tax year the change in the IPD is 1.314% which limits the 2014 property tax to 101% of the 2013 dollar amount of tax (plus any new construction & annexations).

The Skagit County Auditor's Office has not yet issued the City's preliminary assessed valuations with preliminary tax rate calculations. It is our hope that they will be available by the next Council meeting. The final assessed valuations and resulting tax rate, will not be known until January/February, 2014.

If the Council were to decide upon a levy increase in the amount of 1%, it would result in \$17,619 of additional property tax; and a levy increase at the highest lawful levy would result in \$43,922 of additional property tax. Low-income senior citizens and disabled persons either do not pay this tax or receive a tax reduction, as determined by the Skagit County Assessor's Office. The use of this tax increase is not limited to the general fund; it may be restricted for specific items such as the acquisition of land, payment of debt etc.

Three sample property tax ordinances are attached showing general property taxes increased at 0%, 1% and 2.47%. A 1% increase is the maximum allowed except in the case of banked capacity. If the City Council were to choose to use the City's entire banked capacity in 2014, it would result in a tax increase of 2.47%. The amount of the voter approved bond tax revenues is the same on all three sample ordinances.

Process of Banking Property Tax If the Council does not wish to increase general property tax this year and save it as banked capacity for the future; approve an Ordinance with an increase of 1% and instruct the Finance Director to complete the 2014 Budget/Levy Request with a lower percentage increase. The difference between the ordinance and the levy request will be banked for the future.

If the Council does not wish to create banked capacity, either take the 1% tax increase (nothing left to bank) or approve an increase of 0%.

According to the Washington State Department of Revenue, no one has the authority to delete prior banked capacity so the dollar amount which is currently banked will remain available until used.

Other Revenues Other general fund revenues are anticipated to remain at their current level or with slight increases extending through 2014. The City has experienced an increase in sales taxes in 2013 due to the Cascade Middle School project; however sales taxes are expected to be reduced upon the completion of that project in 2014. A very slight increase in liquor excise taxes is expected unless a future legislative session re-appropriates these monies to the State general fund. All indicators predict a long, slow economic recovery.

ORDINANCE NO. -13

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY APPROVING THE PROPERTY TAX LEVY AT AN INCREASE OF 0%.

WHEREAS, The City Council of the City of Sedro-Woolley has properly given notice of the public hearing held November 13, 2013, to consider the City of Sedro-Woolley 2014 Real Estate Property Tax Levy; and

WHEREAS, the City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Sedro-Woolley will not require an increase or decrease in general property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state assessed property, in order to discharge the expected expenses and obligations of the City of Sedro-Woolley and in its best interest; and

WHEREAS, per a 1996 citizen voted and approved GO Bond issuance, it is necessary to increase property taxes to pay GO Bond principal and interest; and

WHEREAS, the City's actual levy amount from the previous year was \$1,774,725; and

WHEREAS, the population of this City is more than 10,000; and now, therefore,

IT IS HEREBY ORDAINED, by the City Council of the City of Sedro-Woolley, an increase in the regular property tax levy shall not be imposed in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state-assessed property. It is further ordained that the City Council hereby authorizes the 2014 levy in the amount of an increase of 0.00% from last year, or \$0.00 not to exceed the levy limit as allowed by law.

Also levied here is an amount necessary to fund the debt service of the 1996 G/O Bond Fund (Public Safety Building) in the amount of \$210,000.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF NOVEMBER, 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

ORDINANCE NO. -13

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY APPROVING THE PROPERTY TAX LEVY AT AN INCREASE OF 1%.

WHEREAS, The City Council of the City of Sedro-Woolley has properly given notice of the public hearing held November 13, 2013, to consider the City of Sedro-Woolley 2014 Real Estate Property Tax Levy; and

WHEREAS, the City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Sedro-Woolley will require an increase in general property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state assessed property, in order to discharge the expected expenses and obligations of the City of Sedro-Woolley and in its best interest; and

WHEREAS, per a 1996 citizen voted and approved GO Bond issuance, it is necessary to increase property taxes to pay GO Bond principal and interest; and

WHEREAS, the City's actual levy amount from the previous year was \$1,774,725; and

WHEREAS, the population of this City is more than 10,000; and now, therefore,

IT IS HEREBY ORDAINED, by the City Council of the City of Sedro-Woolley, an increase in the regular property tax levy shall be imposed in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state-assessed property. It is further ordained that the City Council hereby authorizes the 2014 levy in the amount of an increase of 1% from last year, or \$17,747.25 not to exceed the levy limit as allowed by law.

Also levied here is an amount necessary to fund the debt service of the 1996 G/O Bond Fund (Public Safety Building) in the amount of \$210,000.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF NOVEMBER, 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

ORDINANCE NO. -13

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY APPROVING THE PROPERTY TAX LEVY AT AN INCREASE OF 2.47%.

WHEREAS, The City Council of the City of Sedro-Woolley has properly given notice of the public hearing held November 13, 2013, to consider the City of Sedro-Woolley 2014 Real Estate Property Tax Levy; and

WHEREAS, the City Council, after hearing, and after duly considering all relevant evidence and testimony presented, has determined that the City of Sedro-Woolley will require an increase in general property tax revenue from the previous year, in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state assessed property, in order to discharge the expected expenses and obligations of the City of Sedro-Woolley and in its best interest; and

WHEREAS, per a 1996 citizen voted and approved GO Bond issuance, it is necessary to increase property taxes to pay GO Bond principal and interest; and

WHEREAS, the City's actual levy amount from the previous year was \$1,774,725; and

WHEREAS, the population of this City is more than 10,000; and now, therefore,

IT IS HEREBY ORDAINED, by the City Council of the City of Sedro-Woolley, an increase in the regular property tax levy shall be imposed in addition to the increase resulting from the addition of new construction and improvements to property, addition of properties as a result of annexation and any increase in the value of state-assessed property. It is further ordained that the City Council hereby authorizes the 2014 levy in the amount of an increase of 2.47% from last year, or \$43,922.06 not to exceed the levy limit as allowed by law.

Also levied here is an amount necessary to fund the debt service of the 1996 G/O Bond Fund (Public Safety Building) in the amount of \$210,000.

PASSED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR THIS 26th DAY OF NOVEMBER, 2013.

Mike Anderson, Mayor

ATTEST:

Finance Director

APPROVED AS TO FORM:

City Attorney

HOW TO USE BANKED CAPACITY

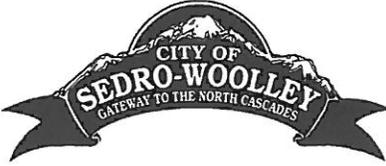
Taxing District #1 had a levy of \$1,774,725.29 for the 2013 tax year. They had the proper resolutions and could have had a levy of \$1,800,640.95. They now have \$25,915.66 in banked capacity available for the 2014 tax year.

A 1% increase in the highest allowable (\$1,800,640.95) is \$1,818,647.36.

In order to collect the banked capacity the Resolution/Ordinance should request an increase of \$43,922.07 which is an increase of 2.47%.

Highest Allowable Levy	-	\$1,800,640.95
1% Increase	-	+ 18,006.40
2014 Highest Allowable	-	\$1,818,647.35
2014 Highest Allowable Levy	-	\$1,818,647.35
Less 2013 Levy taken	-	1,774,725.29
Increase allowed	-	\$ 43,922.06

%Calculation 43,922.06 divided by 1,774,725.29 = 2.47%



CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 8

Building and Planning Departments
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-0771
Fax (360) 855-0733

MEMO:

To: City Council
Mayor Anderson

2ND READING
OLD BUSINESS

From: John Coleman, AICP *JC*
Planning Director

Date: November 25, 2013

Subject: Proposed modification to Municipal Code regarding parking requirements for new businesses in the CBD – (2nd Read)

ISSUE

Should the Council amend SWMC 17.36.020 and to allow new retail businesses and restaurants in a specified portion of the Central Business District (CBD) to use city-owned parking lots to meet parking requirements?

PROJECT DESCRIPTION / HISTORY

The City Council Business Development Committee met through the winter of 2013 to look for ways to make the city more attractive to new businesses. One of the possibilities discussed is to reduce parking requirements for new uses in existing structures in the heart of the City's downtown. When new businesses move into an existing structure in the downtown, if that business requires more parking than did the previous tenant, the new business needs to provide additional parking. Because the downtown buildings do not have any off-street parking, the new business may have difficulty finding additional parking.

The Planning Commission held an open record public hearing on July 16 to gather public testimony on the subject. The Planning Commission recommended modifications to the off street parking regulations. The City Council reviewed the Planning Commission's recommendations and requested that the amended parking regulations apply to only new retail businesses and restaurants in the defined area of the CBD. The Council's requested changes are reflected in the attached ordinance.

ATTACHMENTS

Attachment 1 – Proposed Ordinance
Attachment 2 – Map of area eligible for proposed parking changes

REQUESTED ACTION

Make a motion to approve ordinance No. _____ amending the Sedro-Woolley Municipal Code to allow new retail businesses and restaurants in a specified area of the Central Business District to use city-owned parking to meet the parking requirements of Chapters 17.24 and 17.36 SWMC.

Attachment 1

Proposed Ordinance

AN ORDINANCE AMENDING THE SEDRO-WOOLLEY MUNICIPAL CODE ALLOW NEW RETAIL BUSINESSES AND RESTAURANTS IN A SPECIFIED AREA OF THE CENTRAL BUSINESS DISTRICT TO USE CITY-OWNED PARKING TO MEET THE PARKING REQUIREMENTS OF CHAPTERS 17.24 AND 17.36 SWMC

WHEREAS, the City Council directed the Planning Commission to explore options to address parking impediments for new businesses that locate in the Central Business District, and

WHEREAS, few existing buildings have on-site parking;

WHEREAS, on-street parking is provided in every block within the downtown portion of the Central Business District;

WHEREAS, the city provides free off-street parking lots for the purpose of accommodating parking to customers and employees of the businesses in the Central Business District;

WHEREAS, the Planning Commission held one public meeting and one public hearing to receive comments on how to accommodate for parking at new businesses in the CBD and the Planning Commission recommended amendments to the municipal code; and

WHEREAS, pursuant to RCW 36.70A.106, a 60-day notice of intent to adopt a development regulation was sent to the Washington State Department of Commerce; and

WHEREAS, it is the intent of the City Council to encourage new restaurant and new retail business opportunities in the downtown business district;

WHEREAS, the City Council finds the proposed amendments to the SWMC to be consistent with and implement the intent of the Sedro-Woolley Comprehensive Plan; and

WHEREAS, the City Council has concluded that it is in the best interest of the public health, safety and welfare to adopt this ordinance; and

WHEREAS, the City Council adopts the forgoing as its findings of fact justifying its adoption of this Ordinance;

NOW THEREFORE, THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. SWMC 17.36.020 is amended to, to read as follows (new text underlined):

1. Off-street parking spaces required shall be located off the public right-of-way in an area with appropriate zoning, and within five hundred feet walking distance of a public entrance to the building served. Parking spaces may be located within the required setback areas except that they shall not be located within any required vision clearance triangle.

2. New retail businesses and restaurants located in the area bounded on the north and west by the railroad right of ways, on the south by the alley in between State and Warner Streets, and on

the east by Puget Avenue/4th Avenue may use the city-owned parking lots to accommodate the parking requirements in this chapter and in Chapter 17.24 SWMC. This area is substantially developed on zero setbacks from the right-of-way, making it impractical to provide on-site parking to satisfy the purpose and intent of this chapter.

Section 2. This ordinance shall be effective five (5) days after passage and publication as provided by law.

Section 3. The provisions of this ordinance are declared to be severable, and if any section, sentence, clause or phrase of this ordinance shall for any reason be held invalid or unconstitutional or if the application of this ordinance to any person or circumstances shall be held invalid or unconstitutional, such decisions shall not affect the validity of the remaining sections, sentences, clause or phrases of this ordinance.

PASSED by majority vote of the members of the Sedro-Woolley City Council this _____ day of _____, 2013, and signed in authentication of its passage this _____ day of _____, 2013.

Mike Anderson, Mayor

Attest:

Patsy Nelson, Finance Director

Approved as to form:

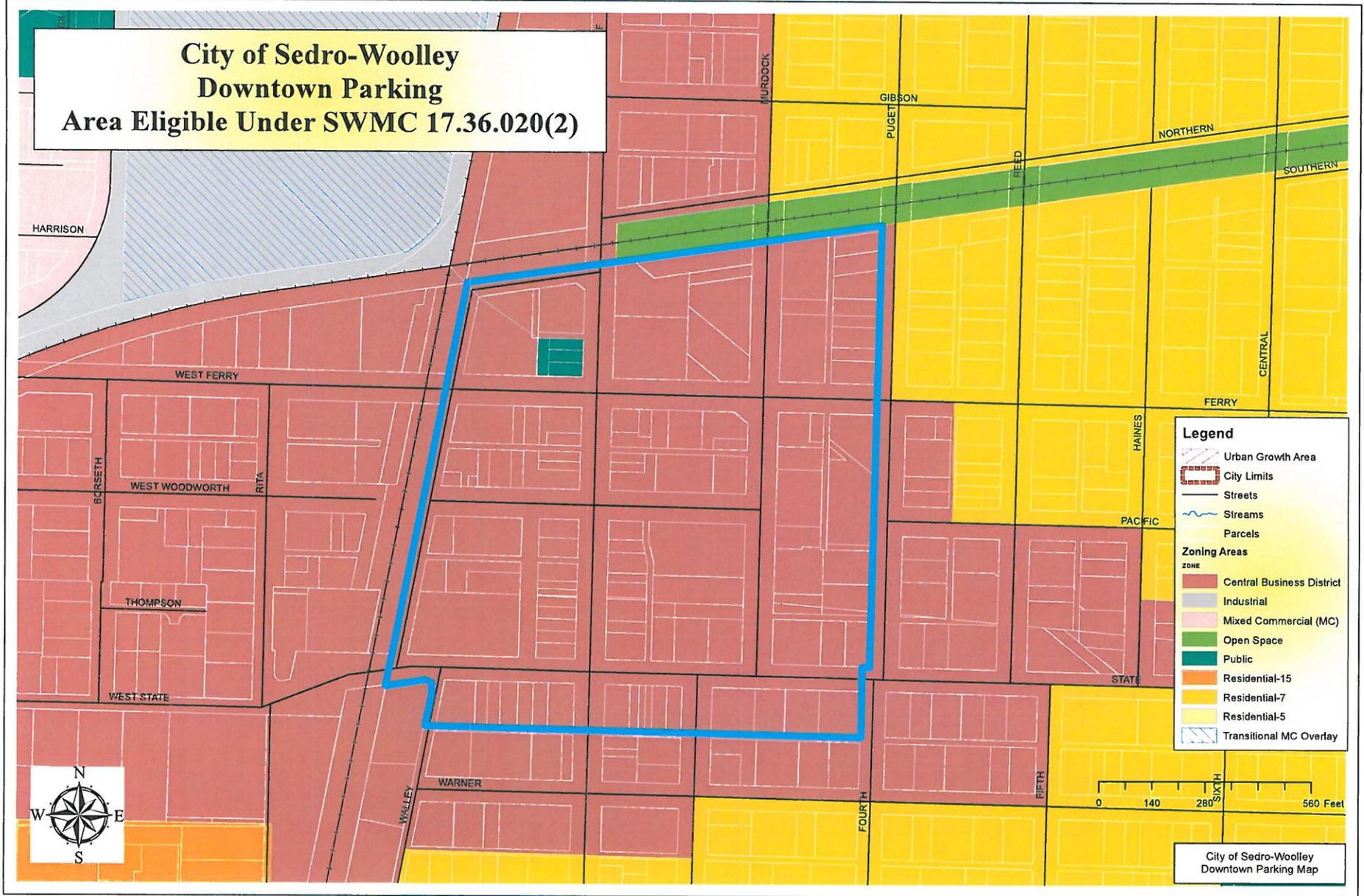
Eron Berg, City Attorney

Published:

Attachment 2

Map

**City of Sedro-Woolley
Downtown Parking
Area Eligible Under SWMC 17.36.020(2)**



Legend

- Urban Growth Area
- City Limits
- Streets
- Streams
- Parcels

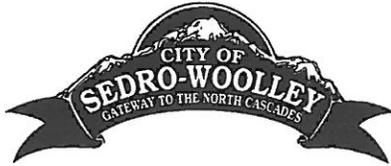
Zoning Areas

ZONE

- Central Business District
- Industrial
- Mixed Commercial (MC)
- Open Space
- Public
- Residential-15
- Residential-7
- Residential-5
- Transitional MC Overlay



City of Sedro-Woolley
Downtown Parking Map



CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013

7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 9

Building and Planning Departments
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-0771
Fax (360) 855-0733

MEMO:

To: City Council
Mayor Anderson

From: John Coleman, AICP
Planning Director

Date: November 26, 2013

Subject: Recreational Marijuana Producers and Processors – Modify Moratorium

ISSUE

Does Council wish to amend the existing moratorium on recreational marijuana producers and processors to remove the Industrial zone from the moratorium?

PROJECT DESCRIPTION / HISTORY

On October 23, 2013 Council passed a six-month moratorium on accepting applications for marijuana producer and processor businesses so the city may proceed with the process of evaluating and amending zoning regulations as necessary. The Planning Commission held a public hearing on November 19, 2013 and has recommended that recreational marijuana producers and processors be restricted to the Industrial Zone. This is similar to what the Council had preliminarily determined to be a desired course of action. It will take several weeks to prepare the necessary changes to the zoning code for the Council to review. If the Council wishes, it will be possible to accept recreational marijuana producer and processor applications in the Industrial Zone sooner if the existing moratorium is modified.

Does the Council wish to modify the moratorium to allow for applications for recreational marijuana producers and processors to be accepted in the Industrial Zone?

ATTACHMENTS

Attachment 1 – Proposed modified moratorium

REQUESTED ACTION

Make a motion to adopt Ordinance # _____-13 to restrict the acceptance of development applications for the siting, establishment, location, permitting, licensing, operation or maintenance of any structures or uses relating to the cultivation of recreational marijuana, production of recreational marijuana or marijuana infused products and processing of recreational marijuana or marijuana infused products except for properties in the Industrial Zone so the city may proceed with the process of evaluating and amending zoning regulations as necessary.

Attachment 1

Proposed Ordinance

ORDINANCE NO. _____ - 13

AN ORDINANCE OF THE CITY OF SEDRO-WOOLLEY AMENDING THE MORATORIUM ON THE SITING, ESTABLISHMENT, LOCATION, PERMITTING, LICENSING, OPERATION OR MAINTENANCE OF ANY STRUCTURES OR USES RELATING TO THE CULTIVATION OF RECREATIONAL MARIJUANA, PRODUCTION OF RECREATIONAL MARIJUANA OR MARIJUANA-INFUSED PRODUCTS AND PROCESSING OF RECREATIONAL MARIJUANA OR MARIJUANA-INFUSED PRODUCTS

WHEREAS, the City Council adopted Ordinance 1779-13 on October 23, 2013, and

WHEREAS, the City Council held a public hearing on October 23, 2013 to take testimony regarding Ordinance 1779-13; and

WHEREAS, Ordinance 1779-13 was adopted to allow the Planning Commission and Planning Department time to consider rules and regulations regarding the implementation of I-502; and

WHEREAS, the Planning Commission met, held a public hearing and made a recommendation to the City Council on November 19, 2013; and

WHEREAS, the Planning Commission recommended that the production and processing of marijuana be allowed, subject to the regulation of the Washington State Liquor Control Board (WSLCB), in Sedro-Woolley's industrial zone; and

WHEREAS, the Planning Department needs additional time to develop new zoning regulations for the City Council to consider that are consistent with the Planning Commission's recommendations that would restrict marijuana businesses from zones other than the industrial zone; and

WHEREAS, marijuana businesses are actively seeking locations during the WSLCB's open period and the continuation of the City's moratorium for all zones will eliminate any potential development of those businesses at this time; and

WHEREAS, the City Council desires to implement the Planning Commission's recommendations in two steps with the first step tonight in the form of a reduction in the scope of the moratorium and the final step following with a permanent zoning ordinance; now, therefore,

THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, DO HEREBY ORDAIN AS FOLLOWS:

Section 1. Section 2 of Ordinance 1779-13 is amended to read as follows:

An moratorium is hereby adopted to restrict acceptance of development applications for the siting, establishment, location, permitting, licensing, operation or maintenance of any structures

or uses relating to the cultivation of recreational marijuana, production of recreational marijuana or marijuana infused products and processing of recreational marijuana or marijuana infused products except in the Industrial Zone so the Planning Department, Planning Commission and City Council may proceed with the process of evaluating and amending zoning regulations as necessary.

Section 2. Effective Date. This ordinance shall be in force and take effect five (5) days after its publication according to law.

ADOPTED BY THE CITY COUNCIL AND APPROVED BY THE MAYOR OF THE CITY OF SEDRO-WOOLLEY, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 26th DAY OF NOVEMBER, 2013.

CITY OF SEDRO-WOOLLEY:

Mike Anderson, Mayor

Attest:

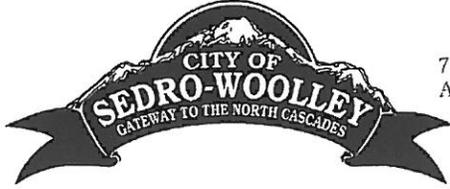
Patsy Nelson, Finance Director

Approved as to form:

Eron Berg, City Attorney

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 10

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-9922
Fax (360) 855-9923

Mike Anderson
Mayor

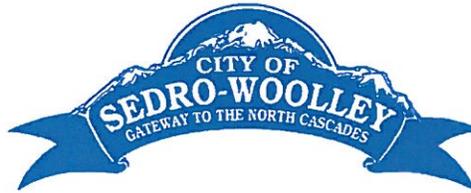
MEMO TO: City Council
FROM: Mayor Anderson
RE: Bayview Ridge UGA
FOR MEETING ON: November 26, 2013

ISSUE: Should the Council adopt the attached resolution regarding Skagit County's proposed development around the Skagit Regional Airport?

BACKGROUND: The Skagit County Commissioners will be considering final action on the Bayview Ridge UGA on December 3, 2013. This is a critical issue for Sedro-Woolley for two reasons: 1. The proposed development appears to threaten the long-term viability of the Skagit Regional Airport as a countywide asset for transportation and economic development and, 2. It would drive new development into the rural resource environment and away from urban areas like Sedro-Woolley that are already built and waiting for development.

Because of the potential for significant negative impacts to Sedro-Woolley and all of Skagit County other than a few benefitted property owners in the proposed area of new growth, I believe this issue rises to the level of importance for you to consider a formal resolution.

RECOMMENDATION: Motion to adopt the attached Resolution opposing the development of the Bayview Ridge UGA.



RESOLUTION NO. _____-13

A RESOLUTION EXPRESSING CONCERNS AND ASKING THE SKAGIT COUNTY COMMISSIONERS TO PROTECT THE SKAGIT REGIONAL AIRPORT AND THE ECONOMIC FUTURE OF ALL OF SKAGIT COUNTY BY ABANDONING THE BAYVIEW RIDGE UGA PROPOSAL

WHEREAS, Skagit County has been working to develop a non-municipal urban growth area for a number of years; and

WHEREAS, In part justification for the need for this area, the County has stated that Sedro-Woolley is unable to accommodate a population in excess of 11,030 due to restrictions in our sewer system; and

WHEREAS, Sedro-Woolley has completed major infrastructure investments in its municipal sewer system and road systems and additionally has significant areas of available land ready for growth and development in excess of the amount of projected growth that the Bayview Ridge UGA could accommodate; and

WHEREAS, Sedro-Woolley's available land inventory is already in an urbanized environment that is served by municipal law, fire, sewer and storm water with park and recreation opportunities, and

WHEREAS, the development of land within existing cities is consistent with Washington's growth management act and will not contribute to sprawl and a straining of services as they are stretched to reach far away from existing urban environments; and

WHEREAS, Sedro-Woolley and the surrounding areas of Skagit County depend on Skagit Regional Airport for transportation and regional economic development; and

WHEREAS, the Port of Skagit and the federal government recently invested millions of dollars at Skagit Regional Airport to improve the existing runway conditions and the Port has long-range plans to expand available services; and

WHEREAS, recent history at the Port of Seattle, NAS Whidbey and in the City of Anacortes provide local examples of the extreme complications that arise when conflicting uses are permitted in an airport environment; and

WHEREAS, Skagit Regional Airport is very likely to play an increasingly important role in regional transportation and economic development in the long-term; and

WHEREAS, major decisions such as the one currently under consideration by the Skagit County Commissioners should consider anticipated and unanticipated impacts for a time horizon that is much longer than 25 years; and

WHEREAS, permitting the redevelopment of farmland in the Bayview Ridge UGA to urban densities will most certainly conflict with airport operations and future growth of the airport; and

WHEREAS, a majority of the City Council of the City of Sedro-Woolley desires to go on record with the Skagit County Commissioners regarding their proposed Bayview Ridge UGA expansion plan; Now, Therefore;

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SEDRO-WOOLLEY AS FOLLOWS:

The City Council does hereby request and recommend to the Skagit County Commissioners that no new development be allowed in the Bayview Ridge Urban Growth Area that would conflict in any way with Skagit Regional Airport or contribute to sprawl.

PASSED by majority vote of the members of the Sedro-Woolley City Council this 26th day of November, 2013.

Mike Anderson, Mayor

Attest:

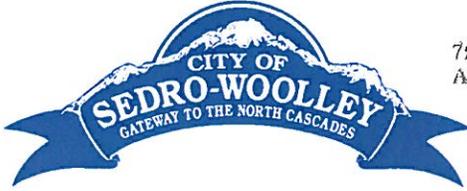
Patsy Nelson, Finance Director

Approved as to form:

Eron Berg, City Attorney

CITY COUNCIL AGENDA
REGULAR MEETING

NOV 26 2013



7:00 P.M. COUNCIL CHAMBERS
AGENDA NO. 11

CITY OF SEDRO-WOOLLEY
Sedro-Woolley Municipal Building
325 Metcalf Street
Sedro-Woolley, WA 98284
Phone (360) 855-1661
Fax (360) 855-0707

Christine Salseina
Deputy Clerk

MEMO TO: City Council
FROM: Christine Salseina
RE: Reports of Contracts approved under SWMC2.104.060
FOR MEETING ON: November 26, 2013

The following agreements were approved and are provided for your information:

<u>Contract</u> <u>Dollar Amount</u>	<u>Purpose</u>	<u>Date</u>
1. BIAS Software Per contract	2014 Software Service Agreement	11/15/2013



2014 Software Service Agreement

Vendor: BIAS Software

Entity: City Of Sedro-Woolley

For service and support of licensed BIAS Software programs in 2014, the Client agrees to the following terms that are in force **upon return of signed Agreement.**

1. **Term/Fee/Conditions.** This Agreement covers the period from 01/01/2014 through 12/31/2014. All purchased modules must be covered by the Agreement.

3 Types of Customer Price Categories

BIAS Software: Purchased. The 2014 Software Service Agreement fee is determined by the list price of the purchased modules and interfaces in use in 2014, multiplied by the current support rate of 15%.

BIAS Software: Monthly Lease. The 2014 Software Service Agreement fee for the contract period is covered by the monthly lease payments.

Fire Admin Software. The 2014 Software Service Agreement fee for the contract period is based upon purchased Fire Admin Modules. See Annual Invoice Voucher for details.

2. **Support Services.** Basic support services provided by the Vendor shall consist of the following:
 - a. **Unlimited Remote Support Services.** BIAS Software will provide a toll-free number and remote access software for Client use to contact any BIAS-trained operator during normal business hours (8:00 am – 5:30 pm PST), excluding major national holidays.
 - b. **Internet Connection.** The Client must provide and maintain a reliable Internet connection to allow BIAS means to properly diagnose Operator questions, to allow Client to download updates from the BIAS website and transfer required files. On-site visits required for problem resolution, due to a lack of Internet connection, will be subject to charges as listed in the **Fees and Expenses** section.

- c. **Error Corrections.** BIAS agrees to use all diligent effort to correct verifiable and reproducible errors within a reasonable time period, after being reported to BIAS. The correction will be considered 'fixed' when the Application functions as intended.
 - d. **State and Federal Regulations.** BIAS will provide updates required to conform to State and Federal regulations, including current tax tables, W2, and 1099 forms. Programming required to conform to local government ordinances will be subject to additional charges.
 - e. **Program Updates.** As part of this agreement, the Client will have access to the BIAS website for periodic software updates. The Client is responsible for keeping their BIAS applications up-to-date. Updates are identified in the digits to the right of the decimal point (0.XX).
3. **Exceptions** – the following services and issues are **not** covered by or included in the Service Agreement:
- a. **Significant Program Upgrades.** Significant program upgrades are identified by version numbering changes in digits to the left of the decimal point (X.00). These upgrades, due to their complexity, are subject to additional fees.
 - b. **New Products.** New module releases along with the associated training and implementation costs.
 - c. **Misuse.** Service or support required resulting from deliberate misuse of licensed modules.
 - d. **On-Site Services.** On-site support and training will be charged at the current fee schedule, if required. Please refer to **Section 7**.
 - e. **Balanced Books.** On-site or off-site services for balancing Client books are outside this agreement and subject to our standard Fee Schedule.
 - f. **Key Personnel Replacement and "New User Training".** Qualified training for new users is very important. BIAS Software will require "New User Training" in key positions including Finance Directors, Utility Billing Clerks and Payroll Clerks. Clients with excessive turnover will also be required to receive additional training. Please see the **Fees and Expenses** section for "new user training" options.

- g. Extended or Emergency Technical Support.** BIAS Software will charge standard Professional Service rates when the Client is not properly staffed or trained and must complete time-consuming support issues such as payroll or utility billing.
 - h. Third-Party Hardware or Software.** BIAS Software is not responsible for supporting or maintaining any software or hardware not supplied by the Vendor. BIAS Software does not guarantee compatibility with printers, hardware or third-party software.
 - i. Data Integrity.** Power outages, surges, spikes, brownouts and other changes in the electrical current may corrupt and damage data. BIAS Software assumes no liability for any data corruption or loss due to inadequate protection, lack of data backups, or computer system malfunctions.
 - j. Security of Financial Information.** It is understood that the security of financial information stored within the Bars Integrated Accounting System, (BIAS,) (Hereinafter referred to as the "Program,) or generated by the Program and stored in an electronic or paper format, is the sole responsibility of the Client and its related entities and affiliates. BIAS Software or its assignees shall not be held responsible for the theft, misappropriation, loss, or misuse of personal or entity related financial information, utility billing records, or any other financial information stored in Client controlled electronic media or physical storage locations. Client acknowledges that Client is solely responsible for the Client's security procedures, including but not limited to password security, encryption of sensitive information, background checks, proper handling of payroll ACH files, physical custody of cash, internal audit procedures and processes, annual reporting, and proper training in security and backup procedures. In addition, the Client and its related entities and affiliates agree to indemnify and hold harmless BIAS Software or its assignees from all costs, damages, expenses, and attorneys' fees incurred in an event of any security breach, theft, misappropriation, loss, misuse of personal or entity related financial information, or other related incident.
- 4. Custom Modifications.** Custom modification requests will be considered. A quote for programming and training for these modifications will be provided to the Client. BIAS Software will make a reasonable and good faith effort to comply with such requests but shall retain sole discretion to decide whether and when such services can be provided.
- 5. Cooperation of Client.** The Client agrees to promptly notify BIAS following the discovery of any error(s). Upon discovery of an error(s), the Client agrees, if requested, to submit
-

application data to aid in the diagnosis and correction of the error(s). BIAS Software shall treat all Client data as confidential.

6. Fees and Expenses. Licensee agrees to pay incurred fees for those items and/or services excluded from the Service Agreement when services are rendered and the expenses invoiced.

a. Fee Schedule – Subscriber Services

- **Professional Services** for Clients with a signed 2014 Software Service Agreement:

- ❖ \$47.50 per hour for Bookkeeping Services
- ❖ \$105 per hour for Accounting Services
- ❖ \$190 per hour for Programming

b. Fee Schedule – Non-Subscriber Services

- **Professional Services** for Clients without a signed 2014 Software Service Agreement:

- ❖ \$210 - \$300 per hour, (with a minimum cost of \$210 per incident), plus 50% of the proposed 2014 Software Service Agreement fee.
- ❖ Any previous gap(s) in Annual Service Agreement purchases must be paid to receive updates and the option to purchase future annual Service Agreements.

c. “New User Training” BIAS has two options for “New User Training”.

Option 1 - \$895 (\$495 1-2 Modules) includes:

- I. New User Processing Guides.
- II. Training Video Library.
- III. Assist in accounting activities twice.
- IV. 6 Months “New User Support.”

Option 2 - \$1,595 includes:

- I. All features in **Option 1**.
- II. 1 Full Day of training at the Client’s site, including all out-of-pocket expenses.

7. **On-Site Services.** In addition to the Professional Services fees mentioned in Section 6, services at the Client's site will be subject to the following charges:
- a. **Travel by Car** - Federal mileage reimbursement rate (Currently 56.5 cents/mile).
 - b. **Travel by Air** – Costs as incurred.
 - c. **Lodging** – Costs as incurred.
 - d. **Per Diem** – Based on Federal Per Diem Rates for the Client's locale.
8. **Exceptions to Charges for On-Site Services.** If on-site services are required, there is no charge for technical support provided the following conditions are met:
- a. The 2014 Software Service Agreement is paid in full.
 - b. It is determined the Software caused the error.
 - c. The Operator was adequately trained by BIAS.
9. **Billing.** All Client invoices, for products or service, are due upon receipt. They are past due 30 days after the invoice date. BIAS may, at its option, charge all invoices 30 days past due and older an interest rate of one and one-half percent (1½%) per month (18% per Annum) or, if less, the highest rate allowed by applicable law from the date such fee or charge first became past due. Invoices sixty (60) days past due may be declared delinquent and BIAS may, at its option, put support services on hold. Accounts on hold may receive none of the support services listed in section 2 until all past due and delinquent invoices are paid in full.
10. **Use and Restrictions.** Vendor has sole and exclusive ownership of all right, title and interest in and to all error corrections, enhancements, upgrades and new products subject to the conditions of the License Agreement.
11. **Priority for Services:** Current agreement subscribers will receive priority over non-subscribers.



2014 Software Service Agreement

Sign and return this page only.

Your signature is deemed acceptance of the 2014 Service Agreement pages 1-5

Licensee

Entity: City Of Sedro-Woolley

Signer: ERON BERG

Signature: 

Title: city supervisor

Date: 11/15/13

Licensor

BIAS Software
327 E Pacific
Spokane, WA 99202

Date:

BIAS President
Mark Felchlin



Fax to 888.228.0030 or mail to 327 E. Pacific, Spokane, WA 99202