



**CITY OF EDGEWOOD
REGULAR COUNCIL MEETING AGENDA**

Tues., May 9, 2017 – 7:00 pm. ♦ City Hall – 2224 104th Avenue East ♦ Edgewood, WA

1. CALL TO ORDER

Pledge of Allegiance, Roll Call, Additions/Deletions

2. AUDIENCE COMMENT

3. MAYOR'S REPORT

4. CONSENT AGENDA (pg.2) : *The consent agenda includes items that are routine in nature and are adopted by one motion. Should Council wish to discuss a consent agenda item, the item would be removed from the consent agenda and discussed under Council Business.*

The following items are presented for Council approval:

A. Regular City Council Meeting Minutes of April 25, 2017,

B. Study Session Meeting Minutes of May 2, 2017.

C. AB 17-021, a motion approving May 2017 Budgeted Expenditures as follows:

Nationwide Retirement Solutions Check Numbers 10604-10605 in the amount of \$4,675.82; IRS 941 ACHs; Deferred Compensations Program; Dept. of Retirement Systems; AWC Employee Benefit Trust; and Payroll Direct Deposit in the amount of \$70,355.77; and Vendor Check Numbers 21962-21984 with EFT Payments in the amount of \$179,463.90. Total distributions submitted for review & authorization in the amount of \$254,495.49

5. COUNCIL BUSINESS

A. AB 17-0369 (pg. 18), a motion to approve Resolution No. 17-0369, authorizing the Mayor to enter into a contract with Lower 48 Contracting/ Painting, Inc. to proceed with work associated with the City Hall painting/staining project 2017 for an amount no to exceed \$71,072.00

B. AB 17-0370 (pg 43), a motion adopting Resolution No. 17-0370, authorizing the Mayor to sign the First Amendment to the 2007 Interlocal Agreement (January 23, 2007) between the City of Edgewood and the Lakehaven Water and Sewer District, once details are finalized, for services associated with accepting, conveying and treating sewage for specified properties within the City of Edgewood, as outlined within the agreement

C. AB 17-0499 (pg. 50), a motion to adopt Ordinance No. 17-0499, relating to Comprehensive Planning under the Growth Management Act (GMA), adopting Concurrency regulation for the review of Legislative and Quasi-Judicial applications, as mandated by the GMA for Transportation Facilities, repealing Section 18.90.030 of Chapter 18.90 and adopting a new Chapter 18.105 to the Edgewood Municipal Code and establishing and effective date

D. AB 17-0500 (pg. 71), a motion to accept first reading of Ordinance No. 17-0500, relating to Land Use and Zoning, adopting a new permanent zoning ordinance relating to Quasi-Judicial map Amendments, repealing Section 18.40.110 of the Edgewood Municipal Code; describing the elements of a complete application, the criteria for approval, deadline for issuance of a final decision, and expiration of the approval, providing for severability and establishing an effective date

E. AB17-0371 (pg. 79) – a motion adopting Resolution No. 17-0371, authorizing the Mayor to purchase one million dollars of government backed securities, as authorized by RCW 39.59, from Strategic Reserve Fund Balance with maturity dates not to exceed three years

6. COUNCIL COMMENTS

7. EXECUTIVE SESSION

8. ADJOURN

This meeting is accessible to persons with disabilities. For individuals who may require special accommodations, please contact City Hall at (253) 952.3299, 24 hours in advance.



**CM
CITY OF EDGEWOOD
REGULAR COUNCIL MEETING SUMMARY**

Tues., April 25, 2017 – 7:00pm ♦ City Hall – 2224 104th Avenue East ♦ Edgewood, WA

1. CALL TO ORDER

Mayor Eidinger called the meeting to order at 7:00pm. Councilmember Shook led the attendees in the Pledge of Allegiance.

ROLL CALL

Present: Mayor Daryl Eidinger (Not voting), Councilmember Mark Creley, Councilmember Luke Meyers, Deputy Mayor Tyron Christopherson, Councilmember Stephanie Shook, Councilmember Rosanne Tomyn, Councilmember Nate Lowry. **Excused:** Councilmember Donna O'Ravez.

Staff Present: Assistant City Administrator Dave Gray, Assistant City Administrator Aaron Nix, City Clerk Rachel Pitzel, Community Development Director Kevin Stender, Police Chief Micah Lundborg, Carol Morris, City Attorney.

Additions/Deletions to the Agenda

There were no additions or deletions to the agenda; however, Mayor Eidinger noted he would like to modify the agenda to the following:

- Presentation – Fire Department
- Public Hearing – Ordinance No. 17-0497
- Audience Comment
- Presentation – Code Enforcement

There was Council consensus to modify the agenda as suggested.

2. PRESENTATIONS

1. Fire Department Updates- Chief Bud Backer

Chief Bud Backer updated Council on the Fire Department EMS call volumes; how to address rising service demand; fire engine under staffed; facilities and apparatus needs; SAFER Grant; Lift Fire and EMS Levies in August 2017; Bond Issue for Stations/Apparatus in 2018; 2017 Collection Rate Comparisons; Lid Lift- Property Owner Impact.

3. PUBLIC HEARING

Ordinance No. 17-0497, relating to Land Use, and Zoning

Mayor Eidinger read the rules for the hearing.

Mayor Eidinger opened the public hearing at 7:26pm.

Community Development Director Stender gave an update on Ordinance No. 17-0497.

Mayor Eidinger asked for public comments. There were no comments made. There were no additional staff comments.

Mayor Eidinger closed the public hearing at 7:28pm.

4. AUDIENCE COMMENT

There were no audience comments.

2. PRESENTATION (cont'd)

2. Code Enforcement – City Attorney Carol Morris

City Attorney Carol Morris presented Council with a presentation on Code Enforcement and went over the policy issues when it comes to Code Enforcement.

- Authority to adopt and enforce code
- Do cities and counties have a duty to enforce the code
- Circumstances under which there may be a duty to enforce the code
- Municipal Liability
- Code Enforcement – Selective Enforcement
- Who enforces the code?
- Types of Code Enforcement Programs
- Abatement of Nuisances
- Revocation of Permits
- “Alternative” Methods of Code Enforcement
- Erroneously issued permits
- Nonconformities
- Penalties

5. MAYOR’S REPORT

Mayor Eidinger spoke about the following:

- Follow-up between staff and police with citizens regarding Decheaux Road;
- Annual State of the Cities address;
- Attended a Redflex webinar with Chief Lundborg regarding speed camera enforcement;
- Update on the City Hall repainting RFP;
- Attended the AWC Small Cities conference in Tenino;
- He and Aaron Nix have been continuing their quarterly meetings with Lakehaven on current matters and future connections, including the upcoming connection to Edgemont;
- Park Appreciation Day at Nelson Park last weekend, great turnout.

Mr. Nix updated Council on Chrisella Road, he noted there was some issues on settlement that had occurred and analysis was done by PanGeo and the city’s acting engineer who did some evaluation work on the hillside. He also discussed grant money for asphalt restoration; he also noted there have been discussions with the Developer along Yuma and the city received a notice from the City of Fife that they have approved 180 connections for SF units along that road.

Chief Lundborg updated Council on crime incidents; gave kudos to Officer Johnson who served a search warrant on a vehicle; he noted that he is receiving great outreach help from our Communications Coordinator Jill; reminded folks of the Shredding and Drug Take Back event on Saturday, April 29th.

6. CONSENT AGENDA

The consent agenda includes items that are routine in nature and are adopted by one motion. Should Council wish to discuss a consent agenda item, the item would be removed from the consent agenda and discussed under Council Business.

The following items are presented for Council approval:

- A.** Regular City Council Meeting Minutes of April 11, 2017,
- B.** Study Session Meeting Minutes of April 18, 2017.

- C. **AB 17-019**, a motion approving April 2017 Budgeted Expenditures as follows: Nationwide Retirement Solutions Check Numbers 10602-10603 in the amount of \$4,686.78; Dept. of Labor & Industry; IRS 941 ACHs; Deferred Compensations Program; Dept. of Retirement Systems; and Payroll Direct Deposit in the amount of \$51,529.77; and Vendor Check Numbers 21931-21961 with EFT Payments in the amount of \$57,789.75. Total distributions submitted for review & authorization in the amount of \$114,006.30
- D. **AB17-0366**, Resolution No. 17-0366, amending the City's Personnel Manual adopted on May 27, 2014 and adding a new Section 2(L) entitled Social Media Policy
- E. **AB17-0367**, Resolution No. 17-0367, approving Section 9(G) - City Vehicle Use and Driving Policy for the use of City vehicles and driving related to conducting city business

Motion: As Read, **Action:** Approve, **Moved by** Councilmember Luke Meyers, **Seconded by** Deputy Mayor Tyron Christopherson. **Motion passed unanimously (6-0).**

7. COUNCIL BUSINESS

- A. **AB 17-0497**, a motion to accept second reading and adoption of Ordinance No. 17-0497, relating to Land Use and Zoning, adopting procedures for the execution of development agreements with property owners, requiring consistency with existing development regulations as required by RCW 36.70B.170, identifying the elements of a complete application for a development agreement, describing the procedure for processing development agreements, clarifying the effect, format, requirements for Public Hearing on development agreements, recording, appeals and revisions to approved development agreements; adopting a new Chapter 18.55 to the Edgewood Municipal Code, repealing Section 18.50.090 and 18.90.015 of the Edgewood Municipal Code and establishing an effective date

Community Development Director Stender briefed on the agenda item.

Motion: As Read, **Action:** Approve, **Moved by** Deputy Mayor Christopherson, **Seconded by** Councilmember Mark Creley. **Motion passed unanimously (6-0).**

- B. **AB17-020**, a motion authorizing the posting of the 1st Quarter Financial Position Statements and Attachments to the City website and made available as a public document.

Assistant City Administrator Gray briefed on this agenda item.

Motion: Authorizing to post to the website and make available to public, **Action:** Approve, **Moved by** Councilmember Stephanie Shook, **Seconded by** Councilmember Rosanne Tomyn. **Motion passed unanimously (6-0).**

- C. **AB17-0368**, a motion adopting Resolution No. 17-0368, amending the City's Comprehensive Land Use Map consistent with Ordinance No. 13-0402, to change the Land Use designation of a parcel from Town Center/Single Family Moderate to Mixed Residential Moderate on the Comprehensive Plan Land Use map, providing for severability and establishing an effective date

Community Development Director Stender briefed on the agenda item.

Motion: As Read, **Action:** Approve, **Moved by** Deputy Mayor Tyron Christopherson, **Seconded by** Councilmember Mark Creley. **Motion passed unanimously (6-0).**

8. COUNCIL COMMENTS

Deputy Mayor Christopherson asked about new flags out front. Mayor Eidinger noted we have them and they will be placed on the flagpole soon.

Deputy Mayor Christopherson also asked about the empty flagpole at Edgemont Park.

Councilmember Creley noted the permitting with the City was discussed at the MTVE Water Company Board meeting, and stated they felt it was going smoothly.

9. EXECUTIVE SESSION

There was no executive session.

10. ADJOURN

Mayor Eidinger adjourned the meeting at 8:17pm.

Rachel Pitzel, City Clerk

Daryl Eidinger, Mayor



**CITY OF EDGEWOOD
COUNCIL STUDY SESSION SUMMARY**

Tues., May 2, 2017 – 7:00 PM ♦ City Hall – 2224 104th Avenue East ♦ Edgewood, WA

1. CALL TO ORDER

Mayor Eidinger called the meeting to order at 7:00pm and led attendees in the Pledge of Allegiance.

ROLL CALL

Present: Mayor Daryl Eidinger (Not voting), Councilmember Mark Creley, Councilmember Luke Meyers, Deputy Mayor Tyron Christopherson (**late**), Councilmember Stephanie Shook, Councilmember Rosanne Tomyn, Councilmember Nate Lowry. **Excused:** Councilmember Donna O'Ravez.

Staff Present: Assistant City Administrator Dave Gray, Assistant City Administrator Aaron Nix, City Clerk Rachel Pitzel, Community Development Director Kevin Stender, Police Chief Micah Lundborg.

2. COUNCIL BUSINESS

A. Review/Discussion - Quasi-Judicial Rezone

No Council comment, move forward as planned for the first reading on May 9.

B. Review/Discussion - Building Dept. Code Enforcement

Mr. Nix provided an updated version, noted this would be brought forward for a PH on May 23, and noted there will be plenty of opportunity for comments and public input.

C. Review/Discussion - Concurrency Ordinance

Mr. Nix noted that this ordinance was brought forward to the Planning Commission who held a public hearing and recommends moving it forward. He noted he would like to bring to the May 9 RCM for adoption.

D. Review/Discussion - Lakehaven ILA Map Revision

Mr. Nix updated Council on the material, noted he would like to bring forward for adoption at the May 9 RCM.

E. Review/Discussion - RFP City Hall Painting Submittals

Mr. Nix presented Council with the three valid RFP submittals and explained the process. He noted that he would like to move forward with accepting Lower 48 Contracting/Painting, Inc. bid, and planned on bringing it forward to the next Council meeting for approval. Councilmembers discussed the bid, asked Mr. Nix if he could contact the company, and ask them if they would consider the additional option the other company provided.

Deputy Mayor Christopherson entered the meeting at 7:40pm.

F. Review/Discussion - TVI Investments

Mr. Gray discussed the opportunity of an LGIP investment. Council discussed the pros and cons and discussed the advantages and the risks of the investment. Mr. Gray noted he would like to bring this item forward to the May 9 RCM for adoption.

G. Review/Discussion - USDA Loan Pay Down

Mr. Gray discussed the USDA Loan the City procured in 2014 to cover the remaining construction cost for the LID No. 1 sewer. He noted this pay down would reduce the overall USDA loan interest expense at 4% per annum. Council discussed this item at length with the determination they would like more opportunity to discuss this issue as well as the sewer. Mr. Gray noted he would pull it from the May 9 agenda and place on the next available study session agenda.

Councilmember Meyers noted it would be nice to have a meeting regarding Regional Transportation placed on the FAL for the future. He also noted the bridge construction plan in Sumner.

Mayor Eidinger noted he would place a call to the City of Sumner to see if they are available to come to a meeting to discuss the plan.

H. Discussion - Lowering Speed Limits

Mayor Eidinger discussed lowering the speed limits on certain streets within Edgewood, he provided EMC Chapter 10.10 Section, 10.10.020(a) which highlighted all the 35mph streets in Edgewood. He asked Council to look at the streets and make a list of which ones they felt needed to be addressed. It was discussed and noted that this would be brought to the next available study session and the Mayor would provide a map of the streets in question.

I. Discussion (no material) – Police Staffing

Mayor Eidinger discussed at the last study session regarding the CSM position, that there seemed to be some concern from Council that this position was more a City position and not a police position. He mentioned that he wanted to provide more feedback and opportunity for discussion. Chief Lundborg addressed Council regarding the CSM position, he noted that he met with the Mayor and management staff and discussed exactly what the needs are. He noted that citizens want to see more officers, that is who they want to see, and talk with. He noted that with the assistance of Jill the city's Communications Coordinator, helping with the clerical portion of what the police OA did, he could really use an Investigator. Mayor Eidinger noted that discussions are taking place between the City and Pierce County Sheriff's office and the CSM position is on hold.

Chief Lundborg updated Council on the Shredding Event that occurred on April 29 –

- 103 Edgewood Residents attended
- 62 Milton Residents attended
- 128 lbs. of drugs turned in
- 4,200 lbs. of paper recycled
- 850 lbs. of food collected
- 3 boxes of school supplies donated
- \$480 monetary donations

3. OTHER COUNCIL ISSUES

Mayor Eiding informed Council that he has arranged for Mayor John Hopkins of the City of Puyallup to attend the May 30 study session to discuss the homelessness.

Mayor Eiding reminded Council that the May 16th Study Session will be a special joint meeting with the Planning Commission and provide training regarding Land Use Regulations and Quasi-Judicial Rezone, he also noted it has been extended to the Boards and Commissions to earn their OPMA training requirements.

Councilmember Meyers asked if the city ever considered placing viewpoints around the city. He noted the pullout on Sumner Heights would be a great place to put one.

4. ADJOURN

Mayor Eiding adjourned the meeting at 9:17pm.

Rachel Pitzel, City Clerk

Daryl Eiding, Mayor



CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
Agenda Bill No.: 17-021

Date Action Requested: May 9, 2017

Title: **AB 17-021**, a motion approving May 2017 Budgeted Expenditures as follows: Nationwide Retirement Solutions Check Numbers 10604-10605 in the amount of \$4,675.82; IRS 941 ACHs; Deferred Compensations Program; Dept. of Retirement Systems; AWC Employee Benefit Trust; and Payroll Direct Deposit in the amount of \$70,355.77; and Vendor Check Numbers 21962-21984 with EFT Payments in the amount of \$179,463.90. Total distributions submitted for review & authorization in the amount of \$254,495.49

Attachments: Payment Distribution Review & Authorization, Voucher Directory

Submitted By: Dave Gray, Assistant City Administrator, Finance

Approved For Agenda By: Mayor Daryl Eiding

Prepared For Agenda By: Rachel Pitzel, City Clerk

Recommendation: Move to Approve AB17-021

Discussion: Approval of Claims and Payroll Expenditures.

Alternatives: 1) Do not approve. 2) Refer to Council Study Session for Further Review.

Fiscal Impact: An increase in the sum of \$254,495.49 to authorized Budgeted Expenditures.

City of Edgewood 2017

May 9th 2017 Council Meeting Check & EFT Payment Distribution Review & Authorization

Number	Name	Print Date	Amount
US Bank PAYROLL ACCOUNT DISTRIBUTION			
10603 Last Number Issued Previous Authorization			
<u>10604</u>	Nationwide Retirement Solutions-401	4/28/2017	\$4,638.32
<u>10605</u>	Nationwide Retirement Solutions-Council	4/28/2017	\$37.50
	Total		\$4,675.82
<u>AWC EFT 4/28/17</u>	AWC Employee Benefit Trust	4/28/2017	\$22,960.16
<u>DCP EFT 4/28/17</u>	Deferred Compensation Program	4/28/2017	\$1,520.52
<u>Direct Deposit Run -</u>	Payroll Vendor	4/28/2017	\$33,814.63
<u>DRS EFT 4/28/17</u>	Dept of Retirement Systems	4/28/2017	\$6,771.52
<u>IRS 941 4/28/17</u>	IRS 941	4/28/2017	\$5,288.94
	Total		\$70,355.77
	Grand Total		\$75,031.59

Number	Name	Print Date	Amount
CLAIM VOUCHER ACCOUNT DISTRIBUTION			
21961 Last Number Issued Previous Authorization			
<u>21962</u>	City of Edgewood	5/1/2017	\$3,250.00
<u>21963</u>	Association of WA Cities	5/9/2017	\$400.00
<u>21964</u>	Century Link	5/9/2017	\$210.49
<u>21965</u>	Chicago Title Insurance Co.	5/9/2017	\$409.04
<u>21966</u>	City of Sumner	5/9/2017	\$2,677.13
<u>21967</u>	Comcast	5/9/2017	\$101.33
<u>21968</u>	Comcast Business	5/9/2017	\$801.71
<u>21969</u>	Daryl Eiding	5/9/2017	\$181.80
<u>21970</u>	ESI Security	5/9/2017	\$42.86
<u>21971</u>	Form Source, Inc.	5/9/2017	\$61.43
<u>21972</u>	G & K Services Co.	5/9/2017	\$247.77
<u>21973</u>	Landau Associates	5/9/2017	\$3,053.33
<u>21974</u>	Office Depot	5/9/2017	\$381.09
<u>21975</u>	Pierce County Budget & Finance Jail	5/9/2017	\$8,445.30
<u>21976</u>	Pierce County Budget & Finance PW	5/9/2017	\$5,532.05
<u>21977</u>	Pierce County Budget & Finance Sheriff	5/9/2017	\$151,021.73
<u>21978</u>	Pierce County Budget and Finance Dept.	5/9/2017	\$45.00
<u>21979</u>	Planning Association of Washington	5/9/2017	\$75.00
<u>21980</u>	Rick Pederson	5/9/2017	\$244.50
<u>21981</u>	Sewall Wetland Consulting, Inc.	5/9/2017	\$980.00
<u>21982</u>	Tecnico LFS	5/9/2017	\$160.45
<u>21983</u>	Transpo Group	5/9/2017	\$1,002.63
<u>21984</u>	Wilbur-Ellis Company	5/9/2017	\$198.91
<u>EFT Payment 5/2/2017</u>	Verizon Wireless	5/9/2017	\$349.39
<u>V20414</u>	Chicago Title Insurance Co.	5/9/2017	(\$409.04)
	Grand Total		\$179,463.90

Total Claims Voucher Distribution	\$179,463.90
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Total Distribution Submitted for Review & Authorization	\$254,495.49
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Authorization Adjustments:

Total Distribution Net of Prior Authorized Adjustments	\$254,495.49
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Claims Voucher Approval: I, the undersigned, do hereby certify under penalty of perjury that the materials have been furnished, the services rendered or the labor performed

_____ Mayor, Daryl Eiding
_____ Council Member



Voucher Directory

Vendor	Number	Reference	Account Number	Description	Amount
Association of WA Cities	21963			2017 - May - 1st Council Meeting	
		51172			
			Conference Registration-Daryl Eidinger		
			001-013-000-513-10-49-03	Registration	\$400.00
				2017 AWC Conference	
		Total 51172			\$400.00
	Total 21963				\$400.00
Total Association of WA Cities					\$400.00
Century Link	21964			2017 - May - 1st Council Meeting	
		253-927-2018 680B 4/25-5/25/17			
			4/25-5/25/17 Services		
			001-018-000-518-30-42-01	Telecommunications Charges	\$102.04
				Elevator Alarm Line	
		Total 253-927-2018 680B 4/25-5/25/17			\$102.04
		253-952-3537 889B 4/22-5/22/17			
			4/22-5/22/17 Services		
			001-018-000-518-30-42-01	Telecommunications Charges	\$108.45
				Fax and Fire Alarm Line	
		Total 253-952-3537 889B 4/22-5/22/17			\$108.45
	Total 21964				\$210.49
Total Century Link					\$210.49
Chicago Title Insurance Co.	21965			2017 - May - 1st Council Meeting	
		050117-CT			
			Overpmt-Escrow #4380860-TR		
			411-000-000-368-10-00-01	LID #1 Principal Received	\$409.04
				Re-Issue Lost Ck#20414-LID 075 Overpayment	
		Total 050117-CT			\$409.04
	Total 21965				\$409.04
V20414				2017 - May - 1st Council Meeting	
		120914-CT			
			Void Check #20414		
			411-000-000-368-10-00-01	LID #1 Principal Received	(\$409.04)

Vendor	Number	Reference	Account Number	Description	Amount
				Void lost Ck #20414	
		Total 120914-CT			(\$409.04)
	Total V20414				(\$409.04)
Total Chicago Title Insurance Co.					\$0.00
City of Edgewood	21962			2017 - May - 1st Council Meeting	
		050117-COE			
			SEPA Checklist-Marijuana Code Update		
			001-058-000-558-60-41-03	Prof. Services (Non-reimbursable)	\$3,250.00
				SEPA Checklist Fee-Marijuana Code Update	
		Total 050117-COE			\$3,250.00
	Total 21962				\$3,250.00
Total City of Edgewood					\$3,250.00
City of Sumner	21966			2017 - May - 1st Council Meeting	
		03443			
			May Services		
			001-018-000-554-30-51-01	Animal Control Services	\$2,677.13
				Animal Control Svs. for May	
		Total 03443			\$2,677.13
	Total 21966				\$2,677.13
Total City of Sumner					\$2,677.13
Comcast	21967			2017 - May - 1st Council Meeting	
		8498 35 021 0458551 4/25-5/24/17			
			4/25-5/24/17 Services		
			001-018-000-518-30-42-01	Telecommunications Charges	\$101.33
				City Hall Internet	
		Total 8498 35 021 0458551 4/25-5/24/17			\$101.33
	Total 21967				\$101.33
Total Comcast					\$101.33
Comcast Business	21968			2017 - May - 1st Council Meeting	
		52357967			
			4/15-5/14/17 Services		
			001-018-000-518-30-42-01	Telecommunications Charges	\$801.71
				City Hall Phones	
		Total 52357967			\$801.71
	Total 21968				\$801.71
Total Comcast Business					\$801.71

Vendor	Number	Reference	Account Number	Description	Amount
Daryl Eidinger	21969			2017 - May - 1st Council Meeting	
		042417-DE			
			April Expense Reimbursement		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$181.80
				City Vehicle-Cargo Net, Winch, Light Bar	
		Total 042417-DE			\$181.80
	Total 21969				\$181.80
Total Daryl Eidinger					\$181.80
ESI Security	21970			2017 - May - 1st Council Meeting	
		046231			
			May Purchases		
			101-000-000-542-30-31-01	Operational Supplies	\$42.86
				Keys	
		Total 046231			\$42.86
	Total 21970				\$42.86
Total ESI Security					\$42.86
Form Source, Inc.	21971			2017 - May - 1st Council Meeting	
		851408			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$61.43
				Business Cards-S. Goff	
		Total 851408			\$61.43
	Total 21971				\$61.43
Total Form Source, Inc.					\$61.43
G & K Services Co.	21972			2017 - May - 1st Council Meeting	
		1068412576			
			4/3/17 Weekly Service		
			001-018-000-518-30-41-01	Professional Services	\$88.41
		Total 1068412576			\$88.41
		1068414565			
			4/10/17 Weekly Service		
			001-018-000-518-30-41-01	Professional Services	\$52.96
		Total 1068414565			\$52.96
		1068416562			
			4/17/17 Weekly Service		
			001-018-000-518-30-41-01	Professional Services	\$53.20
		Total 1068416562			\$53.20

Vendor	Number	Reference	Account Number	Description	Amount
		6068418559			
			4/24/17 Weekly Service		
			001-018-000-518-30-41-01	Professional Services	\$53.20
		Total 6068418559			\$53.20
	Total 21972				\$247.77
Total G & K Services Co.					\$247.77
Landau Associates					
	21973			2017 - May - 1st Council Meeting	
		0039087			
			March Svcs-Prj 0495075.010		
			001-058-000-558-60-41-01	Reim.Engineering - Prof. Serv Westridge/Conner Homes Plat	\$898.96
		Total 0039087			\$898.96
		0039088			
			March Svcs-Prj 0495097.010		
			001-058-000-558-60-41-01	Reim.Engineering - Prof. Serv Edgewood Terrace Plat	\$850.00
		Total 0039088			\$850.00
		0039126			
			March Svcs-Prj 0495092.010		
			001-058-000-558-60-41-01	Reim.Engineering - Prof. Serv Nicklaus Preliminary Plat	\$1,304.37
		Total 0039126			\$1,304.37
	Total 21973				\$3,053.33
Total Landau Associates					\$3,053.33
Office Depot					
	21974			2017 - May - 1st Council Meeting	
		920040656001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies Copy Paper	\$175.79
		Total 920040656001			\$175.79
		921045751001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies Speakers	\$19.77
		Total 921045751001			\$19.77
		921045810001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies Stamp Pad	\$12.29
		Total 921045810001			\$12.29

Vendor	Number	Reference	Account Number	Description	Amount
		921045812001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$19.09
				Divider Tabs	
		Total 921045812001			\$19.09
		921048912001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$33.27
				Stamp and Ink	
		Total 921048912001			\$33.27
		922387570001			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$120.88
				Easel Pad	
		Total 922387570001			\$120.88
	Total 21974				\$381.09
Total Office Depot					\$381.09
Pierce County Budget & Finance Jail					
21975				2017 - May - 1st Council Meeting	
	CI-231570				
		January Services			
		001-021-000-523-60-51-01		Jail Services	\$736.75
	Total CI-231570				\$736.75
	CI-231571				
		February Services			
		001-021-000-523-60-51-01		Jail Services	\$4,056.15
	Total CI-231571				\$4,056.15
	CI-231575				
		March Services			
		001-021-000-523-60-51-01		Jail Services	\$3,652.40
	Total CI-231575				\$3,652.40
	Total 21975				\$8,445.30
Total Pierce County Budget & Finance Jail					\$8,445.30
Pierce County Budget & Finance PW					
21976				2017 - May - 1st Council Meeting	
	CI-231586				
		January Services			
		101-000-000-542-64-51-02		Traffic Operations (Contract)	\$5,532.05
				Traffic Sign & Signal Maintenance	
	Total CI-231586				\$5,532.05
	Total 21976				\$5,532.05
Total Pierce County Budget & Finance PW					\$5,532.05

Vendor	Number	Reference	Account Number	Description	Amount
Pierce County Budget & Finance Sheriff	21977			2017 - May - 1st Council Meeting	
		CI-231552			
			April Services		
			001-021-000-521-20-51-01	Police Services	\$151,021.73
		Total CI-231552			\$151,021.73
	Total 21977				\$151,021.73
Total Pierce County Budget & Finance Sheriff					\$151,021.73
Pierce County Budget and Finance Dept.	21978			2017 - May - 1st Council Meeting	
		CI-231503			
			Q1 2017 Services		
			001-014-000-518-80-49-03	Computer Subscriptions	\$45.00
				WAN Charges	
		Total CI-231503			\$45.00
	Total 21978				\$45.00
Total Pierce County Budget and Finance Dept.					\$45.00
Planning Association of Washington	21979			2017 - May - 1st Council Meeting	
		1095			
			2017 Membership		
			001-058-000-558-60-49-01	Memberships	\$75.00
		Total 1095			\$75.00
	Total 21979				\$75.00
Total Planning Association of Washington					\$75.00
Rick Pederson	21980			2017 - May - 1st Council Meeting	
		043017-RP			
			April Mileage Reimbursement		
			101-000-000-542-90-43-03	Mileage Reimbursement	\$73.35
			410-000-000-531-38-43-03	Mileage Reimbursement	\$171.15
		Total 043017-RP			\$244.50
	Total 21980				\$244.50
Total Rick Pederson					\$244.50
Sewall Wetland Consulting, Inc.	21981			2017 - May - 1st Council Meeting	
		42184			
			April Services-Job 17-128		
			001-058-000-558-60-41-01	Reim.Engineering - Prof. Serv	\$980.00
				Edgewood Terrace	
		Total 42184			\$980.00
	Total 21981				\$980.00
Total Sewall Wetland Consulting, Inc.					\$980.00

Vendor	Number	Reference	Account Number	Description	Amount
Tecnico LFS					
	21982			2017 - May - 1st Council Meeting	
		15-2728			
			April Purchases		
			001-018-000-518-20-31-01	Office & Operational Supplies	\$160.45
				Plotter Paper	
		Total 15-2728			\$160.45
	Total 21982				\$160.45
Total Tecnico LFS					\$160.45
Transpo Group					
	21983			2017 - May - 1st Council Meeting	
		20211			
			March Svcs-Prj 13312.00		
			001-058-000-558-60-41-01	Reim.Engineering - Prof. Serv	\$1,002.63
				Northwood Elementary #16-5676	
		Total 20211			\$1,002.63
	Total 21983				\$1,002.63
Total Transpo Group					\$1,002.63
Verizon Wireless					
	EFT Payment 5/2/2017 4:17:09 PM - 1			2017 - May - 1st Council Meeting	
	9784558159				
			4/24-5/23/17 Services		
			001-018-000-518-30-42-01	Telecommunications Charges	\$349.39
		Total 9784558159			\$349.39
	Total EFT Payment 5/2/2017 4:17:09 PM - 1				\$349.39
Total Verizon Wireless					\$349.39
Wilbur-Ellis Company					
	21984			2017 - May - 1st Council Meeting	
		10768681			
			April Purchases		
			001-076-000-576-80-31-09	Chemicals	\$198.91
				Weedmaster, Ranger Pro, Ferrous Sulfate	
		Total 10768681			\$198.91
	Total 21984				\$198.91
Total Wilbur-Ellis Company					\$198.91
Grand Total		Vendor Count	24		\$179,463.90



**CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
Agenda Bill No.: 17-0369**

Date Action Requested: May 9, 2017

Title: City Hall Painting/Staining Project 2017

Attachments: Resolution 17-0369 and Exhibit A

Submitted By: Aaron C. Nix, ACA Municipal Services

Approved For Agenda By: Daryl Eiding, Mayor

Prepared For Agenda By: Aaron C. Nix, ACA Municipal Services

Recommendation: Move to allow the Mayor to enter into a contractual agreement with Lower 48 Painting and Contracting Incorporated to proceed with work associated with the City Hall Painting/Staining Project 2017, in an amount not to exceed \$71,072.00.

Discussion: City staff utilized the small works roster and solicited several firms utilizing an RFP process and received a total of 4 bids. 3 bids were received on the due date and within the time limits detailed on the RFP, but only 2 bids were from firms on the City's small works roster. A 4th bid was received after the established deadline on the RFP. Staff took these bids, with a recommendation, based on the requirements identified within Edgewood Municipal Code and discussed this issue with the City Council at their May 2nd Study Session. The City Council agreed with staff on their recommendation and asked that staff put together a resolution accepting the bid from Lower 48 Painting and Contracting Incorporated, as the lowest responsible bidder.

Alternatives: 1) Do not adopt. 2) Forward to Study Session for further review

Fiscal Impact: Capital funds in an amount not to exceed \$71, 072.00.

RESOLUTION NO. 17-0369

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, AUTHORIZING THE MAYOR TO ENTER INTO A CONTRACT WITH LOWER 48 PAINTING AND CONTRACTING INCORPORATED TO PROCEED WITH WORK ASSOCIATED WITH THE CITY HALL PAINTING/STAINING PROJECT 2017 FOR AN AMOUNT NOT TO EXCEED SEVENTY ONE THOUSAND AND SEVENTY TWO DOLLARS (\$71,072.00).

WHEREAS, City staff utilized the small works roster to solicit several firms qualified to provide preparation and painting/staining services that are needed in maintaining the exterior of the City Hall building; and

WHEREAS, three firms submitted proposals within the date and time limitations based on a request for proposals that were sent to two of the firms identified on the City's small works roster; and

WHEREAS, a fourth bid was submitted by a firm on the City's small works roster after the date and time limits identified within the request for proposals sent to the solicited firms ; and

WHEREAS, City staff discussed and made a recommendation to the City Council at their May 2nd, 2017 Study Session on moving forward with the appropriate lowest responsible bidder and in accordance with the guidelines outlined within Edgewood Municipal Code Section 2.65.020;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. (Executing Contract with Lower 48 Painting and Contracting, Inc.). Authorizing the Mayor to enter into a contract with Lower 48 Painting and Contracting Incorporated to proceed with work associated with the City Hall Painting/Staining Project 2017, for an amount not to exceed \$71,072. Contract with Lower 48 Painting and Contracting, Inc. is attached as Exhibit A.

Section 2. Effective Date. This resolution will take effect immediately upon passage by the City Council.

ADOPTED THIS 9TH DAY OF MAY, 2017

Daryl Eidinger, Mayor

ATTEST:

Rachel Pitzel, City Clerk

**CITY OF EDGEWOOD
PUBLIC WORKS CONTRACT
Project No. 17-003**

THIS CONTRACT, is made this _____ day of May, 2017 by and between the City of Edgewood (hereinafter referred as “City”), a Washington Municipal Corporation, and Lower 48 Contracting and Painting Incorporated (hereinafter referred to as “Contractor”), doing business at 14622 NE 95th Street, Redmond, WA 98052.

WHEREAS, Contractor is in the business of providing certain services specified herein; and

WHEREAS, the City desires to contract with Contractor for the provision of such services for prepping, painting and staining Edgewood City Hall, and Contractor agrees to contract with the City for same;

NOW, THEREFORE, in consideration of the mutual promises set forth herein, it is agreed by and between the parties as follows:

1. **Work.** The Contractor agrees to perform all work in accordance with this Contract and the following documents, incorporated herein:
 - Plans and Contract Drawings [Attachment ____] [N/A ____]
 - Scope of Work [Attachment A] [N/A ____]
 - General Provisions [Attachment ____] [N/A ____]
 - Special Provisions [Attachment ____] [N/A ____]
 - Bid Documents [Attachment ____] [N/A ____]
 - Bid Proposals [Attachment ____] [N/A ____]
 - Schedule of Prevailing Wages [Attachment ____] [N/A ____]
 - Addenda (if any)
 - Performance Bond (if not waived by City)
 - All provisions required by law to be inserted in this Contract whether actually attached hereto or not.
2. **Payment.** Payment for the work as described in the Contract shall not exceed Seventy One Thousand Seventy Two dollars (\$71,072.00), excluding approved change orders, in accordance with the quantity and unit prices shown on the attached bid proposal. If during the course of the Contract, the work rendered does not meet the requirements set forth in the Contract, the Contractor shall correct or modify the required work to comply with the

requirements of the Contract. The City shall have the right to withhold payment for such work until it meets the requirements of the Contract.

3. **General Administration.** The Contract Administrator, Aaron C. Nix, MPA of the City of Edgewood shall have primary responsibility for the City under this Contract and shall oversee and approve all work to be performed, coordinate communications, and review and approve all invoices, under this Contract.
4. **Final Payment.** Thirty (30) days after completion and final acceptance of this project by the City as complying with the terms of this Contract, the City shall pay to the Contractor all sums due as provided by this Contract except those required to be withheld by law or as otherwise provided herein.
5. **Notice to Proceed / Completion Time.** The Contractor shall begin the work set forth in this Contract immediately after receiving written notice from the City to proceed and shall carry on such work regularly and uninterruptedly thereafter with such force as to secure its completion within 90 calendar days (holidays and weekends included), after such notice to begin work. The time of beginning, rate of progress and time of completion are essential conditions of this Contract.
6. **Ownership of Documents.** On payment to the Contractor by the City of all compensation due under this Contract, all finished or unfinished documents and material prepared by the Contractor with funds paid by the City under this Contract shall become the property of the City and shall be forwarded to the City upon its request. Any records, reports, information, data or other documents or materials given to or prepared or assembled by the Contractor under this Contract will be kept confidential and shall not be made available to any individual or organization by the Contractor without prior written approval of the City or by court order.
7. **Indemnity / Hold Harmless.** The Contractor shall fully indemnify, protect, defend and hold the City, its officers, officials, employees and volunteers harmless from any and all claims, injuries, damages, losses or suits, including attorney fees, arising out of or in connection with the performance of this Contract, except for injuries and damages caused by the sole negligence of the City. The Contractor's obligations under this section shall specifically include, but are not limited to, responsibility for claims, injuries, damages, losses and suits arising out of or in connection with the acts and omissions of Contractor's employees, contractors, consultants and agents.

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

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

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

8. Bonds / Surety. City must select one of the following options by checking the applicable box:

☐ Standard Option. The Contractor shall provide a performance bond in an amount equal to the contract price. The bond must be approved by the City prior to the execution of the Contract. The bond shall be released thirty days after the date of final acceptance of the work performed under this Contract, and receipt of all necessary releases from the Department of Revenue and Department of Labor and Industries in settlement of any liens filed under Chapter 60.28 RCW, whichever is later.

• Performance Surety Option. In lieu of retainage and a performance bond, the City shall withhold 50% of all progress payments, excluding any applied tax, for the duration of the work performed under this Contract. This retained amount shall be released thirty (30) days after the date of final acceptance by the City of all work performed under this Contract, including any change orders, or receipt of all necessary releases from the Department of Labor and Industries and the Department of Revenue and any liens filed under Chapter 60.28 RCW are settled whichever is later. No interest shall be accrued nor paid to the Contractor on the retained amount. The City may, at its option, attach and expend the Performance Surety to cover any costs to complete any outstanding work or work deemed unacceptable under this contract. **This option may be used only for contracts of \$35,000 or less and at the Contractor's request.**

☐ Waiver Option. Pursuant to RCW 39.04.155(3), the City waives the bonding and retaining requirements for this Contract. **This option may only be used for contracts under \$35,000 and for which the Limited Public Works contractor selection process was used.**

9. Subletting or Assigning of Contracts. Neither the City nor the Contractor shall assign, transfer, or encumber any rights, duties or interests accruing from this Contract without the express prior written consent of the other.

10. Relationship of Parties. The parties intend that an independent contractor - client relationship will be created by this Contract. As Contractor is customarily engaged in an independently established trade which encompasses the specific service provided to the City hereunder, no agent, employee, representative or subcontractor of Contractor shall be or shall be deemed to be the employee, agent, representative or subcontractor of the City.

None of the benefits provided by the City to its employees, including, but not limited to, compensation, insurance and unemployment insurance, are available from the City to the Contractor or his employees, agents, representatives or subcontractors. Contractor will be solely and entirely responsible for his acts and for the acts of Contractor's agents, employees, representatives and subcontractors during the performance of this Contract. The City may, during the term of this Contract, engage other independent contractors to perform the same or similar work that Contractor performs hereunder.

11. **Warranty.** Contractor shall be liable for any costs, losses, expenses or damages including consequential damages suffered by the City resulting from defects in the Contractor's work including, but not limited to, cost of materials and labor expended by the City in making emergency repairs and cost of engineering, inspection and supervision by the City. The Contractor shall hold the City harmless from any and all claims, which may be made against the City as a result of any defective work, and the Contractor shall defend any claims at its own expense. Where materials or procedures are not specified in the Contract, the City will rely on the professional judgment of the Contractor to make the appropriate selections.
12. **Correction of Defects.** Contractor shall be responsible for correcting, at no cost to the City, all defects in workmanship and/or materials discovered after the acceptance of this work. When corrections of defects are made, Contractor shall be responsible for correcting all defects in workmanship and/or materials in the corrected work for one year after the acceptance of the corrections of the City. The Contractor shall start work to remedy such defects within seven (7) days of mailing notice of discovery thereof by City and shall complete such work within a reasonable time. In emergencies where damage may result from delay or where loss of service may result, such corrections may be made by the City, in which case the cost shall be borne by the Contractor. In the event the Contractor does not accomplish corrections within the time specified, the work will be otherwise accomplished and the cost of same shall be paid by the Contractor.

The provisions of this section are separate from and additional to the Contractor's obligations under Section 7. The provisions of this section shall survive the expiration or termination of this Contract.

13. **Claims.** Any claim from Contractor against the City for damages, expenses, costs or extras arising out of the performance of this Contract must be made in writing to the City within thirty (30) days after the discovery of such damage, expense or loss, and in no event later than the time of approval by the City for final payment hereunder. Contractor, upon making application for the final payment, shall be deemed to have waived its right to claim for any other damages for which application has not been made, unless such claim for final payment includes notice of the additional claim and fully describes such claim.
14. **Contractor's Risk of Loss.** It is understood that the whole of the work under this Contract is to be done at the Contractor's risk, and that he has familiarized himself with all existing conditions and other contingencies likely to affect the work, and has made his bid

accordingly, and that he shall assume the responsibility and risk of all loss or damage to materials or work which may arise from any cause whatsoever prior to completion.

- 15. Insurance** The Contractor shall procure and maintain for the duration of the Contract, insurance against claims for injuries to persons or damage to property which may arise from or in connection with the performance of the work hereunder by the Contractor, its agents, representatives or employees.

A. Minimum Scope of Insurance. Contractor shall obtain insurance of the types described below:

1. Automobile Liability insurance covering all owned, non-owned, hired and leased vehicles. Coverage shall be written on Insurance Services Office (ISO) form CA 00 01 or a substitute form providing equivalent liability coverage. If necessary, the policy shall be endorsed to provide contractual liability coverage.
2. Commercial General Liability insurance shall be written on ISO occurrence form CG 00 01 and shall cover liability arising from premises, operations, independent contractors and personal injury and advertising injury, and liability assumed under an insured contract. The Commercial General Liability insurance shall be endorsed to provide the Aggregate Per Project Endorsement ISO form CG 25 03 11 85. There shall be no endorsement or modification of the Commercial Liability insurance for liability arising from explosion, collapse or underground property damage. The City shall be named as an insured under the Contractor's Commercial General Liability insurance policy with respect to the work performed for the City using ISO additional endorsement CG 20 10 10 01 and CG 20 37 10 01 or substitute endorsements providing equivalent coverage.
3. Workers' Compensation coverage as required by the Industrial Insurance laws of the State of Washington.

B. Minimum Amounts of Insurance. Contractor shall maintain the following insurance limits:

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

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

1. The Contractor's insurance coverage shall be primary insurance as respect to the City. Any insurance, self-insurance, or insurance pool coverage maintained by the City shall be excess of the Contractor's insurance and shall not contribute with it.
 2. The Contractor's insurance shall be endorsed to state that coverage shall not be cancelled by either party, except after thirty (30) days prior written notice by certified mail, return receipt requested, has been given to the City.
- D. Acceptability of Insurers. Insurance is to be placed with insurers with a current A.M. Best rating of not less than A:VII.
- E. Verification of Coverage. Contractor shall furnish the City with original certificates and a copy of the amendatory endorsements, including but not necessarily limited to the additional insured endorsement, evidencing the Automobile Liability and Commercial General Liability insurance of the Contractor before commencement of the work.
- F. Subcontractors. Contractor shall include all subcontractors as insureds under its policies or shall furnish separate certifications and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the same insurance requirements as stated herein for the Contractor.
- G. No Limitation. Contractor's maintenance of insurance as required by this Contract shall not be construed to limit the liability of Contractor to the coverage provided by such insurance, or otherwise limit the City's recourse to any remedy available at law or equity.
16. **Compliance with Laws.** Contractor shall comply with all federal, state and local laws and regulations applicable to the work done under this Contract. Without prejudice to any other remedy of the City, any violation by Contractor of any applicable law or regulation shall be considered a violation of a material provision of this Contract and shall be grounds for cancellation, termination or suspension of the Contract by the City, in whole or in part, and may result in ineligibility for further work for the City.
17. **Job Safety.** Contractor shall take all necessary precaution for the safety of employees on the work site and shall comply with all applicable provisions of federal, state and local regulations, ordinances and codes. Contractor shall erect and properly maintain, at all times, as required by the conditions and progress of the work, all necessary safeguards for the protection of workers and the public and shall post danger signs warning against known and unusual hazards.
18. **Prevailing Wage.** This Contract is subject to the requirements of Chapter 39.12 RCW relating to prevailing wages. No worker, laborer or mechanic employed in the performance of any part of this contract shall be paid less than the prevailing rate of wage as determined by the Industrial Statistician of the Department of Labor and Industries for the State of

Washington. The schedule of prevailing wage rates for this Contract is attached hereto and by this reference made a part of this contract as though fully set forth herein.

Prior to making any payment under this Contract, the City must receive an approved copy of the "Statement of Intent to Pay Prevailing Wages" from the Department of Labor and Industries. It is the Contractor's responsibility to obtain and file the Statement. The Contractor shall be responsible for all filing fees. Each invoice shall include a signed statement that prevailing wages have been paid by the Contractor and all subcontractors. Following the final acceptance of services rendered, Contractor shall submit an "Affidavit of Wages Paid" which must be certified by the Industrial Statistician of the Department of Labor and Industries.

In case any dispute arises as to what are the prevailing rates of wages for work of a similar nature and such dispute cannot be adjusted by the parties of interest, including labor and management representatives, the matter shall be referred for arbitration to the Director of the Department of Labor and Industries of the State and his/her decision therein shall be final and conclusive and binding on all parties involved in the dispute as provided for by RCW 39.12.060.

- 19. Termination.** This contract shall expire upon satisfactory completion of the work described in the Scope of Work (Attachment A) and final payment by the City. The City may terminate the Contract and take possession of the premises and all materials thereon and finish the work by whatever methods it may deem expedient, by giving ten (10) days written notice to the Contractor.

In the event this Contract is terminated by the City, Contractor shall not be entitled to receive any further amounts due under this Contract until the work specified in the Scope of Work (Attachment A) is satisfactorily completed, as scheduled, up to the date of termination. At such time, if the unpaid balance of the amount to be paid under the Contract exceeds the expense incurred by the City in finishing the work, and all damages sustained by the City or which may be sustained by the City or which may be sustained by the reason of such refusal, neglect, failure or discontinuance of employment, such excess shall be paid by the City to the Contractor. If the City's expense and damages exceed the unpaid balance, Contractor and his surety shall be jointly and severally liable therefore to the City and shall pay such difference to the City. Such expense and damages shall include without limitation all legal costs incurred by the City to protect the rights and interests of the City under the Contract.

- 20. Extent of Contract / Modification.** This Contract, together with attachments and/or other addenda, represents the entire and integrated Contract between the parties hereto and supersedes all prior negotiations, representations, or agreements, either written or oral. This contract may be amended, modified or added to only by written change order properly signed by both parties.

21. **Nondiscrimination.** In the hiring of employees for the performance of work under this Contract or any subcontract hereunder, Contractor, its subcontractors or any person acting on behalf of Contractor shall not, by reason of race, religion, color, sex, sexual orientation, marital status, national origin or the presence of any sensory, mental, or physical disability, discriminate against any person who is qualified and available to perform the work to which the employment relates.
22. **Public Records Disclosure.** Contractor acknowledges that the City is an agency governed by the public records disclosure requirements set forth in Chapter 42.56 RCW. Contractor shall fully cooperate with and assist the City with respect to any request for public records received by the City concerning any public records generated, produced, created and/or possessed by Contractor and related to the services performed under this Contractor. Upon written demand by the City, the Contractor shall furnish the City with full and complete copies of any such records within five business days.

Contractor's failure to timely provide such records upon demand shall be deemed a material breach of this Contractor. To the extent that the City incurs any monetary penalties, attorneys' fees, and/or any other expenses as a result of such breach, Contractor shall fully indemnify and hold harmless the City as set forth in Section 8.

For purposes of this section, the terms "public records" and "agency" shall have the same meaning as defined by Chapter 42.56 RCW, as said chapter has been construed by Washington courts.

- ` The provisions of this section shall survive the expiration or termination of this Contract.
23. **Dispute Resolution.** Should any dispute, misunderstanding, or conflict arise under this Contract, the matter shall be referred to the City Manager, whose decision shall be final. The Superior Court for Pierce County, Washington, shall be the exclusive venue for any litigation arising out of this Contract. Both parties hereby consent to the jurisdiction of said court. In the event of any such litigation, the prevailing party shall be reimbursed for its reasonable attorney fees from the other party. This Contract shall be governed by and construed in accordance with the laws of the State of Washington.
24. Pursuant to RCW 39.06.020, Contractor shall verify the applicable responsibility criteria for each first tier subcontractor, and shall ensure that all subcontractors of any tier that hires other subcontractors must verify responsibility criteria for each of its subcontractors. Verification shall include that each subcontractor, at the time of subcontract execution, meets the responsibility criteria listed in RCW 39.04.350(1) and possesses an electrical contractor license, if required by chapter 19.28 RCW, or an elevator contractor license, if required by chapter 70.87 RCW. This verification requirement, as well as the responsibility criteria, must be included in every subcontract of every tier.

IN WITNESS WHEREOF, the parties have executed this Contract on the day and year above written.

CITY OF EDGEWOOD

By: _____
Daryl Eidinger, Mayor

CONTRACTOR

By: _____
Title: _____
Taxpayer ID #: _____

CITY CONTACT

City of Edgewood
2224 104th Avenue E
Edgewood, WA 98371
Phone: 253-952-3299
Fax: 253-952-3537

CONTRACTOR CONTACT

Phone: _____
Fax: _____

ATTEST/AUTHENTICATED

By: _____
Rachel Pitzel, City Clerk

APPROVED AS TO FORM

By: _____
Carol Morris, City Attorney

BID PROPOSAL
For City of Edgewood Painting/Staining 2017 Project

This proposal shall include all material, equipment, labor, license and permit fees, taxes and any other associated costs. The bid price shall be lump sum.

BASE BID

The Base Bid shall include all work as shown in these specifications.

Base Bid Amount	\$ <u>64,670.00</u>
WSST @ 9.9%	\$ <u>6,404.00</u>
TOTAL BASE BID	\$ <u>71,072.00</u>

The undersigned has read these specifications and is familiar with the site and requirements of this construction project. The bid amount presented in this proposal is a lump sum price to perform all work necessary to complete this project.

Contractor Name: Lower 48 Contracting/Painting, Incorporated

Address: 14622 NE 95th Street City: Redmond Zip: WA

Phone: (425) 766-8400 Fax: (425) 497-1094

Signature: _____

Attachment A
SCOPE OF WORK

Task One

Preparation of all substrates (board-and-batten siding, shingles, eaves, trim, and metal entry awning)

Surface preparation of the substrates:

1. Prepare surfaces in an expert manner to produce completed work of a top quality appearance and durability.
2. All surfaces must be made free of contamination (dust, dirt, chalk, soot, salt spray, grease, oil, wax, mildew, etc.) that may adversely affect the adhesion of scheduled primers, sealants, patching compounds, paints, coatings, stains, etc. Utilize the appropriate solvent or biodegradable detergent solution to clean, remove, or neutralize surfaces so that they may readily receive repair, sealing, and coating materials.
3. When using chemicals or solvents to prepare surfaces, special care is to be taken to insure all chemicals or solvents used are completely removed from the substrate prior to application of primer and finish coat systems.
4. Whenever possible pressure wash surfaces to be painted, utilizing appropriate PSI so as not to damage the substrate. Where pressure washing is not possible, legal, or practical, hand wash with a biodegradable detergent and clean water, sponge, or broom to thoroughly clean areas to be painted.
5. After surfaces have been cleaned and allowed to dry, remove any loose or peeling paint using hand tools or power tools in accordance with SSPC-SP2 (Hand Tool Cleaning) and SSPS-SP3 (Power Tool Cleaning) Methods. Feather-sand all repair edges and dust clean.
6. Excavate blisters in existing paint film, feather-sand edges, and dust clean.
7. Thoroughly scuff-sand glossy surfaces scheduled for painting to insure proper adhesion; and use a phosphate-free TSP solution or chemical de-glosser where necessary and permissible.
8. Avoid using patching and repair materials with high lime concentrations on cementitious surfaces.
9. All repairs and or patching to be feathered and blended to match the adjacent substrate.
10. Remove any existing deteriorated patching and caulking materials and repair or replace as specified below.
11. Test unpainted and repaired concrete, concrete block and stucco surfaces to verify that the pH of the surface is suitable for the application of the specified primer or paint finish.
12. Prime or spot prime new or repaired and patched surfaces with a suitable primer.
13. It is the contractors' responsibility to determine if the surface or substrate is in sound condition prior to commencement of any work including but not limited to washing, preparation, painting, coating, or staining of any surface or substrate.

A. Metal Substrates:

1. Dust, dirt, rust, scale, oil/grease, contaminants, peeling or loose paint to be removed by high pressure power washing, scraping, sanding, hand/power tool scraping, and wire brushing as necessary to insure a clean sound substrate for application of prime/finish coat systems. Scrape and sand smooth all areas to receive finish.

2. De-gloss all glossy/slick surfaces prior to application of finish coat systems.
3. Remove all oils and or contamination from metal and etch substrates with appropriate cleaner/etcher/degreaser as per manufacturer recommendations, wash and rinse thoroughly prior to application of prime/finish coat systems.
4. All metal to be free of moisture prior to application of prime/finish coat systems.
5. Prime all bare metal within three hours of preparation. Top coat all primed areas immediately upon cure.
6. Special Instructions Regarding Metal Awning¹:
 - Primer: Spot prime as needed- P04 Super Spec Acrylic Metal Primer@ (Min. 5 mils WFT; 2.0 mils DFT)
 - Finish: HP29 Super Spec DTM Acrylic SG Enamel @ (Min. 4 mils WFT; 2.3 mils DFT)

B. Wood Substrates:

1. Clean all surfaces from dirt, dust, contaminants, and loose, peeling paint prior to application of prime/finish coat systems by pressure wash. Care to be taken to use correct pressure so as not to score substrate.
2. Scrape and sand smooth all areas to receive paint, sanding all remaining paint material to a feathered edge. Remove mildew with a solution of chlorine bleach, TSP, and water.
3. All glossy or slick surfaces to be de-glossed by sanding or chemical de-glosser as necessary to insure best possible adhesion.
4. If applicable, prime all raw wood areas as specified in section 4.01.
5. Fill holes, cracks, and imperfections as specified during bid process, repeated application of patching/caulking materials may be necessary to bring repaired areas flush with adjacent substrate.
6. Raw wood areas to be primed prior to patching/caulking, re-prime patched/caulked areas after repairs are fully cured.
7. If wood repair is to be performed in addition to the painting contract, awarded contractor to full prime all six sides of any new wood as defined in the Finish Schedule prior to installation to insure best possible performance. The repair of dry-rotted, delaminating, moisture, or termite damaged wood or compositional wood surfaces and the treatment of nails rendered ineffective and unstable due to extensive corrosion is not included in this scope of work. Repair to these areas should be completed prior to painting by a properly licensed contractor to insure the integrity of new coating systems.
8. All wood substrates to have no more than 15% moisture content prior to application of prime/finish coat systems.
9. When painting substrates subject to excessive tannin bleed such as redwood or cedar, prime as specified and apply additional primer as necessary to insure complete hold out prior to application of finish coat systems.
10. Special Instructions:
N638 and N640 general surface preparation:
 - Optimal performance is achieved when the product is applied to a clean, dry, and absorbent wood substrate.

¹ Extra preparation may be required to ensure adhesion

- New Wood: Smooth planed wood siding, trim, or deck boards must be sanded thoroughly or treated with Benjamin Moore® Brighten, Brightener & Neutralizer (317) to break the “mill glaze” and allow proper penetration and adhesion. After prep is complete, test for penetration by applying a few drops of water to the dry substrate. If the water does not quickly penetrate, repeat prep or consult your Benjamin Moore® retailer.
- Weathered Wood: Prior to staining, weathered wood must be treated with Benjamin Moore® Restore, for Gray & Weathered Wood (316), following label directions, until a sound surface is obtained (loose or damaged wood fibers removed). Neutralize surface with Brighten, Brightener & Neutralizer (317) following label directions. Allow surface to dry thoroughly. Note: When applying to vertical surfaces, apply from bottom to top.
- Un-weathered areas such as eaves, ceilings, overhangs or protected wall areas must be washed with
- Benjamin Moore® Clean, Multi-Purpose Cleaner (318) and rinsed with a strong stream from a garden hose to remove surface salts that can interfere with proper adhesion.
- Mildew: Stains from mildew must be removed by cleaning with Benjamin Moore® Clean (318) prior to coating the surface.
- Caution: Refer to the 315, 316, 317, 318 technical data, and material safety data sheets for instructions on their proper use and handling.

Task Two

Painting/Staining of Siding, Shingles, Eaves & Trim, Metal Awning

Application of Stain/Paint:

Stain Finish Schedule

- A.** Finish surfaces in accordance with the following procedure(s) for the surface and finish desired.
- B.** All products to be applied according to their recommended mils of wet film (WFT) and dry film (DFT) thicknesses to achieve full coverage. Refer to product Technical Data Sheets.

Exterior Substrates:

A. Substrate- Wood Board-and-Batten

- 1. Finish: 0640 Arborcoat Solid Deck & Siding Stain to cover completely @ (Min. 4 mils WFT; 1.4 mils DFT) or approved equivalent

B. Substrate- Wood Shingles

- 1. Finish: N638 Arborcoat Semi-Transparent Deck & Siding Stain @ (Penetrating Minimal DFT) or approved equivalent
- 2. Finish: N638 Arborcoat Semi-Transparent Deck & Siding Stain @ (Penetrating Minimal DFT) or approved equivalent.²

C. Substrate- Metal Awning³

- 1. Primer: Spot prime as needed- P04 Super Spec Acrylic Metal Primer@ (Min. 5 mils WFT; 2.0 mils DFT)
- 2. Finish: HP29 Super Spec DTM Acrylic SG Enamel @ (Min. 4 mils WFT; 2.3 mils DFT)

D. Colors

- The City of Edgewood Representative will provide final color selections. Colors TBD
- The owner's representative must choose, approve, and sign-off all colors prior to application.
- Color chips, paint outs, and/or drawdowns of selected colors to be provided by the awarded contractor and signed off prior to commencement of work.
- If a color change is decided upon, additional samples will be at the discretion of the contractor and may be billed to the Project. Significant changes to existing colors or schemes typically result in additional coats being required to provide a finish with proper hide, uniformity, and color representation. Prior to award of contract, a "mock-up" of the selected color scheme is recommended to determine the number of coats required to attain satisfactory results. Should additional coats be required, the document must be amended to address the necessary changes.
- Unless otherwise specified, bids are to be submitted for a same or similar color re-paint. If a significant color change is decided upon, additional coats may be required at additional cost unless otherwise noted in this specification

² Generally, one coat of stain is sufficient on properly prepared substrates. On siding, if the stain is quickly absorbed, an additional coat can be applied prior to drying. A second coat of stain may be necessary on some surfaces to achieve desired color.

³ Extra preparation may be required to ensure adhesion.

- After contract award, any revisions to established color schemes that necessitate additional coats are considered “extra work”. Under these circumstances, a written “WORK CHANGE ORDER” by the owner confirming approval and acceptance of the additional work and expense must be issued before the Contractor can proceed and receive just compensation.

E. Product Handling

- Product mixing and thinning if necessary shall be according to the manufacturer’s instruction. Any mixing required shall be done in the specified work and storage area. All mixing and/or thinning material such as tools, paint thinners, rags, and partially filled containers shall be returned to the storage area at the completion of each day’s work.
- Materials in five-gallon containers shall be stacked no more than three-high and put in a categorized area as defined in 2.02 C.
- Onsite storage of equipment and/or materials to be approved through the owner or owner’s representative prior to commencement of work. All storage must comply with local health and fire regulations.
- Disposal of all wastewater and unused materials shall be in compliance with current A.Q.M.D. and local legal requirements and regulations. New federal regulations regarding lead safety are effective April 22, 2011. These regulations require "lead safe" work practices for remodeling, renovation, and painting activities, and were adopted by the U.S. Environmental Protection Agency (USEPA) as mandated by Congress. USEPA requires that at least one contractor (per job) working on a pre-1978 residential building or child-care facility is "certified". Businesses that renovate, remodel, and paint must be certified by USEPA. Bidding contractors to submit certification documentation with proposals for applicable projects.
- If the property is pre-1978, lead testing as required by law is to be conducted independently and as per current regulations at the expense of the property owner. If lead is found to be present, contractors are to revise all bids appropriately. Lead presence may significantly increase the cost of all previously submitted bids.
- Painting and preparation of any existing coatings or substrates containing lead to be conducted in full compliance with current regulations as defined by the U.S. Environmental Protection Agency (USEPA).

Schedule of Work

- Painting Contractor shall coordinate the commencement of all work with the City of Edgewood Representative so as not to cause inconvenience to the citizens and staff.
- Painting Contractor shall post notices in conspicuous places, at least three to five days in advance informing employees of the date that work will commence.

Rachel Pitzel

From: Lower 48 Contracting/Painting, Inc. <lower48contracting@frontier.com>
Sent: Thursday, April 20, 2017 11:57 AM
To: Rachel Pitzel
Subject: Estimate for Painting Edgewood City Hall.
Attachments: img20170420_11454033.pdf

Hi Rachel,

Here is the painting estimate for Edgewood City Hall. Please E-mail me back to confirm you received this estimate and it meets all your requirements.

Thank-You



Lower 48 Contracting / Painting, Inc.
14622 NE 95th Street | Redmond, WA 98052
T 425-643-5005 | C 425-766-8400 | F 425-497-1094
lower48contracting@frontier.com | www.lower48contracting.com
| Matthew 7: 7-8 |

Municipal Building Painting/Staining Project 2017 PROPOSAL

Proposals due by 4:30 pm April 21, 2017

Bids may be submitted in person or by U.S. Mail, or email to: City of Edgewood, City Hall, 2224 104th Avenue East, Edgewood, WA 98372-1513, (253) 952-3299, facsimile (253) 952-3537, email rachel@cityofedgewood.org.

We, the undersigned, hereby agree to bid the following per the "Request for Proposals," - Edgewood City Hall Painting/Staining Project 2017

Lump Sum:

Task One: Preparation of Substrate per Details \$ 12,942

Task Two: Painting/Staining of all Substrate per Details \$ 51,728

Sales Tax 9.9%: \$ 6,402

TOTAL:

\$ 71,072

Prices include freight, all licenses, permits, fees, etc. not otherwise specifically mentioned.

BIDDER NAME: Lower 48 Contracting/Painting, Inc.

ADDRESS: 14622 NE 95th St Redmond WA 98052

TELEPHONE: 425-766-8400

EMAIL: Lower48contracting@frontier.com

UBI NO. 601 919 778

CONTACT: David Deming

Bidder Checklist: MRSC Small Works Roster (registered): yes

Statement of Bidders Qualification (included with bid) my own references

BID PROPOSAL
For City Hall Exterior Painting/Staining

This proposal shall include all material, equipment, labor, and license and permit fees, taxes and any other associated costs. The bid price shall be lump sum.

BASE BID

The Base Bid shall include all work as shown in these specifications.

Base Bid Amount	\$	<u>64670</u>	/
WSST @ 9.9%	\$	<u>6402</u>	/
TOTAL BASE BID	\$	<u>71072</u>	/

ACW
4/27/2017

The undersigned has read these specifications and is familiar with the site and requirements of this construction project. The bid amount presented in this proposal is a lump sum price to perform all work necessary to complete this project.

Contractor Name: Lower 48 Contracting/painting Inc.
Address: 14622 NE 95th City: Redmond Zip: 98052
Phone: 425-766-8400 Fax: 425-497-1094
Signature: [Signature]



References

Western Industrial

14511 NE 87 Street
Redmond, WA

Warehouse

Painted 2011

OFC, Klahanie Center

4570 Klahanie Drive
Issaquah, WA

Retail Strip Mall

4 Buildings

Painted 2006

Kent Corporate Park

22436 - 22442 72 Avenue South
Tukwila, WA 98032

4 Buildings

Painted 2014

100,000 Square Feet

Highland Terrace Elementary

100 North 160th Street
Shoreline, WA 98155

2 Buildings

Painted 2014

City of Mercer Island

9601 SE 36th Street
Mercer Island, WA

Maintenance Facility

Painted 2010

HO Water Sports

17622 67th Court
Redmond, WA 98052

Warehouse

Painted 2012

Lake Forest Park School

18500 37 Ave. NE,
Shoreline, WA 98155

Elementary School

4 Buildings

Painted 2014

Galland Building

1200 2nd Ave
Seattle, WA

Office Building

Painted 2008

*To view these and other projects, Please view our website at
www.lower48contracting.com*



References

WSE Credit Union

1500 Fairview Avenue East
Seattle, WA

Commercial Retail

Painted 2013

Terrace Village

22001 66 Ave W., Mt. Lake Terrace
Mt. Lake Terrace, WA

Commercial Retail

3 Buildings

Painted 2015

Comcast

900 132nd St. SW
Everett, WA

Corporate Warehouse

1 Building 60,000 Sq. Ft.

Painted 2013

Snohomish County Jail

3025 Oakes Ave
Everett, WA 98201

Government Building

Painted 2016 Painted the jail hospital

Northwest Corp. Park

6001-6017 6th Ave S
Seattle, WA

5 Buildings

229,680 Sq. Ft.

Painted 2008

UW Tower

4333 Brooklyn Ave NE
Seattle, WA

Office Building

24 Story Interior

Painted 2008

Inca Building

400 112 Avenue NE
Bellevue, WA

Office Building

5 Story Building, 85,000 Sq. Ft.

Painted 2013

Tim's Cascade

1150 Industry Drive N.
Algona, WA

Building

97,000 Sq. Ft.

Painted 2007

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www.lower48contracting.com*



References

Together Center

16225 NE 87 Street
Redmond, WA 98052

3 Buildings

Painted 2015

Transiplex

2580 S. 156 St.
Seattle, WA 98158

4 Buildings

Painted 2014

70,000 Sq. Ft.

Fire Station 71

190 East Sunset Way
Issaquah, WA

2 Buildings

Painted 2011

Eastside Fire & Rescue

5 Different Eastside Locations
Issaquah, WA

Buildings

5 Fire Stations

Painted 2009

Leviton

2222 222 Street SE
Bothell, WA 98021

Corporate Park

Painted 2012

40 Lake Bellevue

40 Lake Bellevue Drive
Bellevue, WA 98005

Office Building

Painted 2014

Kirkland Theatre

123 5th Ave
Kirkland, WA

City of Kirkland

Painted 2010

Woodinville Water District

17238 NE Woodinville/Duvall RD
Woodinville, WA

1 Buildings

Corporate Office.

Painted 2016

*To view these and other projects, Please view our website at
www.lower48contracting.com*



References

Umbra

6707 Hardeson Road,
Everett, WA

Corporate Warehouse

1 Building, 120,000 Sq. Ft.
Painted 2013

520 Building

520 112 Ave NE
Bellevue, WA 98004

1 Building

Painted 2015

Ronald Waste Water District

17505 Linden Ave. North
Seattle, WA 98133

Office Building

Painted 2012

Redmond Town Center

7525 166th Ave NE
Redmond, WA 98052

Out Door Mall

3 metal awnings
Painted 2016

Frontier Bank

520 112th Ave NE
Bellevue, WA

Office Building

Painted 2008

Mill Creek Distribution Center

21840 76th Avenue S
Kent, WA

2 Buildings

223, 680 Sq. Ft.
Painted 2011

Factoria Market Place

4055 Factoria Mall SE
Bellevue, WA

Exterior Retail Repaint

Painted 2011

*To view these and other projects, Please view our website at
www.lower48contracting.com*



CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
Agenda Bill No.: 17-0370

Date Action Requested: May 9, 2017

Title: First Amendment to Interlocal Agreement for Sewer Services with LWSD

Attachments: Resolution 17-0370, First Amendment and Sewer Service Area Maps, Now and Proposed

Submitted By: Aaron C. Nix, ACA Municipal Services

Approved For Agenda By: Daryl Eidinger, Mayor

Prepared For Agenda By: Aaron C. Nix, ACA Municipal Services

Recommendation: Move to adopt Resolution 17-0370, a Resolution authorizing the Mayor to sign a first amendment to the 2007 Interlocal Agreement (January 23, 2007) between the City of Edgewood and the Lakehaven Water and Sewer District, for services associated with accepting, conveying and treating sewage for specified properties within the City of Edgewood, as outlined within the agreement.

Discussion: Four properties, identified as Pierce County tax parcels #0420102018, #0420102037, #0420103132, and #0420032004, were included within the boundaries of the City of Edgewood's Local Improvement District #1, but not included within the boundaries of the service area within the interlocal agreement with the Lakehaven Water and Sewer District. In order to allow these properties to develop and receive similar services as those under the original service agreement with LWSD, a modification to the original Interlocal Agreement is needed. Staff has drafted these materials and are bringing these materials forward for the Council's consideration. When approved by Edgewood's City Council, the materials would then need to be approved by the Board of Director's for LWSD in order to allow the property owners to move forward with their development proposals as it relates to sanitary sewer services outlined within the City's Interlocal Agreement with LWSD.

Alternatives: 1) Do not adopt. 2) Forward to Study Session for further review

Fiscal Impact: N/A

RESOLUTION NO. 17-0370

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, AUTHORIZING THE MAYOR TO SIGN THE FIRST AMENDMENT TO THE 2007 INTERLOCAL AGREEMENT (JANUARY 23, 2007) BETWEEN THE CITY OF EDGEWOOD AND THE LAKEHAVEN WATER AND SEWER DISTRICT, ONCE DETAILS ARE FINALIZED, FOR SERVICES ASSOCIATED WITH ACCEPTING, CONVEYING AND TREATING SEWAGE FOR SPECIFIED PROPERTIES WITHIN THE CITY OF EDGEWOOD, AS OUTLINED WITHIN THE AGREEMENT

WHEREAS, The City of Edgewood entered into an Interlocal Agreement, in accordance with RCW 39.34, on January 23, 2007 with then, Lakehaven Utility District (LUD), to accept, convey and treat sewage from residential and non-residential property lying within the City; and

WHEREAS, four additional properties, identified as Pierce County tax parcels #0420102018, #0420102037, #0420103132 and #0420032004 were four properties included within the boundaries of the City of Edgewood's Local Improvement District #1, in accordance, generally, with the City's approved General Sewer Plan, but were not included within the boundaries of the map within the original Interlocal Agreement agreed to with LUD, identified herein as Exhibit A; and

WHEREAS, the City's approved General Sewer Plan states that Phase I Core areas and selected Phase II areas would be

WHEREAS, On October 6, 2016, Lakehaven Utility District (LUD) officially changed its name to Lakehaven Water and Sewer District (LWSD); and

WHEREAS, the City of Edgewood has approached Lakehaven Water and Sewer District for the inclusion of these properties within the service area and have revised the map to include these properties shown in Exhibit B, with the desire to include these properties under the terms and conditions as outlined in the signed, January 23, 2007 Interlocal Agreement between the City of Edgewood and Lakehaven Water and Sewer District; and

WHEREAS, the City Attorney has drafted a first amendment to the Interlocal Agreement that was signed in January 2007, that includes these proposed service area revisions and has been included herein as Exhibit C;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, HEREBY RESOLVES AS FOLLOWS:

Section 1. (First Amendment to Interlocal Agreement). A Resolution authorizing the Mayor to sign the first amendment to the 2007 Interlocal Agreement between the City of Edgewood and the Lakehaven Water and Sewer District, for services associated with accepting, conveying, and treating sewage for specified properties within the City of Edgewood, as outlined with the agreement. Current Sewer Service Area

Map, Exhibit A, Proposed Sewer Service Area Map, Exhibit B and First Amendment to Interlocal Agreement, Exhibit C.

Section 2. Effective Date. This resolution will take effect immediately upon passage by the City Council.

ADOPTED THIS 25TH DAY OF APRIL, 2017

Daryl Eiding, Mayor

ATTEST:

Rachel Pitzel, City Clerk

EXHIBIT B
MAP OF THE CITY SEWER SERVICE AREA
SERVICED BY LUD

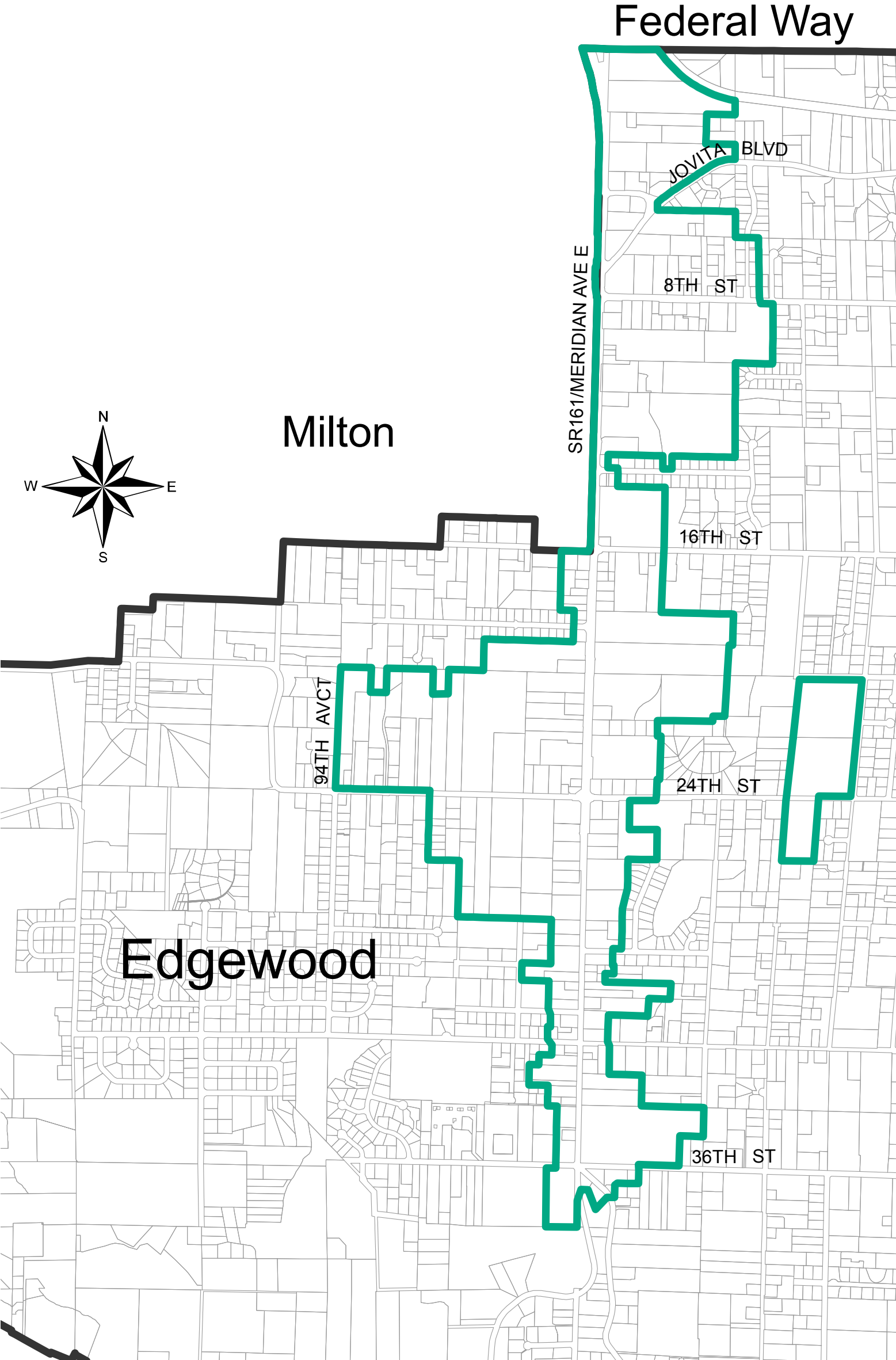
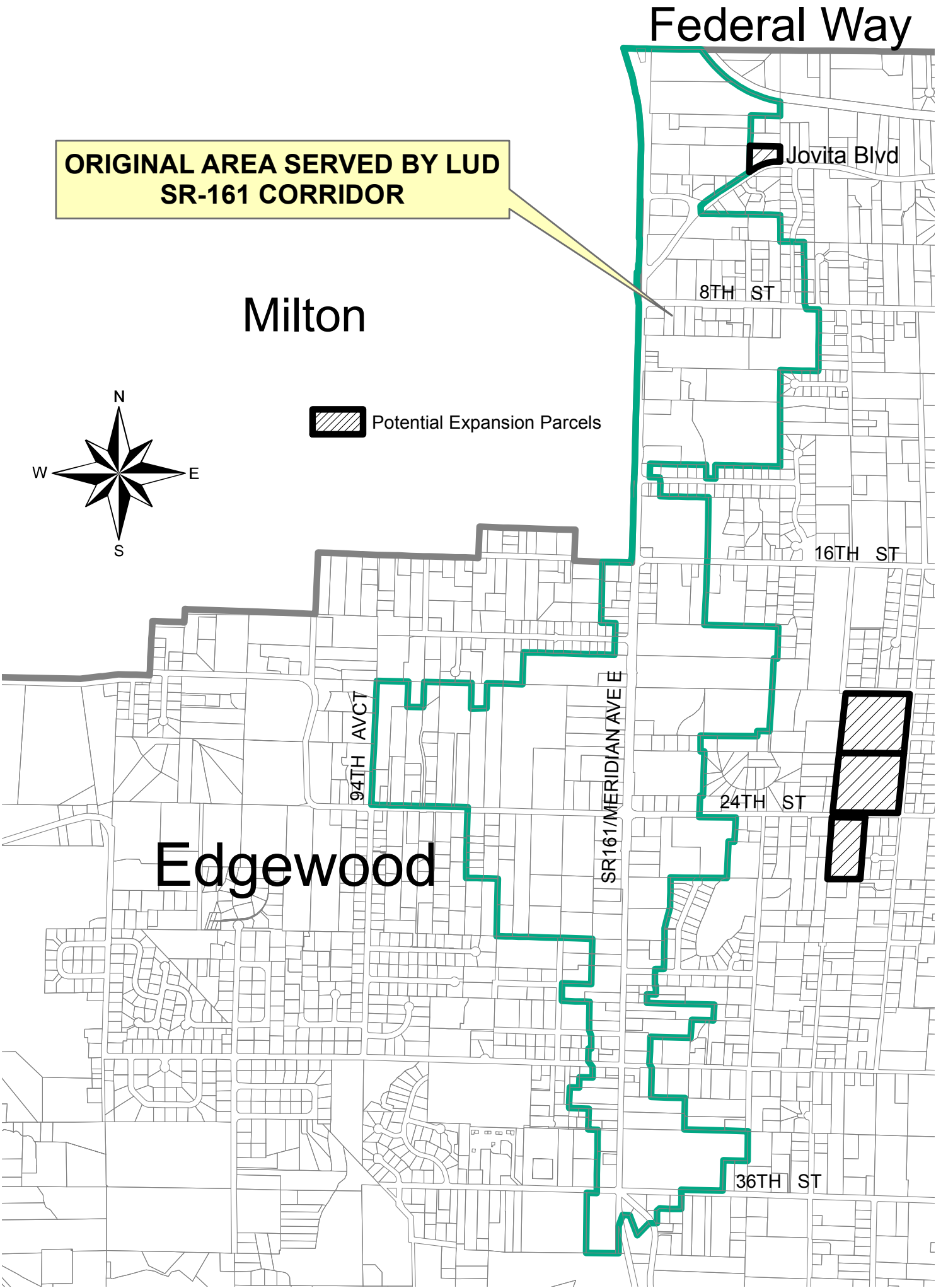


EXHIBIT A
MAP OF THE ORIGINAL CITY SEWER
SERVICE AREA SERVICED BY LUD



**FIRST AMENDMENT TO
AGREEMENT BETWEEN THE
CITY OF EDGEWOOD
AND
LAKEHAVEN WATER AND SEWER DISTRICT**

Section 1. Date and Parties.

This document ("First Amendment"), is dated the ___ day of _____, 2017, and is entered into by and between the CITY OF EDGEWOOD, a Washington municipal corporation ("City") and the LAKEHAVEN WATER AND SEWER DISTRICT (Formally Lakehaven Utility District), a Washington municipal corporation ("LWSD"). This First Amendment modifies the Agreement between City of Edgewood and Lakehaven Water and Sewer District dated January 23rd, 2007 (the "2007 Agreement").

Section 2. General Recitals.

A. In the 2007 Agreement, the City and LWSD agreed that because LWSD operates sewer facilities near the northern boundary of the City, that LWSD would allow properties within the City to connect and discharge sewage for treatment by LWSD, under the terms and conditions set forth in that 2007 Agreement; and

B. The properties served by LWSD as provided in the 2007 Agreement were depicted in the map attached to that 2007 Agreement as Exhibit C;

C. Four properties, identified as Pierce County tax parcels #0420102018, #0420102037, #0420103132 and #0420032004 were properties included within the boundaries of the City of Edgewood's created Sanitary Sewer Local Improvement District #1, in accordance, generally, with the City's General Sewer Plan (Ecology approved 2007), but these properties were not included within the boundaries of the map within the original Interlocal Agreement for servicing this system, agreed to with LWSD;

D. The parties have agreed to amend Exhibit C in the 2007 Agreement by substituting the Exhibit C-1 attached hereto, which shows the additional properties to be included in the City Sewer Service Area Served by LWSD.

Section 3. Amendment to 2007 Agreement. Section 2 references Exhibit C, which is the City Sewer Service Area Served by LWSD under the 2007 Agreement. The parties hereto agree that Exhibit C shall be eliminated and replaced by Exhibit C-1, which is attached to this First Amendment and incorporated herein.

Section 4. Other Terms Unchanged. All other terms of the 2007 Agreement remain unchanged and enforceable. This First Amendment is intended to modify the terms and

EXHIBIT C

conditions of the Agreement only insofar as such modifications are set forth in this First Amendment. In the case of any conflict between the terms of the 2007 Agreement and the terms of the First Amendment, the provisions of the First Amendment shall control.

DATED: This ____ day of _____, 2017.

CITY OF EDGEWOOD

By: _____

Daryl Eidinger

Its: Mayor

Date:

ATTEST:

Rachel Pitzel, City Clerk

APPROVED AS TO FORM:

Carol Morris, City Attorney

LAKEHAVEN WATER AND SEWER
DISTRICT

By: _____

Printed Name: _____

Its: _____

Date:

APPROVED AS TO FORM:

LWSD Attorney



CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
Agenda Bill No.: 17-0499

Date Action Requested: May 9, 2017

Title: Transportation Concurrency Ordinance

Attachments: Transportation Concurrency Ordinance and Edgewood TIA Guidelines

Submitted By: Aaron C. Nix, ACA Municipal Services

Approved For Agenda By: Daryl Eiding, Mayor

Prepared For Agenda By: Aaron C. Nix, ACA Municipal Services

Recommendation: Move for the passage of Ordinance 17-0499, an Ordinance relating to comprehensive planning under the growth management act, adopting concurrency regulations for the review of legislative and quasi-judicial applications, as mandated by the GMA for transportation facilities, repealing section 18.90.030 of chapter 18.105 to the Edgewood Municipal Code and establishing an effective date.

Discussion: Transportation Concurrency is a significant item that faces many jurisdictions planning under the Growth Management Act in the Puget Sound area in the State of Washington. The City of Edgewood's current Municipal Code is somewhat silent on specifics in regard to this issue and Staff and the City Attorney have worked on revising this language in order to make it clearer not only for Staff and the Development Community, but to allow the Citizens of Edgewood to gain a better perspective on what is required in meeting this GMA mandate, timing, deadlines and the materials needed in order to fulfill the reporting functions of this process. These draft materials have made their way through the City's Planning Commission, including a Public Hearing and the attached recommendation for the Council's consideration and next steps.

Alternatives: 1) Do not adopt. 2) Forward to Study Session for further review

Fiscal Impact: N/A

ORDINANCE NO. 17-0499

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, RELATING TO COMPREHENSIVE PLANNING UNDER THE GROWTH MANAGEMENT ACT, ADOPTING CONCURRENCY REGULATIONS FOR THE REVIEW OF LEGISLATIVE AND QUASI-JUDICIAL APPLICATIONS, AS MANDATED BY THE GMA FOR TRANSPORTATION FACILITIES, REPEALING SECTION 18.90.030 OF CHAPTER 18.90 AND ADOPTING A NEW CHAPTER 18.105 TO THE EDGEWOOD MUNICIPAL CODE AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the Growth Management Act (“GMA,” chapter 36.70A RCW) requires that cities planning under GMA “adopt and enforce ordinances which prohibit development approval if the development causes the level of service on a locally owned transportation facility to decline below the standards adopted in the transportation element of the comprehensive plan, unless transportation improvements or strategies to accommodate the impacts of development are made concurrent with the development (RCW 36.70A.070(6)(b));” and

WHEREAS, the City has adopted concurrency regulations in chapter/section 18.90.030 of the Edgewood Municipal Code which need to be updated; and

WHEREAS the SEPA Responsible Official has determined that this Ordinance is categorically exempt from SEPA as affecting only procedural and no substantive standards, pursuant to WAC 197-11-800(19); and

WHEREAS, the Planning Commission held a public hearing on this Ordinance on April 17, 2017, and made a recommendation of approval to the City Council; and

WHEREAS, on May 2, 2017, the City Council considered this Ordinance, together with the Planning Commission’s recommendation, during a regular Council meeting; Now, Therefore,

THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, ORDAINS
AS FOLLOWS:

Section 1. Section 18.90.030 of the Edgewood Municipal Code is hereby repealed.

Section 2. A new Chapter 18.105 is hereby added to the Edgewood Municipal Code,
which shall read as follows:

CHAPTER 18.105 CONCURRENCY MANAGEMENT

Sections:

18.105.010	Purpose.
18.105.020	Authority.
18.105.030	Exempt development.
18.105.040	Capacity evaluation required for a change of use.
18.105.050	Capacity evaluations required for certain rezones or comprehensive plan amendments.
18.105.060	All capacity determinations exempt from project permit processing.
18.105.070	Level of Service standards.
18.105.080	Effect of LOS standards.
18.105.090	Capacity evaluations required prior to issuance of CRC.
18.105.100	Water, transportation and sewer – Application for capacity evaluation.
18.105.110	Submission and acceptance of an application for a CRC.
18.105.120	Method of capacity evaluation.
18.105.130	Purpose of capacity reservation certificate.
18.105.140	Procedure for capacity reservation certificates.
18.105.150	Use of reserved capacity.
18.105.160	Transfer of reserved capacity.
18.105.170	Denial letter.
18.105.180	Notice of concurrency determination.
18.105.190	Expiration and extensions of time.
18.105.200	Appeals.
18.105.210	Purpose and procedure for administration.
18.105.220	Annual reporting and monitoring.
18.105.230	Road LOS monitoring and modeling.
18.105.240	Traffic impact analysis standardized format.

18.105.010 Purpose. The purpose of this Chapter is to implement the concurrency provisions of the transportation and utilities elements of the City’s comprehensive plan, the water and sewer comprehensive plans, all in accordance with RCW 36.70A.070(6)(b), consistent with WAC 365-195-510 and 365-195-835. All applications that are not exempt (as defined herein) shall be processed under and shall comply with this Chapter, which shall be cited as the City’s “concurrency management ordinance.”

18.105.020 Authority. The Director of Public Works or his/her designee, shall be responsible for implementing and enforcing this concurrency management ordinance.

18.105.030 Exempt development.

A. No development activity (as defined in Section 18.20.070 EMC) shall be exempt from the requirements of this chapter, unless the permit is listed below. The following types of permits are not subject to the capacity reservation certificate (CRC) process because they do not create additional long-term impacts on transportation facilities:

1. Administrative interpretations;
2. Sign permit;
3. Street vacations;
4. Demolition permit;
5. Street use permit;
6. Interior alterations of a structure with no change in use;
7. Excavation/clearing permit;
8. Hydrant use permit;
9. Right-of-way permit;
10. Single-family remodeling with no change of use;
11. Plumbing permit;
12. Electrical permit;
13. Mechanical permit;
14. Excavation permit;
15. Sewer connection permit;
16. Driveway or street access permit;
17. Grading permit;
18. Tenant improvement permit;
19. Fire code permit;
20. Design review approval.

Notwithstanding the above, if any of the above permit applications will generate any new p.m. peak hour trips, require additional sewer capacity, or increase water consumption, such application shall not be exempt from the requirements of this Chapter.

B. Transportation. This Chapter shall apply to all applications for development or redevelopment if the proposal or use will generate any new p.m. peak-hour trips. Every application for development shall be accompanied by a concurrency application. Developments or redevelopments, excluding an individual single-family residence, that will generate one or more new projected vehicle trips that will pass through an intersection or roadway section identified with a level of service below the acceptable level noted in the transportation element in the City's comprehensive plan, or that will generate 15 or more new p.m. peak hour trips shall also be required to have the City prepare a traffic report as defined in EMC Section 18.105.090.

18.105.040 Capacity evaluation required for a change in use. Any non-exempt development activity shall require a capacity evaluation in accordance with this Chapter.

A. Increased Impact on Road Facilities. If a change in use will have a greater impact on road facilities than the previous use, as determined by the Director, based on review of information submitted by the applicant and such supplemental information as available, a CRC shall be required for the net increase only. Provided that: the applicant shall provide reasonably sufficient evidence that the previous use has been actively maintained on the site during the five-year period prior to the date of application for the capacity evaluation.

B. Decreased Impact on Road Facilities. If a change in use will have an equal or lesser impact on road facilities than the previous use as determined by the Director, based on review of information submitted by the applicant and supplemental information as available, a CRC will not be required.

C. No Capacity Credit. If no use existed on the site for the five-year period prior to the date of application, no capacity credit shall be issued pursuant to this Section.

D. Demolition or Termination of Use. In the case of a demolition or termination of an existing use or structure, the capacity evaluation for future redevelopment shall be based upon the net increase of the impact on road facilities for the new or proposed land use, as compared to the land use existing prior to demolition. Provided that: such credit is utilized through a CRC within five years of the date of the issuance of the demolition permit.

18.105.050 Capacity evaluations required for certain rezones and comprehensive plan amendments. A capacity evaluation shall be required as part of any application for a comprehensive plan amendment or zoning map amendment (rezone) which, if approved, would increase the intensity or density of permitted development. As part of that capacity evaluation, the Director shall determine whether capacity is available to serve both the extent and density of development which would result from the zoning/comprehensive plan amendment. The capacity evaluation shall be submitted as part of the staff report and shall be considered by the City in determining the appropriateness of the comprehensive plan or zoning amendment.

18.105.060 All capacity determinations exempt from project permit processing. The processing of applications pursuant to the authority in this Chapter shall be exempt from project permit processing procedures as described in Chapter 18.40 of the Zoning Code, except that the appeal procedures of Chapter 18.40 shall apply as indicated in this Chapter. The City's processing of capacity determinations and resolving capacity disputes involves a different review procedure due to the necessity to perform continual monitoring of facility and service needs, to ensure continual funding of facility improvements, and to develop annual updates to the transportation and utilities elements of the comprehensive plan.

18.105.070 Level of Service Standards.

A. Generally. Level of Service (LOS) is the established minimum capacity of public facilities or services that must be provided per unit of demand or other appropriate measure of need, as mandated by chapter 36.70A RCW. LOS standards shall be used to determine if public facilities or services are adequate to support a development's impact. The concept of

concurrency is based on the maintenance of specified levels of service through capacity monitoring, allocation and reservation procedures. Concurrency describes the situation in which road facilities are available when the impacts of development occur. For road facilities, this time period is statutorily established as within six years from the time of development. (See, RCW 36.70A.070(6)(b) and WAC 365-195-210.)

1. *Roads.* The City has designated levels of service for road facilities in the transportation element of the City's comprehensive plan:

a. to conform to RCW 47.80.030 for transportation facilities subject to regional transportation plans;

b. to reflect realistic expectations consistent with the achievement of growth aims;

c. for road facilities according to WAC 365-195-325; and

d. to prohibit development if concurrency for road facilities is not achieved (RCW 36.70A.070), and if sufficient public and/or private funding cannot be found, land use assumptions in the City's comprehensive plan will be reassessed to ensure that level of service standards will be met, or level of service standards will be adjusted.

18.105.080 Effect of LOS standards.

A. *Roads.* The Director shall use the LOS standards set forth in the transportation element of the City's comprehensive plan to make concurrency evaluations as part of the review of any application for a transportation concurrency reservation certificate (CRC) issued pursuant to this chapter.

18.105.090 Capacity evaluations required prior to issuance of CRC.

A. A capacity evaluation for transportation shall be required for any of the nonexempt activities identified in Section 18.105.030 of this chapter.

B. The Director shall utilize the requirements in Sections 18.105.070 through 18.105.080 to conduct a capacity evaluation prior to issuance of a CRC. In addition to the requirements set forth in these sections, the Director may also utilize state law or the Washington Administrative Code, or such other rules regarding concurrency, which may be established from time to time by administrative rule. In cases where LOS standards do not apply, the Director shall have the authority to utilize other factors in preparing capacity evaluations to include, but not be limited to, independent LOS analysis.

C. A capacity reservation certificate (CRC) will not be issued except after a capacity evaluation performed pursuant to this Chapter, indicating that capacity is available in all applicable City road facilities.

18.105.100 Application for capacity evaluation.

A. An application for a CRC and the application for the underlying development permit, or other activity, shall be accompanied by the requisite fee, as determined by City Council resolution. An applicant for the CRC shall submit the following information to the Director, on a form provided by the Director, together with the underlying development application:

1. Date of submittal;
2. Developer's name, address, telephone number and e-mail;
3. Legal description of property as required by the underlying development permit application, together with an exhibit showing a map of the property;
4. Proposed use(s) by land use category, square feet and number of units;
5. Phasing information by proposed uses, square feet and number of units, if applicable;
6. Existing use of property;
7. Acreage of property;
8. Proposed site design information, if applicable;
9. The applicant's proposed mitigation (if any) for the impact on the City's transportation facilities;
10. Written consent of the property owner, if different from the developer;
11. Proposed request of capacity by legal description, if applicable;
12. Stormwater drainage report prepared by a licensed professional engineer.

B. Additional information for transportation capacity evaluations only:

1. A preliminary site plan, which is a plan showing the approximate layout of proposed structures and other development, type and number of dwelling units, type and number of nonresidential building areas with gross square footage, the land use codes per the most recent edition of Trip Generation from the Institute of Transportation Engineers (ITE) and an analysis of the points of access to existing and proposed roadways;
2. The applicant is not required to submit a traffic impact analysis from an independent traffic engineer. Instead, those applicants with a transportation CRC application that are required to have the City provide a traffic report in accordance with shall instead pay to the City a deposit equal to the estimated fee for the City's preparation of a traffic report. The amount of the fee shall be determined by City resolution and paid at the time the transportation CRC application is submitted. The fee shall be vary based on the number of new p.m. peak-hour trips produced by the development. The applicant shall be subject to repayment of fees for any subsequent revisions to the original traffic report. Fees for revisions may be calculated in proportion to the original fee depending on the effort involved to revise the traffic report. Even if the traffic report is based on

an estimate of the impact, the applicant will still be bound by the estimate of the impact, and any upward deviation from the estimated traffic impact shall require at least one of the following: (a) a finding that the additional concurrency sought by the developer through a revised application is available to be reserved by the project; (b) mitigation of the additional impact under SEPA; (c) revocation of the CRC.

18.105.110 Submission and acceptance of a CRC application.

A. Notice of application. Issuance of a notice of application for the underlying permit application shall be handled by the planning director or designee, following the process in Section 18.40. The notice of application required by Section 18.40 shall state that an application for a concurrency determination has been received by the City.

B. Determination of Completeness. The planning director shall immediately forward all CRC applications received with development applications to the public works/engineering staff. Within twenty-eight (28) days after receiving an application for a CRC, the public works/engineering staff shall mail or personally deliver to the applicant a determination which states either:

1. That the concurrency application is complete; or
2. That the concurrency application is incomplete and what is necessary to make the application complete.

C. Additional information. An application for a CRC is complete for purposes of initial processing when it meets the submission requirements in Section 18.105.100. The determination of completeness shall be made when the application is sufficiently complete for review, even though additional information may be required or project modifications may be undertaken subsequently. The Director's determination of completeness shall not preclude the Director's ability to request additional information or studies.

D. Incomplete applications.

1. Whenever the City issues a determination that the CRC is not complete, the CRC application shall be handled in the same manner as a project permit application under Section 18.40.

2. Date of Acceptance of Application. An application for a CRC shall not be officially accepted or processed until it is complete and the underlying development application has been determined complete. When an application is determined complete, the Director shall accept it and note the date of acceptance.

18.105.120 Method of capacity evaluation.

A. Generally. In order to determine concurrency for the purposes of issuance of a transportation CRC, the Director shall make the determination described in subsections B and C of this Section. The Director may deem the development concurrent with transportation facilities, with the condition that the necessary facilities or services shall be available through a financial commitment in an enforceable development agreement (*see*, chapter 18.50.090 of this Code). In no event shall the Director determine concurrency for a greater amount of capacity than is needed for the development proposed in the underlying application.

B. Transportation.

1. Upon submission and acceptance of a complete transportation CRC application, the Director shall conduct a traffic impact analysis and issue a traffic report for those applications meeting the requirements of Section 18.105.110(B)(1).

2. In performing the concurrency evaluation for transportation facilities, and to prepare the transportation CRC, the Director shall determine, based on the conclusions of the traffic report, whether a proposed development can be accommodated within the existing or planned capacity of transportation facilities. This shall involve the following:

a. A determination of anticipated total capacity at the time the proposed impacts of development occur or within six years of such time;

b. Calculation of how much of that capacity will be used by existing developments and other planned developments at the time the impacts of the proposed development occur;

c. Calculation of the available capacity for the proposed development;

d. Calculation of the impact on the capacity of the proposed development, minus the effects of any mitigation identified by the applicant to be provided by the applicant at the applicant's cost;

e. Comparison of available capacity with proposed development impacts.

3. The Director shall determine if the capacity of the City's transportation facilities, less the capacity which is reserved, can be provided while meeting the level of service performance standards set forth in the City's comprehensive plan, and if so, shall provide the applicant with a transportation CRC. The Director's determination will be based on the application materials provided by the applicant, which

must include the applicant's proposed mitigation for the impact on the City's transportation facilities.

C. Lack of Concurrency.

1. Transportation. If the director determines that the proposed development will cause the LOS of a City-owned transportation facility to decline below the standards adopted in the transportation element of the City's comprehensive plan, and improvements or strategies to accommodate the impacts of development are not planned to be made concurrent with development, a transportation CRC and the underlying development permit, if such an application has been made, shall be denied. Upon denial, the applicant may perform one of the following:

- a. Appeal the findings of the traffic report in accordance with Section 18.40; or
- b. Offer alternative data and/or perform an independent traffic impact analysis at the applicant's sole expense in support of alternative conclusions. Any study shall be in accordance with Section 18.105.090; or
- c. Modify the development proposal to lessen the traffic impacts and/or identify voluntary transportation improvements as mitigation to be provided by the applicant at the applicant's cost and re-apply for capacity review. Re-application shall require repayment of the traffic report preparation fee in accordance with Section 18.105.100(2); or
- d. Withdraw the CRC application.

18.105.130 Purpose of Capacity Reservation Certificate.

A. A transportation CRC is a determination by the Director that: (1) the proposed development identified in the CRC application does not cause the level of service on a City-owned transportation facility to decline below the standards adopted in the transportation element of the City's comprehensive plan; or (2) that a financial commitment (embodied in a development agreement) is in place to complete the necessary improvements or strategies within six (6) years. Upon issuance of a transportation CRC, the Director will reserve transportation facility capacity for this application until the expiration of the underlying development permit or as otherwise provided in Section 18.40. Although the CRC may identify the number of projected trips associated with the proposed development, nothing in this Chapter (including the trip transfer procedures) shall imply that the applicant "owns" or has any ownership interest in the projected trips.

18.105.140 Procedure for capacity reservation certificates. After receipt of a complete application for a CRC, the Director shall process the application in accordance with this Chapter and issue the CRC or a denial letter.

18.105.150 Use of reserved capacity. When a CRC and a development permit issues for a project, the CRC shall continue to reserve the capacity unless the development permit lapses or expires without issuance of a certificate of occupancy.

18.105.160 Transfer of reserved capacity. Reserved capacity shall not be sold or transferred to property not included in the legal description provided by the applicant in the CRC application. The applicant may, as part of a development permit application, designate the amount of capacity to be allocated to portions of the property, such as lots, blocks, parcels or tracts included in the application. Capacity may be reassigned or allocated within the boundaries of the original reservation certificate by application to the director. At no time may capacity or any certificate be sold or transferred to another party or entity to real property not described in the original application.

18.105.170 Denial letter. If the Director determines that there is a lack of concurrency under the above provisions, the Director shall issue a denial letter, which shall advise the applicant that capacity is not available. If the applicant is not the property owner, the denial letter shall also be sent to the property owner. At a minimum, the denial letter shall identify the application and include the following information:

A. For roads:

1. An estimate of the level of the deficiency on the transportation facilities; and
2. The options available to the applicant such as the applicant's agreement to construct the necessary facilities at the applicant's cost.

B. For all. A statement that the denial letter may be appealed if the appeal is submitted to the City Engineer within ten (10) days after issuance of the denial letter, and that the appeal must conform to the requirements in Section 18.40. Any appeal of a denial letter must be filed according to this section, prior to issuance of the City's decision on the underlying development application. If an appeal is filed, processing of the underlying development application shall be stayed until the final decision on the appeal of the denial letter.

18.105.180 Notice of concurrency determination.

A. Notice of the concurrency determination shall be given to the public together with, and in the same manner as, that provided for the SEPA threshold determination for the underlying development permit, unless the project is exempt from SEPA, in which case notice shall be given in the same manner as a final decision on the underlying development permit without any accompanying threshold determination. In the case of an approved CRC, any mitigation identified by the applicant to be provided by the applicant at the applicant's cost shall be included in the SEPA threshold determination or underlying permit decision (if categorically exempt from SEPA).

B. If a denial letter is not timely appealed, the underlying permit application will be processed and in most instances, will result in a denial. If a denial letter is appealed, any mitigation or conditions included in the appeal decision shall be included in the SEPA threshold decision or underlying permit decision (if categorically exempt from SEPA).

18.105.190 Expiration of CRC and extensions of time.

A. Expiration. If a certificate of occupancy has not been requested prior to the expiration of the underlying permit or termination of the associated development agreement, the Director shall convert the reserved capacity to available capacity for the use of other developments. The act of requesting a certificate of occupancy before expiration of the CRC shall only convert the reserved capacity to used capacity if the building inspector finds that the project actually conforms with applicable codes. If a complete underlying project permit application is expired as provided for in Section 18.40, the Director shall convert any reserved capacity allocated to the underlying project permit for use by other developments.

B. Extensions for Road Facilities. The City shall assume that the developer requests an extension of transportation capacity reservation when the developer is requesting a renewal of the underlying development permit. No unused capacity may be carried forward beyond the duration of the transportation CRC or any subsequent extension.

C. If a CRC has been granted for a rezone or comprehensive plan amendment, the CRC shall expire when the development agreement for the comprehensive plan or rezone terminates. If there is no associated development agreement, the CRC shall expire within five years after the CRC approval anniversary date.

18.105.200 Appeals. Upon receipt of an appeal of the denial letter, the Director shall handle the appeal as follows:

A. A meeting shall be scheduled with the applicant to review the denial letter and the application materials, together with the appeal statement.

B. Within fourteen (14) days after the meeting, the Director shall issue a written appeal decision, which will list all of the materials considered in making the decision. The appeal decision shall either affirm or reverse the denial letter. If the denial letter is reversed, the Director shall identify the mitigation that the applicant proposes to provide at the applicant's cost, which will be imposed on the application approval in order to achieve concurrency.

C. The mitigation identified in the appeal decision shall be incorporated into the City's SEPA threshold decision on the application.

D. The appeal decision shall state that it may be appealed with any appeal of the underlying application or activity, pursuant to Section 18.40.

18.105.210 Purpose and procedure for administration.

A. “Capacity” refers to the ability or availability of water in the City’s water system. “Capacity” refers to the ability to treat effluent in the City’s wastewater treatment plant to the levels and volume limits in the City’s NPDES permit. “Capacity” also refers to the ability or availability of road facilities to accommodate users, expressed in an approximate unit of measure, such as LOS for road facilities. “Available capacity” represents a specific amount of capacity that may be reserved by or committed to future users of the City’s road facilities.

B. There are two capacity accounts to be utilized by the Director in the implementation of this Chapter for water, sewer and transportation. These accounts are:

1. The available capacity account; and
2. The reserved capacity account.

Capacity is withdrawn from the available capacity account and deposited into a reserved capacity account when a CRC is issued. Once the proposed development is constructed and an occupancy certificate is issued, the capacity is considered “used.” Each capacity account of available or reserved capacity will experience withdrawals on a regular basis. Only the Director may transfer capacity between accounts.

18.105.220 Annual reporting and monitoring.

A. The Director is responsible for completion of annual transportation capacity availability reports. These reports shall evaluate reserved capacity and permitted development activity for the previous 12-month period, and determine existing conditions with regard to available capacity for roads. The evaluations shall report on capacity used for the previous period and capacity available for the six-year capital facilities of the City’s comprehensive plan, six-year transportation plan for road facilities, based on LOS standards. Forecasts shall be based on the most recently updated schedule of capital improvements, growth projections, public road facility inventories, and revenue projections, and shall, at a minimum, include:

1. A summary of development activity;
2. The status of each capacity account;
3. The six-year transportation plan;
4. Actual capacity of selected street segments and intersections and current LOS;
5. Recommendations on amendments to CIP and annual budget, to LOS standards, or other amendments to the transportation element of or to the comprehensive plan;

B. The findings of the annual capacity availability report shall be considered by the Council in preparing the annual update to the capital improvement element, any proposed amendments to the CIP and six-year TIP, and shall be used in the review of development permits and capacity evaluations during the next period.

C. Based upon the analysis included in the annual capacity availability reports, the Director shall recommend to the City Council each year any necessary amendments to the CIP, TIP and comprehensive plan. The Director shall also report on the status of all capacity accounts when public hearings for comprehensive plan amendments are heard.

18.105.230 Road LOS monitoring and modeling.

A. The City shall monitor level of service standards through an annual update of the six-year transportation plan which will add data reflecting development permits issued and trip allocations reserved.

B. A new trip allocation shall be assigned for each traffic analysis zone, based on the results from the traffic demand model used by the City, to ensure that the City is achieving the adopted LOS standards described in this Chapter and the transportation element of the comprehensive plan.

C. Amendments to the trip allocation program that exceed the total aggregate annual trip allocation per zone for any given year shall require an amendment to the comprehensive plan. Monitoring and modeling shall be required and must include anticipated capital improvements, growth projections, and all reserved and available capacity.

18.105.240 Traffic Impact Analysis standardized format. Incorporated herein by this reference are the standardized Traffic Impact Analysis Guidelines, originally dated March 2012 or subsequently updated, of the required format for any submitted developer's independent traffic impact analysis. The traffic impact analysis may be completed at the time of submittal of the original application or upon denial of a transportation CRC application.

Section 2. Publication. This Ordinance shall be published by an approved summary consisting of the title.

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

Section 4. Effective Date. This Ordinance shall become effective five days after publication as provided by law.

PASSED by the Council and approved by the Mayor of the City of Edgewood, this 9th day of May, 2017.

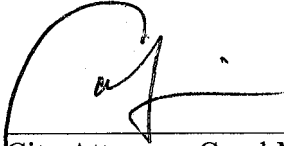
CITY OF EDGEWOOD

Mayor, Daryl Eiding

ATTEST/AUTHENTICATED:

City Clerk, Rachel Pitzel

APPROVED AS TO FORM:
Office of the City Attorney



City Attorney, Carol Morris

PASSED BY THE CITY COUNCIL: 05/09/17
PUBLISHED: 05/11/17
EFFECTIVE DATE: 05/16/17
ORDINANCE NO: 17-0499

City of Edgewood

Traffic Impact Analysis Guidelines

These guidelines describe how to prepare a traffic study, or Traffic Impact Analysis (TIA), for developments in the City of Edgewood. A traffic study is needed to review site access and circulation design and to determine impacts and mitigation for State Environmental Policy Act (SEPA) determination. Traffic studies may also be needed to support independent fee calculations under the Transportation Impact Fee ordinance.

The TIA must be prepared by a licensed professional engineer who has knowledge and experience in transportation engineering and planning. The City of Edgewood will not accept studies prepared by unqualified individuals.

Applicability

These TIA Guidelines provide a step-by-step process for the City's development review related to the transportation system. As shown in Table 1, an applicant may not be required to complete all steps of the TIA Guidelines depending on the number of new PM peak hour trips estimated to be generated by the proposed development. The City Engineer may, however, override the threshold guidelines for preparation of a TIA in order to address specific potential impacts of a development application. The City Engineer also will consider prior applications and potential for cumulative traffic impacts in establishing the scope of a TIA for a specific development application.

Table 1. Traffic Study Thresholds of Analysis

TIA Type	Traffic Generation	Residential Land Use Example	Commercial Land Use Example	Sections to be Completed ¹
I	Ten or fewer PM peak hour vehicle trips	16-unit Apartment Complex	Specialty Retailer less than 4,000 sqft	1
II	11 to 50 PM peak hour vehicle trips	17 to 80-unit Apartment Complex	Specialty Retailer between 4,000 sqft and 18,000 sqft	1, 2, 3
III	51 or more PM peak hour vehicle trips	82-unit Apartment Complex	Specialty Retailer greater than 18,000 sqft	1, 2, 3, 4

1. The City Engineer can modify the steps to be completed based on specific issues and/or potential for cumulative impacts that should be addressed.

Step 1 — Project Information and Trip Generation

The applicant shall provide the City Engineer, or the Engineer's designee, with a summary of the project, which generally includes the following:

- A narrative description of the project
- Location (vicinity map and site plan)
- Type and size of proposed development (number of residential units and/or square footage of building)
- Existing uses, if any (number of residential units and/or square footage of building)
- Proposed access locations
- Phasing and timing of development
- Horizon year (year of completion and projected full occupancy/build-out)

- PM peak hour trip generation based on the City's transportation impact fee rate schedule, or other method acceptable to the City Engineer.

The traffic impact analysis application form is provided as Attachment B.

Step 2 — Scoping Meeting

This meeting will be necessary for all proposed developments generating more than 10 PM peak hour vehicle trips. The purpose of the meeting is to discuss the preliminary information submitted by the applicant, obtain additional information about the proposal, clarify issues surrounding the project, and in some cases, determine whether a full traffic study is necessary. The applicant will schedule a meeting with the City Engineer, or the Engineer's designee, after the City has received the preliminary information described above, along with these additional items:

- Analysis of the proposed access locations (including proposed sight distances at access/egress locations, operational characteristics, etc.)
- Detailed PM peak hour trip generation analysis. Other time periods may be required such as the AM, noon, or school peak hours, or weekend conditions as directed by the City Engineer. Trip generation shall be based on the current edition of *Trip Generation*, Institute of Transportation Engineers (ITE) and the ITE Trip Generation Handbook, unless otherwise approved by the City. Assumptions and methodology for internal, link-diverted or pass-by trips must be provided, if applicable.
- Estimated distribution percentages will be provided from the City's traffic model. The applicant must use the data to prepare a figure showing the assignment of peak hour trips.
- A copy of the City's Synchro model will be provided to the applicant. Any modifications to the traffic signal timing will need to be agreed upon at the meeting.

If feasible, the TIA scoping meeting should be scheduled as part of, or in conjunction with, a pre-application meeting. For relatively simple development applications, the meeting may be conducted via the phone.

For proposed developments that generate more than 50 net new PM peak hour trips, the scoping meeting will establish the following initial parameters for the traffic study:

- Approval, or modification, of trip generation
- Approval, or modification, of traffic distribution percentages and assignment routes
- Background growth rates (non-project specific)
- Background or "pipeline" development projects
- Study area roadways and intersections
- Analysis methodologies

Step 3— Evaluation of Preliminary Information

For all developments generating between 11 and 50 net new PM peak hour trips, the City will review the preliminary information submitted at the scoping meeting to determine if further transportation analysis is necessary.

If further analysis is needed, the applicant will continue to Step 4. The City will provide the applicant with direction for the initial parameters, assumptions, and methodologies as identified above in order to prepare the study.

If no further analysis is needed, the applicant will skip Step 4 and only have to pay their transportation impact fee.

Step 4 — Traffic Impact Analysis for SEPA Evaluation

Developments generating more the 50 PM peak hour vehicle trips, and others as determined by the City Engineer, or the Engineer's designee, will be required to prepare a traffic study. The TIA will address potential transportation impacts of the project under SEPA. The TIA will build from the project information submitted in Steps 1 and 2.

The traffic study is required to address the following items:

A. Site Access Roadways/Driveways

- Site plan depicting on-site circulation and connections to other properties and roadways
- Sight distance requirements and adequacy (per AASHTO requirements)
- Level of service analysis for intersection(s)
- Channelization evaluation
- Vehicle storage/queuing analysis
- Traffic control warrants
- Collision history analysis (only required for access to arterials and collectors, unless otherwise directed by the City)

B. Existing and Forecast Traffic Volumes

- Provide existing intersection turning movement counts for study time periods (traffic volumes should be less than one year old, unless otherwise approved by the City). The weekday PM peak hour shall be used unless otherwise defined during scoping meeting.
- Attach actual traffic count sheets.
- Future peak-hour intersection turning movement volumes without project traffic based on:
 - o Annual background traffic growth factor/rates (cite source/methodology per scoping meeting)
 - o Background or "pipeline" traffic from other future development projects (provided by the City per scoping meeting)
- Forecast peak hour turning movements for with-project conditions based on trip generation, distribution, and assignments per scoping meeting.

C. Level of Service Analysis

Level of service analyses shall be based on the current edition of *Highway Capacity Manual*, Transportation Research Board, and related software, or alternative methods approved by City. The following criteria should be used in the analysis:

- Evaluate arterial/arterial or arterial/collector intersections impacted by 20 or more peak-hour project trips (or as otherwise identified by the City).
- Evaluate existing and future conditions with and without project (other planned developments impacting study area must be factored into the Level of Service [LOS] calculations).
- Assumptions/variations to standard analysis default values shall be noted and justification provided for their use, such as signal timing.
- Attach LOS calculation sheets.
- Compare the resulting future with-project LOS to the City's adopted LOS standards.

D. Other Travel Modes

The TIA shall include an evaluation of impacts on and potential improvements to other travel modes within the site vicinity. These may include, but are not limited to, the following:

- Public Transit
- School Bus
- Pedestrian
- Bicycle

E. Parking

A parking supply and demand analysis may be required by the City Engineer, or the Engineer's designee, in situations where parking may become an issue or could impact a adjacent business or neighborhood.

F. Mitigation Recommendations

The TIA should include recommendations to mitigate project impacts consistent with City standards. Mitigation may include construction of, or contribution toward, improvements to roadways, intersections, non-motorized facilities, traffic controls, transit, and others, as appropriate. Other mitigation could include Travel Demand Management (TDM) strategies and/or more aggressive Commute Trip Reduction (CTR) targets. Payment of the transportation impact fee also shall be noted.

G. TIA Report

The applicant shall submit the complete Traffic Study to the City Engineer (or designee) at the same time of the submission of an application for the proposed development to the City community development department.

The report shall generally be formatted per the outline in Attachment A. The report should include the sections and figures detailed in the attached outline. The completed report shall be stamped by a professional engineer that prepared or directly supervised the TIA.

The following must be submitted to the City:

- One hard copy of the TIA and all documentation
- Copy of the TIA, including appendices, in PDF format
- Electronic copy of Synchro output and data files
- Electronic copy of the trip generation table in Excel format

H. City Review

The City Engineer (or designee) will review the TIA for accuracy and completeness. The City Engineer (or designee) will make a determination of completeness of the study within twenty-one (21) days of submission. If the TIA is deemed incomplete, the City Engineer (or designee) shall identify in writing the specific requirements, needs, and additional information needed to complete the TIA.

If the study is deemed complete, the City will use it and its findings in establishing potential mitigation needs and conditions of approval for the development application, including the appropriate transportation impact fee.

Attachment A

Traffic Study Report Outline

The following information shall be included in each traffic study report:

1. Cover sheet (include name and location of project, applicant, engineer and date).
 - A. Engineer's stamp and signature.
2. Table of contents.
3. Introduction.
 - A. Type of development.
 - B. Size of development.
 - C. Location map, including depiction of major streets and intersections in the study area.
 - D. Site plan, including proposed driveways, streets, parking facilities, and internal circulation for vehicles, pedestrians, and bicyclists.
4. Summary of Existing Conditions.
 - A. Description and map of the existing roadway system within project site and surrounding area.
 - B. Map of study area with weekday peak hour turning movements.
 - C. Table of existing weekday peak hour levels of service.
 - D. Accident rate analysis for the study area.
 - E. Traffic control devices in the study area.
 - F. Description and map of the location and routes of the public transit system servicing the area.
 - G. Description and map showing the location and routes of the bicycle and pedestrian facilities serving the area.
5. Summary of Future Baseline Conditions (without project).
 - A. Summary of planned improvements in the area.
 - B. Summary of future pipeline projects assumed in the analysis.
 - C. Map of study area with future baseline weekday peak hour turning movements.
 - D. Table of future baseline weekday peak hour levels of service.
6. Summary of Future Plus Project Conditions.
 - A. Description and table of the trip generation assumptions.
 - B. Map of the trip distribution assumptions.
 - C. Map of the project trip assignment peak hour turning movements.
 - D. Map of study area with future with project weekday peak hour turning movements.
 - E. Table of future with project weekday peak hour levels of service.
 - F. Transit analysis.
 - G. Bicycle and pedestrian analysis.
 - H. Parking analysis.
 - I. Site access analysis.
7. Findings and Recommendations.
 - A. Findings of needed improvements.
 - B. Proposed mitigation recommendations.
 - C. Transportation impact fee estimate.
8. Appendix.
 - A. Raw turn data movement counts.
 - B. Level of service calculation worksheets.
 - C. Detailed trip generation worksheet(s).

Attachment B
City of Edgewood Traffic Impact Analysis Form

Project Information

Name: _____

TIA Project Number: _____

Application File Number: _____

Location: _____

TAZ: _____

Application Date: _____

Pre-Application Meeting Date: _____

Type and Size of Proposed Use _____

Estimated Net New PM peak hour trip generation
(attach calculations and methodology) _____

Existing uses on site (credits for trip generation) _____

Horizon year (anticipated year of completion) _____

TIA Tier (attach trip generation analysis/ methodology): _____

Notes on Assumptions/ Determination or Traffic Study
Level

Revisions / Final Development Approval

Revisions/ Adjustments (Date and Notes)

Revision 1 _____

Revision 2 _____

Revision 3 _____

Final Development Approval Date: _____

Adjust Trip Generation Estimates, if Needed (Notes) _____

Traffic Impact Fee Requirement: _____

Other Transportation Conditions of Approval: _____

Other Notes: _____



CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
Agenda Bill No.: 17-0500

Date Action Requested: May 9, 2017

Title: Ordinance 17-0500, Quasi-Judicial Rezone Permanent Code Update

Attachments: DRAFT Ordinance 17-0500

Submitted By: Kevin Stender, Community Development Director

Approved For Agenda By: Daryl Eidinger, Mayor

Prepared For Agenda By: Kevin Stender, Community Development Director

Recommendation: Move to accept first reading of Ordinance 17-0500, relating to land use and zoning, adopting a new permanent zoning ordinance relating to quasi-judicial map amendments, repealing section 18.40.110 of the Edgewood Municipal Code; describing the elements of a complete application, the criteria for approval, deadline for issuance of a final decision, and expiration of the approval, providing for severability and establishing an effective date.

Discussion: The Council passed an Emergency Ordinance on February 28, 2017 consistent with Section 36.70A.390 of the RCW to repeal EMC 18.40.110 regarding Quasi-Judicial Rezones and temporarily replacing it with a new EMC 18.40.110 that was much clearer. After adoption of Emergency Interim measures the City Council conducted a public hearing and established findings of fact as required for the interim zoning ordinance.

During that same time, the Planning Commission began review of permanent code measures at the March 20, 2017 Planning Commission meeting and then made formal recommendations for a permanent code update to EMC 18.40.110 after a Planning Commission Public Hearing held on April 3, 2017. The Planning Commission did not recommend any changes from the prior interim regulations that were previously put in place. The new Ordinance, similar to the interim ordinance, clearly identifies the process for undertaking a quasi-judicial map change which was the goal of the code update. The Council reviewed the DRAFT Ordinance regarding the permanent quasi-judicial code update at the May 2, 2017 Study Session and the item was placed on the agenda for first reading for May 9, 2017. Assuming acceptance of first reading this item will be placed on the agenda for Public Hearing and Second Reading/Adoption at the May 23, 2017 meeting.

Alternatives: 1) Do not accept first reading. 2) Forward to Study Session for further review

Fiscal Impact: N/A

**CITY OF EDGEWOOD, WASHINGTON
ORDINANCE NO. 17-0500**

AN ORDINANCE OF THE CITY OF EDGEWOOD, WASHINGTON, RELATING TO LAND USE AND ZONING, ADOPTING A NEW PERMANENT ZONING ORDINANCE RELATING TO QUASI-JUDICIAL MAP AMENDMENTS, REPEALING SECTION 18.40.110 OF THE EDGEWOOD MUNICIPAL CODE; DESCRIBING THE ELEMENTS OF A COMPLETE APPLICATION, THE CRITERIA FOR APPROVAL, DEADLINE FOR ISSUANCE OF A FINAL DECISION, AND EXPIRATION OF THE APPROVAL, PROVIDING FOR SEVERABILITY AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City's regulations relating to quasi-judicial rezones in Edgewood Municipal Code (EMC) Section 18.40.110 were unclear and required modification; and

WHEREAS, Section 36.70A.390 of the Revised Code of Washington authorizes the City Council to adopt an interim zoning ordinance; and

WHEREAS, the City Council approved the interim zoning ordinance at the February 28, 2017 regular Council meeting and established a date for a Public Hearing before themselves on March 28, 2017; and

WHEREAS, the City's SEPA responsible official determined that the zoning ordinance update was exempt from SEPA pursuant to WAC 197-11-800(19) as a procedural type code change without effect on the environment; and

WHEREAS, through the interim ordinance, the Planning Commission reviewed the interim regulations at the March 20, 2017 regular Planning Commission meeting; and

WHEREAS, the Planning Commission recommended that the regulations be adopted as permanent regulations following public testimony at a public hearing on April 3, 2017; and

WHEREAS, the City Council reviewed the Planning Commission recommendation and DRAFT permanent zoning ordinance regulations at the May 2, 2017 Study Session; and

WHEREAS, the City Council moved forward the first reading of the Ordinance at the May 9, 2017 regular Council meeting; and

WHEREAS, the City Council held a public hearing May 23, 2017 to receive public testimony regarding the DRAFT permanent zoning ordinance; and

WHEREAS, this Ordinance was presented to the City Council for second reading on May 23, 2017; and

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

Section 1. Section 18.40.110 of the Edgewood Municipal Code is hereby repealed.

Section 2. A new Section 18.40.110 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.110 Quasi-judicial Map Amendments -- Purpose. The purpose of Sections 18.40.110 through 18.40.117 is to establish procedures for amendment of the City's Official Zoning Map. The Official Zoning Map is the map of the City which depicts the zoning designations on property, and implements or gives effect to the Comprehensive Plan. Quasi-judicial amendments are those amendments of the Official Zoning Map that involve the application of existing policy to a specific development application, and do not involve the adoption of new policy (which occurs through legislative decisions).

Section 3. A new Section 18.40.111 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.111 Administration of Quasi-Judicial Map Amendments.

A. **Quasi-Judicial Map Amendments, Generally.** The Director is authorized and directed to administer the provisions of this Chapter relating to Quasi-Judicial Map Amendments. The authority to hold a public hearing and provide a final recommendation is granted to the Hearing Examiner and the City Council has the authority to make the final decision after a closed record hearing. If approved, the City Council will adopt an ordinance amending the City's Official Zoning Map.

B. **Development Agreement.** The City shall not process any Quasi-Judicial Map Amendments with Development Agreements under the interim zoning ordinance.

Section 4. A new Section 18.40.112 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.112 Procedure for Quasi-Judicial Map Amendments. The following steps shall be followed in the processing of Quasi-Judicial Amendments.

- A. Determination of Complete Application;
- B. Notice of Application;
- C. SEPA;
- D. Determination of Consistency;

- E. Notice of Public Hearing;
- F. Preparation of Staff Report;
- G. Public Hearing; and
- H. Issuance of Recommendation to City Council;
- I. City Council Closed Record Hearing
- J. If Quasi-Judicial Map Amendment is adopted, an ordinance is adopted to change the Official Land Zoning Map.

Section 5. A new Section 18.40.113 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.113 Requirements for a Complete Quasi-Judicial Map Amendment Application. The following materials shall be submitted to the City for a complete Quasi-Judicial Amendment (site specific rezone):

- A. Application Form: Seven (7) copies of the completed application form;
- B. Date, name, address, telephone number and e-mail of the applicant;
- C. Name, address, telephone number and e-mail of the owner of the property identified in the application;
- D. Legal description of the subject property;
- E. Identification of all sections of the comprehensive plan policies and map addressing the property subject to the application, including identification of the comprehensive plan map designation;
- F. Description of any proposed development of the property under the proposed zoning designation;
- G. Any plans, information and/or studies that accurately depict existing and proposed use(s) and improvements;
- H. An explanation of the rationale for the proposed amendment;
- I. An explanation of how the proposed amendment and associated development proposal(s), if any, conform to, conflict with, or relate to the criteria set forth in Section 18.40.114, as applicable;
- J. A completed SEPA checklist including the supplement sheet for nonproject actions; and
- K. A title report dated within 30 days of submittal for the subject property.
- L. The application fee, as established by the City.

Section 6. A new Section 18.40.114 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.114. Criteria for Approval of Quasi-Judicial Map Amendment.

- A. The following general rules apply to Quasi-Judicial Map Amendment applications:

1. There is no presumption of validity favoring the action of rezoning;
2. The proponents of the rezone have the burden of proof to demonstrate that conditions have changed since the original zoning; and
3. The rezone must bear a substantial relationship to the public health, safety, morals or welfare.

B. Implementation of the general rules in subsection A above involves analysis of the following criteria in order to approve a Quasi-Judicial Map Amendment:

1. Consistency with the existing comprehensive plan (the comprehensive plan that has been approved and is in place at the time the application was submitted);
2. Consistency with the purpose of the proposed zoning district;
3. Consistency between zone criteria and area characteristics;
4. Zoning history and precedential effect. Previous and potential zoning changes both in and around the area identified in the application shall be examined;
5. The impact of more intense zones on less intense zones or industrial and commercial zones on other zones shall be minimized by the use of transitions or buffers, if possible. A gradual transition between zoning categories, including height limits, is preferred. Physical buffers may provide an effective separation between different uses and intensities of development. The following elements may be considered as buffers:
 - a. Natural features including but not limited to topographical breaks, lakes, streams, and ravines;
 - b. Major traffic arterials and railroad tracks;
 - c. Distinct change in street layout and block orientation;
 - d. Open space and greenspaces.
6. Zone boundaries.
 - a. In establishing boundaries, the following element shall be considered:
 - i. Physical buffers as described in subsection A(5) above; and
 - ii. Platted lot lines.
 - b. Boundaries between commercial and residential areas shall generally be established so that commercial uses face each other across the street on which they are located, and face away from adjacent residential areas. An exception may be made when physical buffers can provide a more effective separation between uses.
7. Height limits. In general, height limits greater than thirty five (35) feet should be limited to areas where higher height limits would be

consistent with the comprehensive plan or where the designation would be consistent with the existing built character of the area;

8. Impact Evaluation. The evaluation of the changes that would result from approval of the application shall consider the possible negative and positive impacts on the affected area and its surroundings. Factors to be examined include, but are not limited to, the following:

- a. Housing;
- b. Public services;
- c. Environmental factors, such as noise, air and water quality, terrestrial and aquatic flora and fauna, glare, odor, shadows and energy conservation;
- d. Pedestrian safety;
- e. Manufacturing activity;
- f. Employment activity;
- g. Character of areas recognized for architectural or historic value;
- h. Shoreline view, public access and recreation;
- i. Service capacities. Development which can be reasonably anticipated based on the proposed development potential shall not exceed the service capacities which can reasonably be anticipated in the area, including: street access to the area; street capacity in the area; transit service; parking capacity; utility and sewer capacity; shoreline navigation.

9. Changed Circumstances. Consideration of changed circumstances shall be limited to elements or conditions included in the criteria for the relevant zone designations in the Zoning Code;

10. Critical Areas. If the area is located in or adjacent to a critical area, the effect of the rezone on the critical area shall be considered.

Section 7. A new Section 18.40.115 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.115 Conditioning. A Quasi-Judicial Map Amendment may be conditioned based on the criteria set forth in 18.40.114 and RCW 43.21C.060 (SEPA). Conditions shall be included in a Development Agreement recorded against the subject property.

Section 8. A new Section 18.40.116 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.116 Deadline for Final Decision. A Quasi-Judicial Map Amendment shall be approved, approved with conditions or denied within one hundred-twenty (120) days after the application has been determined complete.

Section 9. A new Section 18.40.117 is hereby added to the Edgewood Municipal Code, which shall read as follows:

18.40.117 Expiration.

A. A Quasi-Judicial Amendment approval with or without a development agreement shall expire three years from the effective date of the approval, unless;

1. If, prior to the end of the three-year period, a complete application is filed for a building permit that is subsequently issued; or
2. Another time for expiration is specified in the final decision or development agreement.

B. When a Quasi-Judicial Amendment expires, the Official Land Use Map shall be amended so that the zoning designation in effect immediately prior to the approval shall re-apply to the subject property, except as otherwise expressly provided in the original ordinance adopting the Quasi-Judicial Amendment.

Section 10. Severability. If any section, sentence, clause or phrase of this Ordinance should be held to be unconstitutional or unlawful by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other section, sentence, clause or phrase of this Ordinance.

Section 11. Publication. This Ordinance shall be published by an approved summary consisting of the title.

Section 12. Effective Date. This Ordinance shall take effect and be in full force immediately upon passage, having received the vote of a majority plus one of the entire Council.

PASSED BY THE CITY COUNCIL OF THE CITY OF EDGEWOOD THIS 23rd DAY OF MAY, 2017.

Daryl Eidinger, Mayor

AUTHENTICATED:

Rachel Pitzel, City Clerk

DRAFT 5/2/17

APPROVED AS TO FORM:

Carol Morris, City Attorney

DRAFT



**CITY OF EDGEWOOD
REQUEST FOR COUNCIL ACTION
AGENDA BILL NO. : 17-0371**

Date Action Requested: May 9, 2017

Title: TVI Government Securities Purchase-Strategic Reserve Fund

Attachments: TVI Government Securities Purchase Documents; LGIP Document.

Submitted By: Dave Gray, ACA/Finance Director

Approved For Agenda By: Daryl Eidinger, Mayor

Discussion: In 2014 the City of Edgewood placed their Strategic Reserve Balance and some General Fund Balance into four (4) government securities (approved restricted government funding investments) through Paul Jarvis of TVI. He is well known among government Finance Officers (GFOA) and TVI produces investment events and presentations around the Northwest. The City's last investment product will be sold this June, returning the funds to the Treasury Account with US Bank. As the investment return environment has improved for these types of purchases, as an alternative to the State of Washington's Local Government Investment Pool, staff (Dave) in concert with the Mayor's oversight, recommends reinvesting a million dollars of the current Strategic Reserve Fund Balance (\$1,002,749.25 as of 3/31/2017) directly in government securities through TVI. The Local Government Investment Pool (LGIP) is designed to provide maximum security with total liquidity for local governments. It invests, by State Law restriction, in the same government backed securities as TVI provides directly. They do this via a pooling of assets, keeping a cash balance available for investors (local governments) to pull cash out without notice. This need for liquidity produces a much lower return on investment for the pool members. The City of Edgewood uses the LGIP for the General Fund operating reserve balance, as it produces some investment return while keeping liquidity at 100%. The **risk** to the City by purchasing the same quality of government securities direct, is the City has then agreed to not withdraw the funds for a fixed period of time. Should the City need to execute a withdrawal prior to the maturity date of the investment, it would pay a penalty. The penalty diminishes over time as the investment nears maturity. The penalties are not onerous in comparison to the total amount invested (worst case example: the City needs to withdraw 100% of the invested funds the day after the investment is placed could generate approximately a \$30,000 dollar loss on a \$1,000,000 million dollar investment). It is unlikely the City would need to cash out the investment early, and the penalty (risk) reduces as the investment matures. The position of the City is that the City is not in the business of seeking investment income as a source of

revenue. The City maintains a healthy cash balance as a cushion against the volatility of its cyclical revenue (fees for services) and its cyclical overhead costs. That said, placing what has been for two years, and is very likely an amount that will continue for years to come, a strategic reserve amount balance into a higher earnings return vehicle, will help offset the cost of banking services by making the reserve balance work for the City. The **reward** is the difference between the average earnings from the LGIP and the market value of the investment over the life of the investment. As of this date those rates are:

LIGP Yield as of April 25, 2017 = .070 (7 tenths of a percent)

Estimated Direct Purchase Rate = 1.62 (one and 6.2 tenths of a percent)

The reward in total dollars is about an additional \$29,000 over the return from that of an LGIP investment.

Recommendation: To authorize the Mayor to purchase one million dollars of government backed securities, as authorized by RCW 39.59, from the Strategic Reserve Fund Balance with maturity dates not to exceed three years.

Fiscal Impact: It is estimated the increased return on investment over the not to exceed three year period will generate an additional interest income to the Strategic Reserve Fund of \$29,000.00.

RESOLUTION NO. 17-0371

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF EDGEWOOD, PIERCE COUNTY, WASHINGTON AUTHORIZING THE MAYOR TO PURCHASE ONE MILLION DOLLARS OF GOVERNMENT BACKED SECURITIES AS AUTHORIZED IN RCW 39.59, FROM THE STRATEGIC RESERVE FUND WITH A MATURITY NOT TO EXCEED THREE YEARS

WHEREAS, the City expects to maintain a minimum balance of the Strategic Reserve Balance of one million dollars (\$1,000,000) for at least the next three years, and;

WHEREAS, the City will enjoy a considerably higher rate of return (about 1.62% vs .7%) by direct purchase of the same grade and kind of government securities the Local Government Investment Pool (LGIP) is currently investing in, and;

WHEREAS, the City does not consider investment income a revenue source for ongoing funding, it believes it is prudent to gain a reasonable rate of return on funds kept for emergency and stabilizing purposes as an offset against unforeseen catastrophic loss or unpredictable downturns in current economic factors, and;

WHEREAS, the City has used the services of TVI, a locally known and GFOA recognized Broker-Dealer representative located in Seattle, for bond purchase in the last four years,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, DOES RESOLVE AS FOLLOWS:

Section 1. The Mayor is hereby authorized to purchase out of Strategic Reserve Funds, on behalf of the City of Edgewood, one million (\$1,000,000) dollars of government backed securities offered through TVI Investments with maturity dates not to exceed three years from the date of execution, pursuant to the provisions of RCW 39.59, with the highest responsible rate of return in increments he deems to have the least early collection risk.

PASSED BY THE CITY COUNCIL OF THE CITY OF EDGEWOOD, WASHINGTON, AT A REGULAR MEETING THEREOF, THIS 9TH DAY OF MAY, 2017.

Daryl Eidinger, Mayor

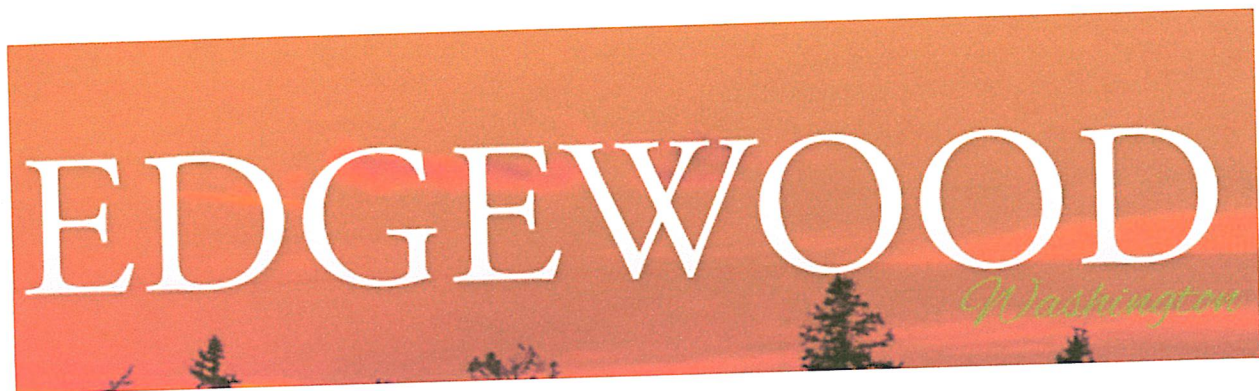
ATTEST:

Rachel Pitzel, City Clerk

Time Value Investments, Inc.
9725 3rd Ave. NE, Suite 610
Seattle, WA 98115
Tel: 206-365-3003
Toll Free: 877-707-7787
Fax: 206-417-6000



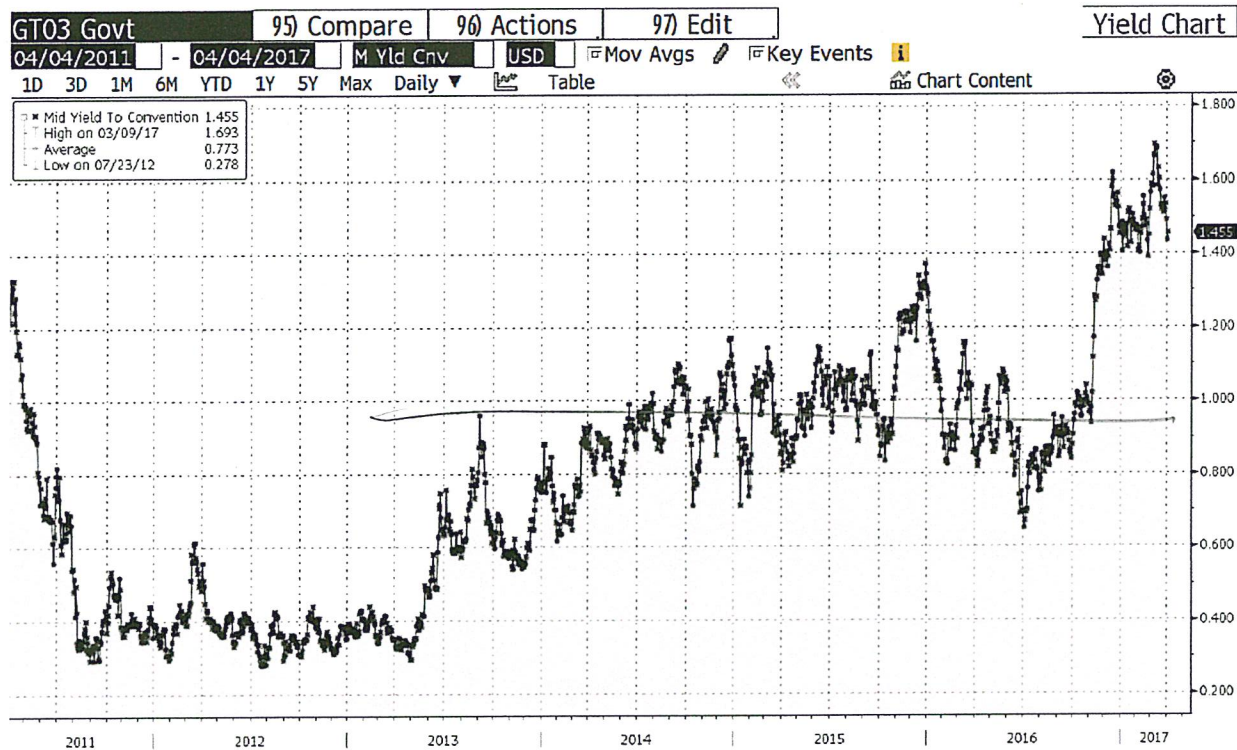
PUBLIC FUNDS INVESTMENT INFORMATION PREPARED FOR:



Presented by:
Jonathan McVety
Institutional Investments
Time Value Investments, Inc.

Securities offered through ProEquities, Inc., a Registered Broker-Dealer, Member, FINRA & SIPC.
Time Value Investments, Inc., is independent of ProEquities, Inc.

HERE IS A GRAPH OF THE 3 YEAR US TREASURY NOTE FROM 4/4/2011 TO 4/4/17:



The Federal Reserve made the following statement regarding the Federal Funds Rate on 3/15/17:

Board of Governors of the Federal Reserve System

About the Fed News & Events Monetary Policy Banking Information & Regulation Payment Systems Economic Research & Data

Home > News & Events > 2017 Monetary Policy Releases

Press Release

Release Date: March 15, 2017

For release at 2:00 p.m. EDT

☐ Testimony and Speeches
☐ Press Releases
☒ Regulatory Reform
☐ Conferences
☐ Other Public Communication

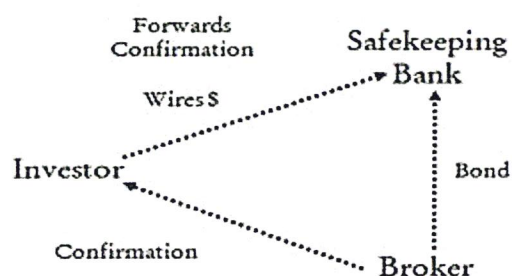
3/15/17 UPDATE: "...The Committee expects that economic conditions will evolve in a manner that will warrant gradual increases in the federal funds rate; the federal funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run. However, the actual path of the federal funds rate will depend on the economic outlook as informed by incoming data."

View entire statement at: <http://www.federalreserve.gov/newsevents/press/monetary/20170315a.htm>

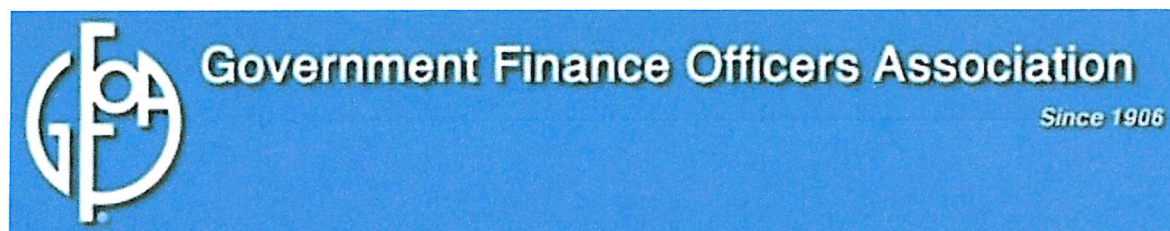
HOW IS A BOND PURCHASED?

The Entity does not wire to the broker, but rather to the Entity's "Safekeeping Bank" (please see below). An authorized party from the Entity signs and forwards the broker's confirmation to the Entity's safekeeping bank. The Entity's safekeeping bank then ensures that only the authorized bond comes into the Entity's account and only releases funds after the correct bond has been received into the Entity's account.

As GFOA explains below, "This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, ensuring the governmental entity has either money or securities at all times during the transaction."



This process, known as "Delivery Versus Payment (DVP)" is consistent with GFOA "Best Practices" (please see below):



"Investments should be settled in a delivery-versus-payment (DVP) basis. In this procedure, the buyer's payment for securities is due at the time of delivery. Security delivery and payment occur simultaneously. This practice ensures that no funds are at risk in an investment transaction as funds are not released until securities are delivered, ensuring the governmental entity has either money or securities at all times during the transaction."

Full document available here: http://www.gfoa.org/downloads/GFOA_ADVSafekeepingandCustody.pdf

YTC

Screen Printed

FFCB 1.54 12/14/20 Corp Settings

Page 1/1 Yield and Spread Analysis

95) Buy 96) Sell

1) Yield & Spread 2) Yields 3) Graphs 4) Pricing 5) Description 6) Custom 7) Calls

Settlement Date	04/07/17	Price	99.5363	☐ Blend	☒ Full Screen
YTC (3133EGEU5)	Date	Price	Yield		
Yield to Maturity	12/14/2020	100.00	1.670		
Yield to Custom	12/14/2018	100.00	1.820		
Yield to Next Call	06/14/2017	100.00	4.031		
Yield to Worst Call	12/14/2020	100.00	1.670		

May be called anytime starting 06/14/2017

Date	Price	Yield	Treas Crv	Spr	Adj Dur	Risk
06/14/17	100.0000	4.0307	0.762	3.268	0.185	0.185
12/14/20	100.0000	1.6700	1.610	0.060	3.551	3.551

SN 202421 EDT GMT-4:00 H698-2361-1 04-Apr-2017 15:04:06

3133EFZT7 Corp YTC 99.400

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FFCB 1.4 02/24/20 Corp Settings

Page 1/1 Yield and Spread Analysis

95) Buy

96) Sell

1) Yield & Spread 2) Yields 3) Graphs 4) Pricing 5) Description 6) Custom 7) Calls

Settlement Date	04/07/17	Price	99.7186	☐ Blend	☒ Full Screen
YTC (3133EFZT7)	Date	Price	Yield		
Yield to Maturity	02/24/2020	100.00	1.500		
Yield to Custom	02/24/2019	100.00	1.552		
Yield to Next Call	04/13/2017	100.00	18.303		
Yield to Worst Call	02/24/2020	100.00	1.500		
May be called anytime starting 02/24/2017					

Date	Price	Yield	Treas Crv	Spr	Adj Dur	Risk
04/13/17	100.0000	18.3029	0.730	17.573	0.017	0.017
02/24/20	100.0000	1.5000	1.447	0.053	2.808	2.805

SN 202421 EDT GMT-4:00 H698-2361-3 04-Apr-2017 15:15:39

QZ096761 Corp LAST CMD1

66 <G0> to message data

FNMA 1.2 08/16/19 Corp Settings

Page 1/1 Yield and Spread Analysis

95) Buy

96) Sell

1) Yield & Spread 2) Yields 3) Graphs 4) Pricing 5) Description 6) Custom 7) Calls

Settlement Date	04/07/17	Price	99.6294	☐ Blend	☒ Full Screen
YTC (3135G0N58)	Date	Price	Yield		
Yield to Maturity	08/16/2019	100.00	1.360		
Yield to Custom	02/16/2019	100.00	1.402		
Yield to Next Call	05/16/2017	100.00	4.629		
Yield to Worst Call	08/16/2019	100.00	1.360		
May be called quarterly starting 02/16/2017					

Date	Price	Yield	Treas Crv	Spr	Adj Dur	Risk
05/16/17	100.0000	4.6295	0.742	3.888	0.108	0.108
08/16/17	100.0000	2.2385	0.835	1.404	0.355	0.355
11/16/17	100.0000	1.8154	0.937	0.879	0.601	0.600
02/16/18	100.0000	1.6359	0.992	0.644	0.848	0.847
05/16/18	100.0000	1.5385	1.047	0.492	1.094	1.092
08/16/18	100.0000	1.4762	1.105	0.371	1.339	1.337
11/16/18	100.0000	1.4339	1.164	0.270	1.584	1.580
02/16/19	100.0000	1.4025	1.223	0.180	1.828	1.824
05/16/19	100.0000	1.3790	1.278	0.101	2.070	2.066
08/16/19	100.0000	1.3600	1.333	0.027	2.313	2.308

SN 202421 EDT GMT-4:00 H698-2361-1 04-Apr-2017 15:20:32

Statement of Account for No: 00625
March 2017
Primary Account

FINANCE DIRECTOR
CITY OF EDGEWOOD
2224 104TH AVENUE EAST
EDGEWOOD, WA 98372-1513

Date	Description	Comment	Deposits	Withdrawals	Balance
03/01/2017	Beginning Balance				2,080,910.37
03/31/2017	Month End Balance				2,080,910.37
	March Earnings	Daily Factor Earnings	1,238.40		
	Net Ending Balance				2,082,148.77

Account Summary

Beginning Balance:	2,080,910.37	Gross Earnings:	1,252.00
Deposits:	0.00	Administrative Fee:	13.60
Withdrawals:	0.00	Net Earnings:	1,238.40
Month End Balance:	2,080,910.37		
Administrative Fee Rate:	0.0077 %	Net Ending Balance:	2,082,148.77
Gross Earnings Rate:	0.7084 %		
Net Earnings Rate:	0.7007 %	Average Daily Balance:	2,080,910.37

GUIDE TO PUBLIC FUNDS INVESTING FOR LOCAL GOVERNMENTS

Office of the Washington State Treasurer

June 2016



James L. McIntire
Washington State Treasurer

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I. STATEMENT OF PURPOSE

The Office of the State Treasurer has developed this guide as a resource for local governments¹ with statutory authority to invest who are considering investment options and developing an investment strategy. It lists and discusses the investments permitted under state law for local governments, sets forth the basic elements of a sound investment program, and discusses many of the potential risks and pitfalls of public funds investing. As well, it provides links to additional resources that will help investors to identify and implement industry best practices. While this guide is intended to be broadly applicable to a range of local government investors, some sections may be more useful than others for specific investors.

The information in this guide reflects statutory changes effective June 9, 2016.

II. PRUDENCE IN INVESTMENTS

What does a successful investment program for public funds look like? It focuses on **safety** and **liquidity** of funds as its primary objectives, seeks to maximize **return**, and operates within the bounds of **legality**. It employs defined strategies and procedures in pursuit of these objectives. Insofar as investing involves both opportunities and risks, it is managed to ensure the safety and availability of public funds, with the secondary objective of generating an additional revenue stream. Local government investment managers should adhere to the “Prudent Person” standard, which says that investment decisions must be suitable for the risk and return profile and the time horizon of the investor.

Safety and liquidity are the primary objectives for public funds investors. A strong investment program will go further to focus on performance. In practice, investment performance is the product of a strong investment process. The main elements of the investment process are controlling risk, identifying a reasonable expectation around expected return, and controlling costs (i.e. inefficient or excessive trading). These elements combine to form a mechanism to optimize risk and return. Performance monitoring using an appropriate benchmark enables managers to see whether their investment strategy is effective.

Local government investors with limited resources or experience may find that caution is the best approach in the management of investment performance. Without specific expertise in the area of credit analysis, for example, investments in certain legally permitted instruments may not be a good idea, as adequate control of risk is not possible. Some investors may find that they are best able to

¹ As defined in RCW 39.59.010

structure a successful program by working with an outside advisor who brings experience in developing strategy and monitoring performance. These concepts are discussed further below.

III. INVESTMENT POLICY

A prudent investment strategy should be anchored by a well-structured formal investment policy. The investment policy should articulate the objectives, parameters and benchmarks of the local government portfolio and should be regularly reviewed. The policy serves to protect both the entity and the investment officers and also to provide information to the broker/dealer community that is providing coverage. The Office of the State Treasurer encourages local governments to submit their policies to the Washington Public Treasurers Association (WPTA), which offers an investment policy certification program. This peer review program serves to ensure that the policy adequately addresses all important aspects of an investment program.

At a minimum, a local government investment policy should contain:

- ***Objectives of the investment portfolio/agency:*** The primary objective of public funds investing is generally safety of principal, followed by liquidity in order to ensure availability of sufficient cash (or highly marketable securities) to meet spending requirements. Any objectives around portfolio return should be tied to market returns in order to ensure that managers are not pushed to assume inappropriate levels of risk.
- ***Identification of funds governed by the policy:*** The policy should state which fund or funds it applies to (e.g. operating funds, bond proceeds, or pooled funds).
- ***Delegation of investment authority:*** The policy needs to identify the persons or positions with authority and responsibility for investment and allocation decisions.
- ***Ethical and legal standards:*** The policy should establish a prudent person standard and establish restrictions to mitigate potential conflicts of interest.
- ***Authorized dealers and financial institutions:*** The policy should name the requirements to be met by financial institutions and dealers doing business with the governmental entity. Possible examples include net capital requirements, registration and good standing with appropriate regulatory bodies, and review of the entity's investment policy.
- ***Safekeeping and custody:*** The policy should specify that all security transactions be conducted on a delivery versus payment basis and set forth the requirements for safekeeping of the securities purchased.
- ***Internal controls:*** The policy should outline the internal control structure that governs the investment process.

- **Authorized investments:** The policy should identify all authorized investments, referring to applicable state laws as well as any other relevant policies. It should define the following investment parameters:
 - Limits on specific types of securities as a percent of the total portfolio
 - Maximum term, by type of security
 - Issuer limits—maximum percentage of an issuer permitted in portfolio
 - Limits on repurchase agreements
 - Other requirements such as collateralization
 - Requirements around securities lending agreements
 - Procedures for dealing with portfolio out of compliance after purchase
 - Other appropriate diversification restrictions
 - Minimum credit rating requirements, by type of security
- **Oversight and reporting requirements:** The policy should make clear which individual or committee has oversight authority over investment officers. It should specify the type, frequency and form of reporting to the person or committee with oversight authority. It should identify an appropriate benchmark that will be used to gauge the performance of the portfolio.

IV. ELIGIBLE INVESTMENTS

In order to ensure the safety and liquidity of public assets, local governments in the state of Washington are restricted to specific investments that are permitted by state law. For an investment to be considered eligible it must be explicitly listed in statute. The Revised Code of Washington statutes that primarily govern the investment of public funds are attached as Appendix I.

While certain investments may be legal, they may not be appropriate for a given entity at a specific point in time. To arrive at a prudent investment strategy it is not enough to consider the range of permitted investments. Investment officers must also carefully consider the risk and return of possible investments in relation to the safety and liquidity requirements of the local investing entity.

V. INVESTMENT CONSIDERATIONS

Cash Flow Forecasting: For some public entities the cash balances they have are destined to be spent as the entity conducts its normal business. However, most entities have cash balances in excess of their immediate needs. The investment of surplus funds can be an important source of revenue, particularly in higher interest rate environments. Through cash flow forecasting you should be able to distinguish

between cash that should be invested in short-term instruments and cash that is not expected to be needed for a longer period of time (often invested separately as a “core” portfolio).

In order to forecast cash flows over a period of up to twelve months into the future, managers need to take into account:

- Recurring cash flows: cash flows that take place on a regular basis, such as payroll disbursements or sales tax revenues. The amount and timing of recurring cash flows can be understood and modeled using past years’ data, budget information, debt payment schedules and similar sources.
- Non-Recurring cash flows: one-time cash flows, such as from a bond sale and payments or a major capital expenditure.
- Required and/or desired levels of cash reserves to cover unexpected expenditures or other unanticipated cash flow needs.

Certain cash flows may be recurring but seasonal; for example, tax revenues may show a pattern of increases and decreases over a calendar year.

Cash flow forecasts should be updated on an ongoing basis to align them with actual results. If estimates and results are significantly different, corrections may be needed. Where there are significant variances between forecast and actual cash flows, managers should identify the source of the variance and determine whether future forecasts should be adjusted.

Short-term Investment Options: The following are options for investing cash that needs to be available to meet your short-term needs. In this discussion short-term refers to anything from overnight out to one year. The time horizon may vary depending on the nature and certainty of your cash flows, the instruments you are utilizing and the overall size of the available liquidity.

It is important to consider transaction costs when evaluating options for investing short-term funds, especially in a low rate environment. For example, \$100,000 invested at 5.25% (the LGIP and Fed Funds rate in 2007) earns \$14.39/day but \$100,000 invested at 0.41% (the LGIP rate in early 2016) earns \$1.12/ day. In the latter case, if you receive \$100,000 and need it for payroll in 10 days, you are better off financially to leave it in your checking account than to invest it in the LGIP for those 10 days. Depositing it with the LGIP will result in a wire fee from your bank for sending and another fee for receiving it back from the LGIP. If your wire fee is \$7.50 you would pay \$15 and receive \$11.23 in earnings, a net cost of \$3.77. Additionally, many banks offer a rate on compensating balances that can be used to offset banking fees.

Local Government Investment Pool (LGIP). The creation of the LGIP was authorized by the legislature in 1986. It has been a popular and successful liquidity vehicle for local and state

governments since its inception. There are currently over 500 participants in the LGIP, with between \$8 billion and \$12 billion invested. The LGIP is a voluntary investment option that offers 100% liquidity on a daily basis. The low fee structure provides participants with a competitive short-term investment option. Additional information about the LGIP may be found on the Office of the State Treasurer (OST) website.

Bank Liquidity Accounts. Numerous qualified public depositories offer interest bearing demand deposit accounts with rates that are close to or even better than the LGIP (see Section IX below: Protection of Deposits). They offer daily liquidity, but there may be a limit on the number of withdrawals during each month. These accounts are a safe option as they are covered under the Public Deposit Protection Commission (PDPC), which provides that all public deposits be either Federal Deposit Insurance Corporation (FDIC) insured or collateralized with the PDPC.

Some products offered by banks may not be statutorily eligible so you do need to make sure that what you are utilizing is a deposit account and not some sort of investment fund. Money market mutual funds are not eligible investments for public funds.

Certificates of Deposit. A Certificate of Deposit (CD) can be a good option, especially if you have known cash flows that will be occurring in the future, e.g., debt service payments on December 1 or June 1. A CD must be completed with a qualified public depository (negotiable CDs are not eligible investments). Rates will vary from bank to bank so you should explore multiple options.

Other Deposit Programs. There are a few deposit programs available that provide an investor with full FDIC insurance on an initial deposit greater than the FDIC maximum. Your initial deposit must be made with a participating qualified public depository, which will then place the funds into the program, where it will be divided into a series of smaller deposits with other financial institutions, each of which would be fully FDIC insured. One example of this is the Certificate of Deposit Account Registry Service (CDARS) program.

US Treasury Bills and Notes, US Agency and Supranational Agency discount notes or coupon instruments, and commercial paper are also common short-term investment instruments. For entities with relatively small amounts to invest, these instruments are often not as attractive as the LGIP or deposit accounts. This is because of economies of scale, they are mostly date specific, and you need to allow for safekeeping. Before buying commercial paper investors also need to perform credit analysis, as it is not advisable to rely solely on the ratings provided by the rating agencies. Note that commercial paper purchases must adhere to the investment policies and procedures adopted by the State Investment Board.²

² The State Investment Board expects to issue an updated policy on commercial paper and corporate notes in September 2016.

Repurchase Agreements (Repos) consist of an agreement by a seller (an authorized dealer) to sell to the buyer (a local government investor) authorized investment securities (referred to as collateral), with the agreement to purchase the securities back on an agreed to date and rate of interest, to be paid to the buyer. Detailed repo guidelines may be found on the OST website.

Longer-term Investment Options: For funds that are not expected to be needed within a twelve-month time horizon, there are several additional securities that may be considered.

US Treasury Notes. These are backed by the full faith and credit of the US government and considered to be very low risk. They are highly liquid. They will generally deliver a lower return than other securities having comparable maturities, but at times the spread between Treasuries and other credit instruments is quite narrow.

US Agency Bonds. These are bonds of government sponsored enterprises. While they carry the implicit backing of the US government, they are not backed by its full faith and credit in the same way as Treasury notes. Some of the most commonly invested, highly rated and most liquid of these are bonds of Fannie Mae (FNMA), Freddie Mac (FHLMC), the Federal Home Loan Bank (FHLB) and the Federal Farm Credit Banks (FFCB). Agency securities are sold as both bullet and callable bonds.

Supranational Agency Bonds. These are US dollar-denominated bonds of quasi-governmental organizations that exist in multiple countries to promote economic development. Local governments in Washington State are permitted to invest in those supranational agencies that have the US government as their largest shareholder.³ Supras are highly rated and have similar structures to US Agency bonds.

Municipal Bonds. These are debt securities issued by a state, municipality or county, or any other local government entity. They are considered higher risk than US government securities. While these are an eligible investment option, investment in municipal bonds should only be undertaken by local governments with the ability to perform credit analysis on the issuer, rather than relying solely on the ratings provided by rating agencies.

Corporate Notes. Corporate notes are considered higher risk than US government securities. As a result, they will almost always deliver higher returns, but investment in corporate notes should only be undertaken by local governments with the ability to perform credit analysis on the issuer. RCW 39.59 requires that corporate notes be purchased on the secondary market

³ As of June 2016, the following supranational agencies had the US government as their largest shareholder: the International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB)

and in accordance with the investment policies and procedures adopted by the State Investment Board.⁴

Credit Risk: Credit risk is the risk of default or the risk of reduction in market value caused by changes in the credit quality of issuers or counterparties. All securities have credit risk; any security that is not backed by the full faith and credit of the United States has greater credit risk. The rationale for owning credit risk is the additional expected return derived from the interest rate spread for a risky bond over a riskless bond. As well, some diversification can be achieved with the addition of credit to a portfolio as changes in interest rates and credit spreads are not perfectly correlated. Credit risk can affect the value of a portfolio in three ways: default risk, credit spread risk, and downgrade risk.

Default risk is the risk that an issuer will default on its obligations and fail to make timely principal and interest payments.

Credit spread risk is the risk the interest rate spread for a risk bond over a riskless bond will increase after the credit risk has been purchased. If the spread increases, the price of the risk bond will decrease, potentially resulting in a loss if the bond is sold before maturity.

Downgrade risk is the risk that a credit rating organization reduces its credit rating for an issuer. This could impact a portfolio if the bond has to be sold.

In order to evaluate and monitor these risks in relation to investments with higher credit risk, such as municipal or corporate debt, the portfolio manager should perform ongoing credit research and modeling. An external adviser or manager can also offer expertise in credit analysis. Credit modeling and research do not rely solely on a credit rating organization. Credit work usually involves a combination of different approaches. One approach is to look at historical default frequencies and the events that precipitated them. Another approach is to use information from the corporate balance sheet and equity market to create a structural model of default probability. Another popular approach is fundamental analysis; looking at a firm's competitive position, industry trends, and financials.

The key point here is that before investing in securities, be sure to perform thorough analysis on the credit of the security and continue to monitor that credit for as long as you hold that security. The policy should also address the actions required if the rating of an issuer is downgraded.

⁴ The State Investment Board expects to issue an updated policy on commercial paper and corporate notes in September 2016.

VI. INVESTMENT PROCESS

A methodical and considered approach to investing will look different for different public funds investors. Local government portfolios vary greatly in size, and this will impact the value that a more developed investment process can add. As well, some managers of local government portfolios balance a number of responsibilities within their agency or organization. For those entities with smaller portfolios, an active investment strategy may not deliver enough additional benefit to justify the time involved or the cost of an advisor. Similarly, for those portfolio managers who have other organizational responsibilities, the analysis described below may be overly time-consuming. In these situations it may make sense to identify a more streamlined, hands-off investment process that requires less day-to-day oversight and fewer organizational resources, even if it does not maximize returns. For local government investors with mid- to large-sized portfolios, however, an understanding of the concepts in this section may prove valuable for developing an investment strategy, either internally or in consultation with an investment advisor (discussed in Section VII).

Broadly speaking the investment process spans four major areas:

- 1) Setting investment objectives and constraints
- 2) Developing and implementing a portfolio strategy
- 3) Monitoring the portfolio
- 4) Portfolio Adjustments

Setting Investment Objectives and Constraints: Investment policies and procedures must be tailored to the needs of each local government. The first step, setting the investment objective and constraints, requires analysis of the source of investment funds. Updated cash flow statements along with other analysis should give an indication of how long-lived the assets to be invested are. Whether the assets are more permanent or short-lived in nature will determine how much risk a portfolio may tolerate. Knowledge of the investing legal authority and authorized investments combined with portfolio risk tolerance and return needs provide the basis of completing a formal investment policy. Forming the investment policy is a critical step in the portfolio management process, as it serves as a roadmap for investment decisions.

A key part of the investment policy roadmap is the selection of the appropriate benchmark. The benchmark should reflect the desired characteristics of your portfolio and is the quantitative expression of the risk and return objectives. A benchmark should have the following general characteristics: first, the benchmark needs to be investable; that is, an investor should be able to buy and hold the benchmark securities. Second, the benchmark should be transparent; that is, all the securities, prices, and returns can be found and calculated. Finally, the benchmark needs to be relevant; that is, an investor is familiar with the securities in the benchmark, the benchmark is

consistent with the desired investment style, and the investor's goals are aligned with positive returns in the benchmark.

While safety and liquidity are the primary goals of any public funds portfolio, managers have a responsibility to attain the highest possible yield within those bounds. Any incremental yield achieved without unnecessary risk represents a tangible benefit to the manager's agency or entity. An investment policy that sets appropriate objectives and a benchmark based on the investor's characteristics can help the investor to maximize yield while remaining within an appropriate investment framework.

Developing and Implementing a Portfolio

Strategy: After stating the investment objectives and constraints in the investment policy, which identifies an appropriate benchmark, attention can be turned to developing and implementing a portfolio strategy. Relevant fixed income strategies for public funds investors can be broken down into three main types. They are pure passive management (or pure indexing), enhanced indexing (which is a hybrid approach), and active management. The difference between these strategies lies in the degree to which the risk factors of the portfolio match the risk factors of the benchmark. The relevant risk factors are:

- **Market risk**, defined here as parallel changes in the yield curve, and measured by duration.
- **Yield curve risk**, changes in the slope and shape of yield curve, and measured by key rate duration.
- **Market volatility**, changes in actual volatility or implied volatility of options, and measured by convexity. For local government investors in Washington State, callable securities are the only eligible investments that incorporate (embedded) options.
- **Credit risk**, changes in credit quality, and measured by changes in credit spread.

Effective Duration and Callable Securities

Duration is a measurement of risk that the principal value of a bond portfolio will fluctuate as interest rates change. It is one of the most important factors to consider as you evaluate the impact of any investment on your portfolio. Generally it is desirable for the duration of a portfolio as a whole to approximately match the duration of the benchmark, although managers may elect to take a somewhat longer or shorter position in an easing or tightening environment.

Effective duration is a measurement that takes into account the optionality in a portfolio. The effective duration of a callable security will fluctuate as its probability of call increases or decreases. A high proportion of callable securities in a portfolio, while it can increase yield, means that in the event of a market move the effective duration of the portfolio can shift dramatically. This can result in a portfolio that is much longer (or shorter) than its benchmark and can force managers to give up yield (if securities are called in an easing environment) or cause cash flow problems (if securities extend and are underwater in a tightening environment).

- **Liquidity risk**, changes in liquidity of individual securities as market conditions change, and measured by bid/offer spread.

These risk factors allow a portfolio manager to determine both the benchmark's and the managed portfolio's risk profile, which is a tabulation of sensitivities to market conditions. A pure passive management strategy is the easiest and most straightforward to implement. Essentially, the portfolio attempts to mimic the risks of the benchmark as closely as possible. It is very difficult and expensive to try to replicate the index exactly. A simpler solution is to build out a ladder of investments that matches the risk factors of the index. The advantage to a passive strategy is that the portfolio manager does not need to make independent economic or interest rate forecasts. It is premised on the idea is that it is very difficult to beat the market.

The other two more active management strategies essentially rely on the manager's forecasting ability. If the manager's forecasts of the future path of the factors that influence fixed income returns are more accurate than those reflected in current prices, then the return of the portfolio should increase. An active manager seeks to exploit opportunities in the market.

An enhanced indexing strategy involves creating small divergences in the risk factors between the portfolio and the benchmark. The duration of the portfolio may be matched to the benchmark while other risk factors are allowed to deviate in smaller, controlled ways. For example, issue selection, where the manager may identify and select securities that are undervalued relative to a valuation model. The manager may use yield curve strategies, where areas of the yield curve that are overvalued are underweighted while areas of the curve that are undervalued are overweighted. Partial duration is a good way to monitor a portfolio's interest rate risk at various points along the yield curve. Another example of an enhanced indexing strategy is sector or credit quality positioning, where a manager tilts the portfolio to favor a sector or credit view.

A pure active management strategy involves deliberately creating larger mismatches between the portfolio and the benchmark risk factors. In this instance the portfolio manager is actively pursuing opportunities in the market to increase return. The objective of the manager is to produce sufficient returns to overcome the style's additional transaction costs and risks.

Monitoring the Portfolio: Irrespective of the investment management strategy that is selected, once the portfolio has been constructed it must be monitored. Monitoring involves two activities. The first is to assess whether there have been changes in the market that have changed the key inputs in the portfolio construction process. The second is to monitor the performance of the portfolio. Monitoring the performance of the portfolio is called return attribution analysis, which seeks to explain how the results were achieved. Performance attribution first determines whether the portfolio manager is adding any value by outperforming the benchmark. Second, attribution analysis tackles the detail of why returns were what they were. For example, the process should identify the degree to which the

realized performance was a result of changes in the level of interest rates, changes in the slope of the yield curve, changes in credit spreads, or issue selection. The process should be informative for both the portfolio manager and management and give all parties a better sense of the portfolio's risk and return.

Portfolio Adjustments: Investment management is an ongoing process. Monitoring activities should naturally feed directly into an evaluation of whether portfolio adjustments need to be made. For example, if capital markets have changed and result in changes to the portfolio's risk profile an adjustment can be made to get the portfolio back into line. Alternatively, through the portfolio attribution process, adjustments may need to be made to ensure the portfolio performs as expected going forward. However, every adjustment comes with a cost. The cost of trading is measured by the bid offer spread and the frequency of turnover in the portfolio. Any adjustment to the portfolio must weigh the costs of the transactions versus the benefits.

VII. USE OF INVESTMENT ADVISORS, MANAGERS AND CONSULTANTS

Many public entities throughout the United States use the services of investment advisors, managers or consultants. Their use emerged in the 1980s, has expanded over the years, and is usually cost-effective, primarily with governments responsible for portfolios exceeding \$30 million.

- **Investment Advisors** typically provide advice only as they assist with the operation of the investment portfolio. They are not given the discretion to execute buy or sell transactions without the authorization of the entity's investment officer. They also provide other services, such as annual investment policy review and recommendations, credit research, financial institution risk analysis, and a full suite of reports and periodic in-person reports to staff, upper management and elected officials.
- **Investment Managers** generally provide the same services as investment advisors. However, they are given discretion to decide upon all buy and sell transactions, provided they conform to the entity's investment policy. Most public fund investment managers in Washington State do not have the authority to enlist the services of investment managers. See below.
- **Investment Consultants** can provide various services, from helping a government develop its investment strategy, to reviewing investment policy, to assisting with credit research. Investment consultants do not advise on specific buy or sell transactions.

Most public fund managers in Washington State do not have the authority to delegate to an external entity those management functions that require the exercise of discretion or judgment in which factual information is weighed and personal judgment is exercised in order to reach a conclusion, e.g., to enlist the services of an investment manager. However, they can enlist the services of investment advisors

and the scope of services they may provide can include nearly everything except making the decision to purchase or sell securities. For example, an advisor could recommend the purchase of a particular security. Should the entity authorize the purchase of that security the advisor could then act on your authorization and purchase that security for your entity.

Many governments - large and small - see financial and program management value in the services that external investment professionals provide. The reasons are varied: internal finance staff may not have sufficient time to devote to the program beyond the basics, or they lack a complete range of expertise to effectively manage their investment portfolios. However, even those entities with expertise and time often find value in the third-party view that an outside advisor brings to their investment program. Staff turnover is an additional factor; investment advisors, managers and consultants can help maintain continuity in this highly important function.

Investment advisors help manage the two primary risks inherent in portfolio management: credit risk and duration risk. While credit risk is generally well-understood, duration risk is often the greater of the two. Expertise in managing both risks is key to operating a successful investment program which includes the careful balancing of the two (the risk-reward relationship) in order to achieve optimal earnings. Advisors normally offset their fees with improved earnings and most users of this service confirm that earnings more than offset the fees.

Selection of an investment advisor/consultant should be determined through Requests for Proposals (RFP) and should include minimum qualifications to ensure that proposals are solicited only from those firms that are experienced and have strong reputations in assisting with the management of government investment portfolios. A relatively small number of firms offer the types of services mentioned above. Therefore, policies that limit proposals to a government's own city, county or state may seriously limit the number of firms able to qualify to provide services. RFPs will elicit more and possibly better results by considering proposals from firms anywhere within the United States. As is the case with other types of procurements, the use of specialized consultants to assist in the selection of advisors, managers or consultants may help in achieving optimal results.

The links section of this piece includes a link to the Government Finance Officers Association (GFOA) Best Practices paper on selection of investment advisors.

VIII. SAFEKEEPING ARRANGEMENTS

Once you purchase a security from a dealer you need to make arrangements to pay for the security and for proper safekeeping. Nearly all of the securities that are eligible for public operating fund investors in Washington State are available in book-entry form, e.g., electronic. The paying agents for

the issuers are the Fed or the Depository Trust Company (DTC), who keep track of the registered owners of each Committee on Uniform Security Identification Procedures (CUSIP) in their registries and will act as a conduit for payment of principal and interest. Bondholders do not deal directly with the paying agents but must work through a third-party for custody or safekeeping.

There are various ways that this can work, ranging from contracting with an independent third-party to having the safekeeping provided by the dealer you bought the security from. Safekeeping is an important aspect of your investment program because this is one area where fraud can occur. Delivery versus payment is an important principle to follow in your investment program. You do not want to pay for a security until you have received it from the dealer.

Industry standard, and the best option, is for safekeeping to be provided by an independent third-party that the investor has contracted with. However, another option is to have safekeeping provided by the same institution that sold the security, provided it is kept in a separate area of the institution, such as the trust department. One option to avoid is to have the dealer or investment advisor directly provide the safekeeping. This violates the delivery versus payment principle and really puts the investor in a position of putting their complete trust in the dealer or advisor.

Statewide Custody Program: RCW 43.08.280 enables local governments and institutions of higher education to contract for safekeeping with a statewide custody provider named by the State Treasurer as the result of a RFP process.

The intent of this legislation was to make third-party custody available to as many local entities as possible, on the best terms that could be negotiated on a statewide basis. The legislation is designed to enable the State Treasurer to select a custodian and negotiate a model contract and fees with the selected firm. The model contract and fee structure are then available to any local government or institution of higher education in the state for an agreed upon time period. The local entity would therefore not have to conduct its own RFP. However, the decision to sign the model contract rests entirely with each local entity. Nothing in the legislation prevents a local entity from arriving at its own contract, with the same or a different firm. If it should choose to do that, normal procurement regulations applicable to the local entity would apply, however.

Upon execution of the model contract, the resulting agreement is solely between the local entity and the statewide custodian. OST is not a party to the contract. It is the responsibility of the local entity to understand the terms and conditions of the contract prior to executing it with the statewide custodian and to ensure the terms and conditions are met by the statewide custodian during the term of the agreement.

Current information on the statewide custody program is available on the OST website:

<http://www.tre.wa.gov/revenueDistribution/statewideCustody.shtml>

IX. PROTECTION OF DEPOSITS

RCW 39.58 requires that all deposits of public funds be made with qualified public depositaries, where they would be protected through the actions of the Public Deposit Protection Commission (PDPC). The PDPC, comprised of the State Treasurer, Governor, and Lieutenant Governor, makes and enforces regulations and administers a program to ensure that deposits of public funds are protected if a financial institution becomes insolvent.

The PDPC determines which banks and thrifts are approved to hold public funds and monitors collateral pledged to secure uninsured public deposits. This pledging of collateral secures public treasurers' deposits when they exceed the amount insured by the FDIC (\$250,000.00) such that they are 100% protected.

Washington state and federally chartered credit unions may also accept public deposits, within the limitations set forth in RCW 39.58.240. State law allows deposits up to the maximum amount insured by the National Credit Union Share Insurance Fund (NCUSIF) for any one depositor (i.e., state or local government) of public funds. In this instance the PDPC does not insure or collateralize beyond what the NCUSIF insures.

Approximately 80 public depositaries are authorized to accept public deposits in the State of Washington as of this publication. The names of authorized public depositaries may be found at:

<http://www.tre.wa.gov/documents/pdpc/publicDepositoriesBanks-Thrifts.shtml> and
<http://www.tre.wa.gov/documents/pdpc/publicDepositoriesCreditUnions.shtml>

X. LINKS AND RESOURCES:

The following best practices papers may be found on the GFOA website, www.gfoa.org/best-practices, under the topic of Treasury Management.

- ***Investment of Bond Proceeds***, September 2014
- ***Government Relationships with Securities Dealers***, October 2012
- ***Creating an Investment Policy***, October 2010
- ***Ensuring the Safety of Reverse Repurchase Agreements***, October 2010
- ***Establishing a Policy for Repurchase Agreements***, October 2010

- ***Managing Market Risk in Investment Portfolios***, October 2009
- ***Selection and Review of Investment Advisors***, October 2009
- ***Using Commercial Paper in Investment Portfolios***, October 2009
- ***Local Government Investment Pools***, October 2008
- ***Mark-to-Market Reporting for Public Investment Portfolios***, February 2008
- ***Diversifying the Investment Portfolio***, March 2007
- ***Monitoring the Value of Securities in Repurchase Agreements***, February 2006
- ***Due Diligence on Bank and Treasury Management Providers***, May 2014
- ***Using Safekeeping and Third-Party Custodian Services***, October 2010
- ***Procurement of Banking Services***, March 2010

The Washington State Association of County Treasurers has also published a best practices document for county investment pools.

The following are links to investment policy resources:

- Washington State Treasurer Treasury/Trust Portfolio Investment Policy:
www.tre.wa.gov/documents/inv_ttpol.pdf
- Washington Public Treasurer's Association: [WPTA Investment Policy Certification Program](http://www.wpta.org/WPTA-Investment-Policy-Certification-Program)
- GFOA links to sample investment policies: www.gfoa.org/financial-policy-examples-investments
- CFA Institute investment policy guidelines:
www.cfainstitute.org/learning/products/publications/ccb/Pages/ccb.v2010.n13.1.aspx?WPID=AlsoViewedProducts

APPENDIX I

Text of Washington Statutes (RCW) Governing Eligible Investments of Public Funds by Local Governments⁵

RCW 39.59.010

Unless the context clearly requires otherwise, the definitions in this section apply throughout this chapter.

- (1) "Bond" means any agreement which may or may not be represented by a physical instrument, including but not limited to bonds, notes, warrants, or certificates of indebtedness, that evidences an obligation under which the issuer agrees to pay a specified amount of money, with or without interest, at a designated time or times either to registered owners or bearers.
- (2) "Local government" means any county, city, town, special purpose district, political subdivision, municipal corporation, or quasi-municipal corporation, including any public corporation, authority, or other instrumentality created by such an entity.
- (3) "State" includes any state in the United States, other than the state of Washington.

RCW 39.59.020 Authorized Investments - Bonds, Warrants, and Other Investments

- (1) Local governments in the state of Washington are authorized to invest their funds and money in their custody or possession, eligible for investment, in investments authorized by this chapter.
- (2) Nothing in this section is intended to limit or otherwise restrict a local government from investing in additional authorized investments if that local government has specific authority to do so.

RCW 39.59.____ (New section effective June 2016; number not yet assigned)

Any local government in the state of Washington may invest in:

- (1) Bonds of the state of Washington and any local government in the state of Washington;
- (2) General obligation bonds of a state and general obligation bonds of a local government of a state, which bonds have at the time of investment one of the three highest credit ratings of a nationally recognized rating agency;
- (3) Subject to compliance with RCW 39.56.030, registered warrants of a local government in the same county as the government making the investment;
- (4) Certificates, notes, or bonds of the United States, or other obligations of the United States or its agencies, or of any corporation wholly owned by the government of the United States; or United States dollar denominated bonds, notes, or other obligations that are issued or

⁵ Additional statutes govern specific entities and agencies.

guaranteed by supranational institutions, provided that, at the time of investment, the institution has the United States government as its largest shareholder;

- (5) Federal home loan bank notes and bonds, federal land bank bonds and federal national mortgage association notes, debentures and guaranteed certificates of participation, or the obligations of any other government sponsored corporation whose obligations are or may become eligible as collateral for advances to member banks as determined by the board of governors of the federal reserve system⁶;
- (6) Bankers' acceptances purchased on the secondary market;
- (7) Commercial paper purchased in the secondary market, provided that any local government of the state of Washington that invests in such commercial paper must adhere to the investment policies and procedures adopted by the state investment board; and
- (8) Corporate notes purchased on the secondary market, provided that any local government of the state of Washington that invests in such notes must adhere to the investment policies and procedures adopted by the state investment board.⁷

RCW 43.250.040 Authority of official to place funds in the public funds investment account--Investment of funds by state treasurer--Degree of judgment and care required.

If authorized by statute, local ordinance, resolution, or other appropriate official action, the state treasurer, a government finance official or financial officer or his or her designee, or authorized tribal official, may place funds into the public funds investment account for investment and reinvestment by the state treasurer in those securities and investments set forth in RCW 43.84.080 and chapter 39.58 RCW. The state treasurer shall invest the funds in such manner as to effectively maximize the yield to the investment pool. In investing and reinvesting moneys in the public funds investment account and in acquiring, retaining, managing, and disposing of investments of the investment pool, there shall be exercised the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.

⁶ For additional information on Federal reserve eligible collateral refer to:
http://www.ny.frb.org/banking/collateral_pledging.html

⁷ The State Investment Board expects to issue an updated policy on commercial paper and corporate notes in September 2016.

From: Alex McCann [mailto:alex.mccann@timevalueinv.com]
Sent: Wednesday, April 26, 2017 5:46 PM
To: Dave Gray
Subject: RE: City of Edgewood

To compare the LGIP versus the bond I think a simple cashflow will explain things clearly.

The bonds are yielding 1.62% right now instead of 1.67%. That being said, if you put \$1,000,000 into that bond tomorrow, and it matured on 12/14/2020, here is the cashflow:

Spend \$1,002,689.44 to purchase the bond
(\$997,000.00 is principal and \$5,689.44 is accrued interest you have to pay the seller who held the bond from the last interest payment date of 12/14/16 until tomorrow's date of 4/27/17)
Receive interest payments of:
\$7,700 every six months from 6/14/17 through 12/14/20 for a total of \$61,600.00
You would also receive \$1,000,000 back at maturity 12/14/20

-\$1,002,689.44 (spent)
+\$61,600.00 (interest payments)
+\$1,000,000 (principal at maturity)

Total: \$58,910.56

This total income represents a yield of 1.62% for the life of the bond.

Now let's say you put that same \$1,000,000 into the LGIP instead of a bond. Let's assume the average yield for the life of your money in the LGIP earned .82% but of course keep in mind that fluctuates so rates could go down or up.

$\$1,000,000 \times .0082$ for 3 year and 7 months (until December of 2020) divided by 365 days a year =
\$22.46 per day
Total days until 12/14/2020 is 1333 days $\times \$22.46$ per day = \$29,946.91.
So \$29,946.91 is the amount you would earn on the \$1,000,000 if you left it in the LGIP for the same duration.

You would receive \$58,910.56 if you purchased a \$1,000,000 bond maturing 12/14/20.
The net difference between what you would earn on the bond versus what you would earn in the LGIP is \$29,963.65. $(\$58,910.56 - \$29,946.91) = 28,963.36$ more than LGIP same period.

You earn a little more than double on the bond which makes sense because we're assuming you earn .82% in the LGIP and 1.62% on the bond and a 1.62% yield assumes you are reinvesting the semi-annual interest payments at 1.62%.

Sincerely,

Alex McCann | Chief Operations Officer
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