



CITY OF
BAINBRIDGE ISLAND

**SPECIAL CITY COUNCIL MEETING
TUESDAY, JUNE 30, 2020**

REMOTE MEETING ON ZOOM

PLEASE CLICK THE LINK BELOW TO JOIN THE WEBINAR:
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DIAL(FOR HIGHER QUALITY, DIAL A NUMBER BASED ON YOUR CURRENT LOCATION):
US: +1 253 215 8782 OR +1 301 715 8592 OR +1 312 626 6799 OR +1 346 248 7799 OR +1 646 558 8656
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WEBINAR ID: 957 6451 6026

AGENDA

1. **CALL TO ORDER/ROLL CALL - 6:00 PM**
2. **APPROVAL OF AGENDA/CONFLICT OF INTEREST DISCLOSURE - 6:05 PM**
3. **PUBLIC COMMENT - 6:10 PM**
In order to streamline the meeting and promote clarity and efficiency, public comment on all topics will only be accepted during this time.
 - 3.A **Instructions for Providing Public Comment in Remote Meetings - City Clerk,**
[Instructions for Providing Public Comment at Remote Meetings.docx](#)
4. **MAYOR'S REPORT - 6:25 PM**
5. **FUTURE COUNCIL AGENDAS**
 - 5.A **(6:30 PM) Future Council Agendas, 10 Minutes**
[July 7 City Council Study Session.pdf](#)
[July 14 City Council Regular Business Meeting.pdf](#)
[July 21 City Council Study Session.pdf](#)
[July 28 City Council Regular Business Meeting.pdf](#)
6. **NEW BUSINESS**

- 6.A **(6:40 PM) Monthly Update on 2020 Revenue and Expenses Forecasts - Executive**, 10 Minutes
Financial Presentation June Update for CC 06302020
- 6.B **(6:50 PM) Ordinance No. 2020-14 Relating to 2020 1st Quarter Budget and Updated Capital Improvement Plan Amendments - Finance**, 10 Minutes
2020 1st QTR BUA Transmittal Memo_Final.docx
ORD 2020-14 2020 1st QTR Budget and CIP Amendments.docx
Exhibit A to Ord_2020-14 - Q1_Budget_Amendments.pdf
- 6.C **(7:00 PM) Cost Allocation Methodology Overview for Budget Preparation - Finance**, 20 Minutes
Cost Allocation Presentation CC 063020.pptx
Cost allocation Plan 2021 - 2022.pdf
- 6.D **(7:20 PM) Resolution No. 2020-08, Updating City Financial and Budget Policies - Finance**, 20 Minutes
Financial Policies Presentation for CC 06302020.pdf
2020 Financial and Budget Policies Memo - Summary of changes.docx
Resolution No. 2020-08 Establishing Financial and Budget Policies.docx
Resolution No. 2019-24 Updating the City's Procurement Policy Approved 100819.pdf
RES 2016-20 Adopting a Municipal Securities Disclosure Policy Approved 082316.pdf
Resolution No. 2016-18 Amending Resolution No. 2009-02 Surplus Property Approved 082316.pdf
RES 93-52 - Investment Policy.pdf
- 6.E **(7:40 PM) Resolution No. 2020-09, Updating the City's Debt Policy - Finance**, 5 Minutes
Resolution No. 2020-09 - Updating the City Debt Policy
RES 2008-14 - Debt Policy.pdf
Exhibit A to Resolution No. 2020-09 - COBI Debt Policy.docx
- 6.F **(7:45 PM) Resolution No. 2020-11, Establishing Equipment Rental and Revolving Fund Policy - Finance**, 5 Minutes
Resolution No 2020-11 Establishing Equipment Rental and Revolving Fund Policy.docx
Exhibit A to Resolution No 2020-11 Equipment Rental and Revolving Policy.docx
Ord_2004-20_Aproved.pdf
Ordinance No. 2017-09 Equipment Rental Fund Update Approved 050917.pdf
- 6.G **(7:50 PM) Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Grant Briefing and Grant Acceptance - Finance**, 20 Minutes
CARES Briefing Presentation for CC 06302020

7. CITY COUNCIL DISCUSSION

- 7.A **(8:10 PM) Feedback on Governor's Order Related to Face Coverings - Councilmembers Hytopoulos, Pollock, Carr**, 10 Minutes
- 7.B **(8:20 PM) Consideration of Revisions to the City's Code of Conduct and Ethics Program**, 20 Minutes
Redlined Copy KH Proposed Revisions to Res No. 2019-26 Updating the City's Ethics Program Approved 112619 - For 6-30-2020 CM

- 7.C **(8:40 PM) Appointments to the Planning Commission - Mayor Schneider**, 15 Minutes
Planning Commission (Recommended Appointments).pdf
Blossom - Planning Commission (Redacted).pdf
Dykeman - Planning Commission (Redacted).pdf
Gardiner - Planning Commission (Redacted).pdf
Marshall - Planning Commission (Redacted).pdf
McCormick Osmond - Planning Commission (Redacted).pdf
Weise - Planning Commission (Redacted).pdf

8. **FOR THE GOOD OF THE ORDER - 8:55 PM**

9. **ADJOURNMENT - 9:05 PM**

GUIDING PRINCIPLES

Guiding Principle #1 - Preserve the special character of the Island, which includes downtown Winslow's small town atmosphere and function, historic buildings, extensive forested areas, meadows, farms, marine views and access, and scenic and winding roads supporting all forms of transportation.

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CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME:

AGENDA ITEM: Instructions for Providing Public Comment in Remote Meetings - City Clerk,

SUMMARY: Instructions for providing public comment during remote meetings are attached.

AGENDA CATEGORY: Report

PROPOSED BY: Executive

RECOMMENDED MOTION: Information only.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

[Instructions for Providing Public Comment at Remote Meetings.docx](#)

FISCAL DETAILS:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

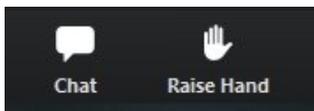
OFFICE OF THE CITY CLERK

April 28, 2020

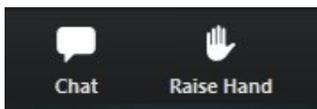
Members of the public are encouraged to submit written public comment to the City Council at any time by emailing Council at council@bainbridgewa.gov or the City Clerk at cityclerk@bainbridgewa.gov. Members of the public who wish to provide public comment during the remote meeting should follow the instructions outlined below.

INSTRUCTIONS FOR PROVIDING PUBLIC COMMENT IN REMOTE MEETINGS

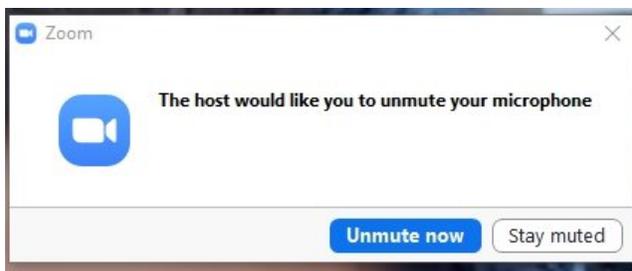
1. Attendees who wish to provide public comment sign in to Zoom with their name.
3. Attendee opens the Chat screen by clicking on the Chat icon at the bottom of the screen:



4. The Chat screen opens on the right-hand side. During public comment, the Clerk will provide notice to speakers through Chat on the amount of time left to speak; attendees will not be able to message Council.
5. Meeting Chair will indicate when it is time for public comment.
6. Attendee indicates desire to speak by clicking on "Raise Hand" option at the bottom of the screen:



7. Attendee clicks button "Unmute now" after they are called to speak by Meeting Chair.



8. Attendee will appear on screen with other panelists, but without video, just name.
9. Attendee provides their comment.
10. Attendee will receive notice in Chat screen ("30 SECONDS") when there are 30 seconds left in the allotted time to speak.
11. Attendee will receive notice in Chat screen ("STOP") when the allotted time is over.
12. Attendee is returned to attendee group, and microphone is muted.
13. As always, public comment is simply received by the Council, with no response.



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (6:30 PM) Future Council Agendas,

SUMMARY: Council will review future Council agendas.

AGENDA CATEGORY: Discussion

PROPOSED BY: City Council

RECOMMENDED MOTION: Discussion

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

[July 7 City Council Study Session.pdf](#)

[July 14 City Council Regular Business Meeting.pdf](#)

[July 21 City Council Study Session.pdf](#)

[July 28 City Council Regular Business Meeting.pdf](#)

FISCAL DETAILS:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

**CITY COUNCIL STUDY SESSION
TUESDAY, JULY 07, 2020**

REMOTE MEETING ON ZOOM

AGENDA

1. **CALL TO ORDER / ROLL CALL - 6:00 PM**
2. **EXECUTIVE SESSION**
3. **APPROVAL OF AGENDA/ CONFLICT OF INTEREST DISCLOSURE**
4. **MAYOR'S REPORT**
5. **PRESENTATIONS**
 - 5.A **Race Equity Task Force (RETF) Briefing and Work Plan Update,** 30 Minutes
RETF Scope of Work as of June 2019
[RETF_-_2020_Scope_of_Work_Proposal - December 2019.pdf](#)
 - 5.B **Kitsap County Community Development Block Grant (CDBG) Program - Planning,** 30 Minutes
[CDBG Consolidated Plan Presentation.pdf](#)
6. **FUTURE COUNCIL AGENDAS**
7. **UNFINISHED BUSINESS**
 - 7.A **(x PM) Update on the Development Moratorium - Planning,** 10 Minutes
[Abbreviated moratorium work program status report .pdf](#)
[Ordinance No. 2020-09 Extending the Development Moratorium Approved 032420.pdf](#)
[Development Moratorium Summary](#)
 - 7.B **(x PM) Green Building Update - Planning,** 10 Minutes
[2020 01 28 CC Staff Memo January Update](#)
8. **NEW BUSINESS**
 - 8.A **Update and Next Steps after Joint Meeting with Planning Commission and City Council - Planning,**
30 Minutes
9. **CITY COUNCIL DISCUSSION**

9.A **Legislative Review of Development Regulations to reduce a 500' setback and to increase lot coverage for waste transfer facilities for two properties commonly referred to as the "triangle properties"- Planning,**
30 Minutes

9.B **Select City Council Liaison to Business Community - Councilmember Deets,** 10 Minutes

10. **FOR THE GOOD OF THE ORDER**

11. **ADJOURNMENT**

GUIDING PRINCIPLES

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CITY OF
BAINBRIDGE ISLAND

CITY COUNCIL REGULAR BUSINESS MEETING
TUESDAY, JULY 14, 2020

REMOTE MEETING ON ZOOM

AGENDA

1. **CALL TO ORDER/ROLL CALL - 6:00 PM**
2. **EXECUTIVE SESSION**
 - 2.A **(6:05 PM) Pursuant to RCW 42.30.110(1)(i), to discuss with legal counsel matters relating to litigation or potential litigation to which the city, the governing body, or a member acting in an official capacity is, or is likely to become, a party, when public knowledge regarding the discussion is likely to result in an adverse legal or financial consequence to the agency, 30 Minutes**
3. **APPROVAL OF AGENDA / CONFLICT OF INTEREST DISCLOSURE**
4. **PUBLIC COMMENT**

In order to streamline the meeting and promote clarity and efficiency, public comment on all topics will only be accepted during this time.
5. **MAYOR'S REPORT**
6. **CITY MANAGER'S REPORT**
7. **PRESENTATION(S)**
8. **PUBLIC HEARING(S)**
9. **UNFINISHED BUSINESS**
10. **NEW BUSINESS**
 - 10.A **Review of Police Department Use of Force Policy - Police, 30 Minutes**
 - 10.B **Emergency COVID-19 Cleaning Contract Amendment No. 1 - Public Works, 10 Minutes**
 - 10.C **Springbrook/Manzanita Creek Watershed Near-Term Grant Acceptance - Public Works,**

10 Minutes

- 10.D Chlorine Generator Upgrades - Public Works, 5 Minutes**
- 10.E Bainbridge Parks Foundation Bench Donation - Public Works, 5 Minutes**
Bench Donation Agreement.docx
Attachment A Bench description.pdf
Attachment B Bench locations.pdf
- 10.F (x PM) Ordinance 2020-03 "Housekeeping" Changes: Revising Chapters 2.14, 2.16, 18.09, 18.12, 18.15, and 18.36 BIMC - Planning, 30 Minutes**
20200623 CC Staff Memo.docx
Ord_2020-03.docx
Title 2 Changes Summary Table
Title 18 Changes Summary Table
Exhibit A Title 2 Housekeeping Changes
Exhibit B BIMC 18.09.020 Use Table Excerpt Temporary Uses
Exhibit C Title 18 Housekeeping Changes
PLANNING COMMISSION MINUTES 102419.pdf
- 10.G (x PM) Resolution No. 2020-04 Amending the City's Fee Schedule to add a "Temporary Construction Staging Permit" fee and a deposit fee for third-party review of environmental reports- Planning, 5 Minutes**
Resolution No. 2020-04 Amending Fee Schedule.docx
- 10.H (x PM) Ordinance No. 2020-02 Relating to Accessory Dwelling Units (ADUs) - Planning, 20 Minutes**
20200623_Staff_Memo_on_ADUs hw rev 1.docx
20200511 Ordinance 2020-02 DRAFT.docx
October 2018 Legal Memo on ADUs
March 12, 2020 Planning Commission Minutes
Planning Commission Subcommittee Recommendations Regarding ADUs
ADU Use Specific Standards 18.09.030
Building Official Memo re Tiny Home Appendix Q Adoption
- 10.I Resolution No. 2020-14, Adopting an Electronic Signature Policy - Executive, 5 Minutes**
- 10.J (x PM) Resolution No. 2020-02, Updating the City's Procedure for the Surplus and Sale of City-Owned Real Property - Executive, 10 Minutes**
Resolution No. 2020-02, Updating the City's Procedure for the Surplus and Sale of City-Owned Real Property
Resolution No. 2016-18, The City's Current Procedure for the Surplus and Sale of City-Owned Real Property
Appraisal Institute - Summary of 2014-15 USPAP Changes to Written Appraisal Report Types

11. CONSENT AGENDA

11.A **Agenda Bill for Consent Agenda**, 5 Minutes

11.B **City Council Study Session Minutes, June 16, 2020**

11.C **City Council Regular Business Meeting Minutes, June 23, 2020**

11.D **Sportsman Club & New Brooklyn Intersection Improvements Supplemental Agreement No. 2 - Public Works**, 5 Minutes
Supplemental Agreement_2.pdf
Supp Agrmt_2 Exhibit A-2.pdf

11.E **Appointments to the Design Review Board - Mayor Schneider**, 5 Minutes
City Advisory Group Vacancies (Design Review Board).pdf
Marshall - Design Review Board (Redacted).pdf
Russell - Design Review Board (Redacted).pdf
Wilson - Design Review Board (Redacted).pdf

12. COMMITTEE REPORTS

13. FOR THE GOOD OF THE ORDER

14. ADJOURNMENT

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CITY OF
BAINBRIDGE ISLAND

**CITY COUNCIL STUDY SESSION
TUESDAY, JULY 21, 2020**

REMOTE MEETING ON ZOOM

AGENDA

1. **CALL TO ORDER / ROLL CALL - 6:00 PM**
Councilmember Medina will be absent.
2. **EXECUTIVE SESSION**
3. **APPROVAL OF AGENDA/ CONFLICT OF INTEREST DISCLOSURE**
4. **MAYOR'S REPORT**
5. **PRESENTATIONS**
6. **UNFINISHED BUSINESS**
 - 6.A **2021 SMP Periodic Review Update** 15 Minutes
 - 6.B **Sustainable Transportation Plan Discussion - Public Works,** 20 Minutes
7. **NEW BUSINESS**
 - 7.A **Review Request for Proposals for 2021-2022 Human Services Awards - Executive**
20 Minutes
8. **CITY COUNCIL DISCUSSION**
9. **FUTURE COUNCIL AGENDAS**
10. **FOR THE GOOD OF THE ORDER**
11. **ADJOURNMENT**

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CITY OF
BAINBRIDGE ISLAND

CITY COUNCIL REGULAR BUSINESS MEETING
TUESDAY, JULY 28, 2020

REMOTE MEETING ON ZOOM

AGENDA

1. **CALL TO ORDER/ROLL CALL - 6:00 PM**
Councilmember Medina will be absent.
2. **EXECUTIVE SESSION**
3. **APPROVAL OF AGENDA / CONFLICT OF INTEREST DISCLOSURE**
4. **PUBLIC COMMENT**
In order to streamline the meeting and promote clarity and efficiency, public comment on all topics will only be accepted during this time.
5. **MAYOR'S REPORT**
6. **CITY MANAGER'S REPORT**
7. **PRESENTATION(S)**
8. **PUBLIC HEARING(S)**
9. **UNFINISHED BUSINESS**
 - 9.A **Self-Service Storage Moratorium Update**
10. **NEW BUSINESS**
 - 10.A **Q3 Public Safety Briefing - Police, 20 Minutes**
 - 10.B **Comcast Franchise Renewal - Overview of Public Process 15 Minutes**
 - 10.C **(XX PM) Monthly Update on 2020 Revenue and Expenses Forecasts - Executive, 10 Minutes**
 - 10.D **Letter of Support for Bainbridge Island Land Trust Property Acquisition, 5 Minutes**

11. CONSENT AGENDA
12. COMMITTEE REPORTS
13. FOR THE GOOD OF THE ORDER
14. ADJOURNMENT

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CITY OF
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Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (6:40 PM) Monthly Update on 2020 Revenue and Expenses Forecasts - Executive,

SUMMARY: This briefing will provide a monthly update to the forecasted impacts of COVID-19 restrictions and closures on City revenue sources, compared to 2020 budget plans.

AGENDA CATEGORY: Discussion

PROPOSED BY: Executive

RECOMMENDED MOTION: Information only.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: In May 2020, staff provided a comprehensive update on the revenue forecast and suggested expenditure reductions for 2020. Please see the May 12 and May 19 meetings for presentation materials.

ATTACHMENTS:

[Financial Presentation June Update for CC 06302020](#)

FISCAL DETAILS:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

2020 Fiscal Update: Revenue and Expense Forecasts

June 30, 2020

Overview

- Introduction/Summary
- Updated Revenue Forecast with data through the end of May
- Implementation of Expenditure Recommendations

Summary

- May 12 Financial Presentation promised monthly updates
- Tonight's presentation will focus on the "tax-supported," non-utility funds.
- Utility revenues largely unchanged

Summary

- Q1 actuals are close to plan
- Q2 to date through May very close to forecast
- Expenditure reductions and holds were put into place

Summary

- Current forecast revenue loss of \$4.5 million
- Cost savings through vacancies of \$1.3 million
- Cost savings through other decisions of \$1.4 million
- Remaining gap = \$1.8 million

Revenue Forecast

	2020 budget	2020 forecast (as presented in May)	2020 change	% change
Property tax	7,698,000	7,700,000	2,000	0%
Sales tax	5,308,000	3,800,000	(1,508,000)	-28%
REET	3,000,000	2,100,000	(900,000)	-30%
Utility taxes	3,454,150	3,079,000	(375,150)	-11%
Sale of Suzuki Property	800,000	0	(800,000)	-100%
Streets Fund	1,411,000	1,054,955	(356,045)	-25%
B&DS Fund	1,663,000	810,000	(853,000)	-51%
<i>Subtotal</i>	<i>22,534,150</i>	<i>18,543,955</i>	<i>(3,990,195)</i>	<i>-18%</i>
Total Tax-Supported Revenues	25,602,450	21,145,313	(4,457,137)	-17%

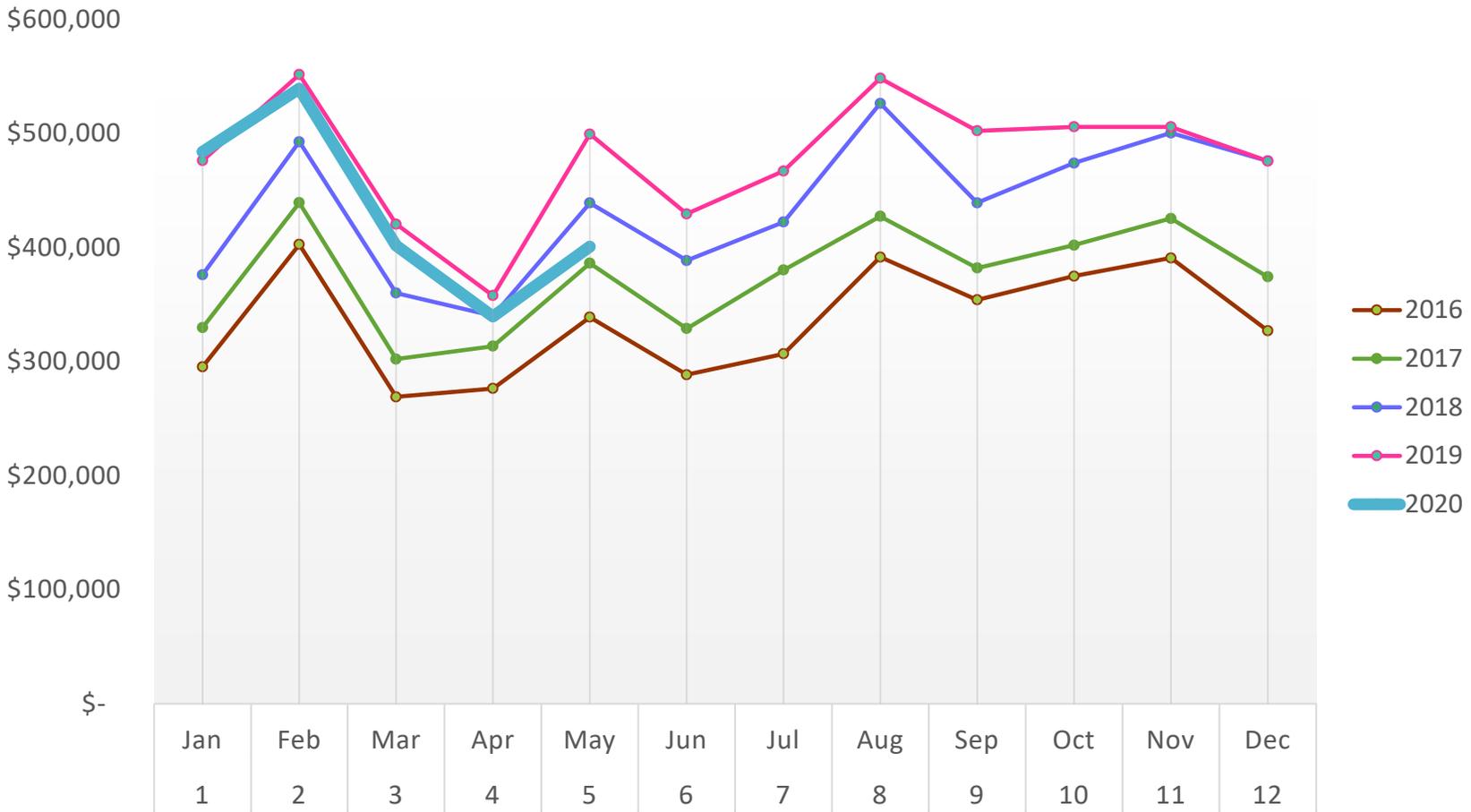
Major Tax-Supported Revenues

	2020 budget	2020 forecast	Est. Q2 % change as presented in May	Est. Q2 % change as of June
Property tax	7,698,000	7,700,000	0%	0%
Sales tax	5,308,000	3,800,000	-28%	-27%
REET	3,000,000	2,100,000	-65%	-50%
Utility taxes	3,454,150	3,079,000	-10%	-30%
Parking tax	851,000	632,000	-55%	-45%
Gas tax	525,000	380,000	-30%	-35%
Building permits	600,000	345,000	-90%	-80%
Plan check fees	500,000	250,000	-80%	-75%

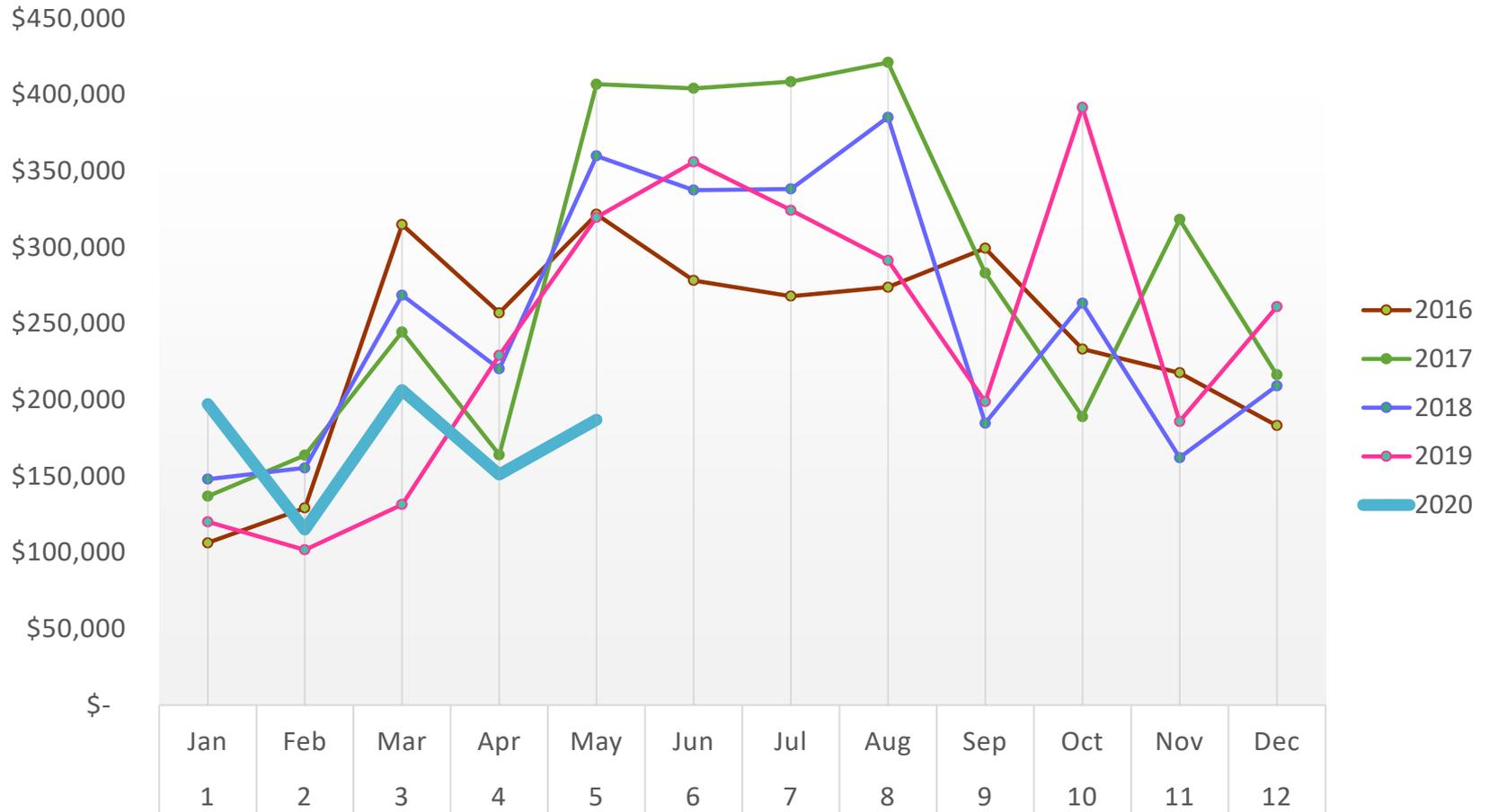
Q2 update as of June for selected revenues

Overall, 2020 total revenue forecast remains as presented in May

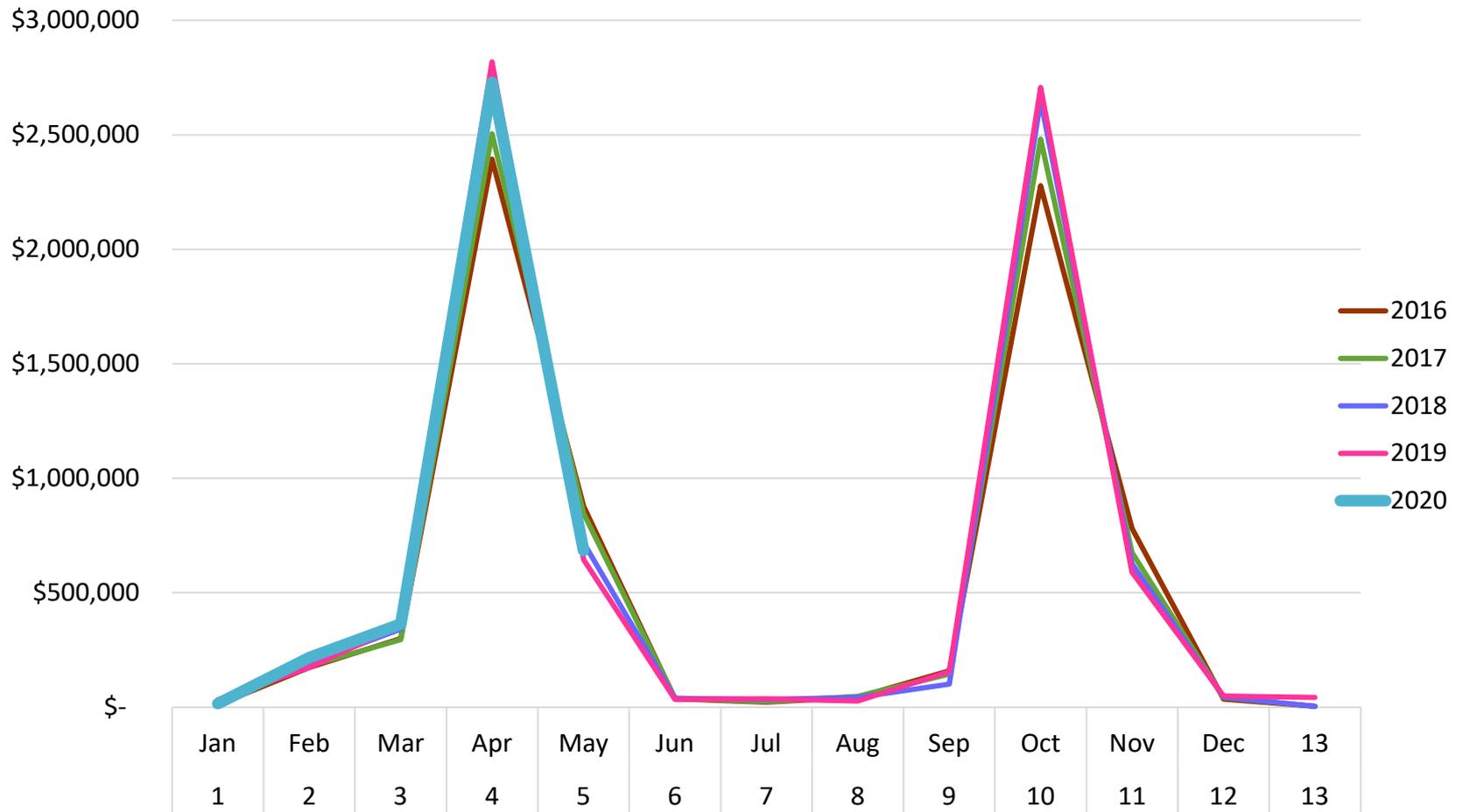
Monthly Sales Tax Revenue 2016-2020



Monthly Real Estate Excise Tax Revenue 2016-2020



Monthly Property Tax Revenue 2016-2020



Next steps

July 28th – Revenue Update



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (6:50 PM) Ordinance No. 2020-14 Relating to 2020 1st Quarter Budget and Updated Capital Improvement Plan Amendments - Finance,

SUMMARY: This agenda item is for the City Council to consider amendments to the City's 2020 budget and the update to the 2019-2024 Capital Improvement Plan. The topic was previously discussed on June 9, 2020. The item was forwarded to this meeting in order to conclude the discussion on the Eagle Harbor Drive Phase 2 project which was finalized at the June 23rd Council meeting. Included with this item is a consolidated ordinance capturing decisions including the one made last week on the Eagle Harbor Drive Phase 2 project which have been made previously by the Council for the first quarter budget amendments and the related amendments to the Capital Improvement Plan.

AGENDA CATEGORY: Ordinance

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: I move to forward for approval with the Consent Agenda on July 14, 2020, Ordinance No. 2020-14 and the accompanying Exhibit A, amending the City's 2020 modified budget and the related 2019-2024 update to the Capital Improvement Plan.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	\$1,696,294
Ongoing Cost:	\$73,517
One-Time Cost:	\$1,622,777
Included in Current Budget?	No

BACKGROUND: Please see the attached transmittal memo for a detailed overview of all requested items. All items have been previously approved by the City Council, with the exception of the Bond Fund adjustment which is a technical adjustment.

ATTACHMENTS:

[2020 1st QTR BUA Transmittal Memo Final.docx](#)

[ORD 2020-14 2020 1st QTR Budget and CIP Amendments.docx](#)

[Exhibit A to Ord 2020-14 - Q1 Budget Amendments.pdf](#)

FISCAL DETAILS: The total appropriation increase is \$1,696,294. Please see detailed attached memo and Exhibit A. Total by fund is as follows: General Fund: \$49,269: Street Fund: \$4,811: GO Bonds Fund: \$5,285: Capital Construction Fund: \$1,360,277: Water Fund: \$229,129: Sewer Fund: \$38,821: Stormwater Fund: \$3,672: Building and Development Services: \$5,031:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Finance and Administrative Services Department

Memorandum

Date: June 30, 2020

To: City Council
Morgan Smith, City Manager

From: Kim Dunscombe, Budget Manager

Subject: 1st Quarter Budget Amendments

The Finance and Administrative Services Department brings budget adjustments to Council for consideration on a regular basis. Attached for Council's consideration is an ordinance with first quarter budget amendments. The proposed ordinance also includes an amendment to the 2019 – 2024 Capital Improvement Plan. The following six budget amendments are proposed:

Capital Requests – 5 items, Total of \$1,622,777

- Wyatt Way Reconstruction Project – On January 16, 2020 City Council approved budget amendments for the Wyatt Way Reconstruction Capital project. The Wyatt Way Reconstruction Project consists of roadway resurfacing, intersection capacity improvements at Wyatt and Madison, water system improvements, and sidewalks and bike lanes on each side of the roadway between Madison Avenue and Lovell Avenue. City staff is requesting two project budget increases, which will bring the total project budget to \$4,330,751.
 - The first is an increase of \$308,521 to the project's tax-supported budget. The current project construction estimates for work related to streets, sidewalks, drainage, and lighting, is very close to the current remaining budget. Therefore, City staff is seeking a project budget increase for costs associated with construction consultant support (engineering, materials testing, etc.), and a 10% contingency.
 - The second is an increase of \$172,500 to the project's water fund budget, which is related to three factors identified by the project management team. First, the current project design has been modified to include approximately 200 linear feet of additional water main replacement for facilities that are beyond their serviceable life. Additionally, City staff has revised and increased the cost estimate for the replacement of a water-related pressure release valve to reflect

an amount that is in line with other similar work recently completed by the City. Lastly, staff is requesting that the water fund element of the project budget be increased to capture a 10% contingency.

- Sportsman Club/New Brooklyn Intersection Project scope revision – On May 19, 2019, City Council approved a capital project scope revision and budget increase of \$126,756 to include only non-motorized improvements to the intersection. The revised scope reduces the overall cost of the project from \$1,216,072 to a new total of \$650,000. The reduction in the project budget results in a reduction in the grant amount (for construction only) from \$703,000 to \$400,000. There is a grant match of \$250,000 provided by the City. There is a balance of \$123,244 in previously approved spending for the project; a budget amendment of \$126,756 is required to complete the \$250,000 City funding match.
- SCADA Upgrades - SCADA is an acronym for supervisory control and data acquisition, the computer system for gathering and analyzing real time data from water, sewer and wastewater treatment plant facilities across the City. The SCADA equipment allows staff to maintain a remote understanding of how water treatment equipment, sewer pump stations and other critical facilities are functioning 24 hours a day, 7 days a week, so that malfunctions or emergencies can be immediately addressed. Public Works is managing an upgrade of all the SCADA system to meet modern technology standards. This budget amendment is anticipated to be the last request to ensure all design and installation needs are comprehensively addressed.
 - An increase of \$55,000 in the Water Fund to a total of \$260,000.
 - An increase of \$35,000 in the Sewer Fund to a total of \$300,000.
- Pritchard Park Outfall Replacement – This item amends the 2019 – 2024 Capital Improvement Plan to include a capital project for the Pritchard Park Outfall, previously budgeted in the operating budget. It does not increase project budget or overall SSWM Fund spending.
- Eagle Harbor Phase 2 – On June 23rd, the City Council accepted a Federal Highway Administration grant in the amount of \$700,000 with a \$225,000 City match for the design and installation of seven-foot road shoulder improvements on Eagle Harbor Drive. To be awarded the grant, funds must be obligated by July 15, 2020.

Operating Request – 2 items, \$68,232

- Janitorial Contract Services – This increase is related to janitorial services for City Hall, Police, Court, Wastewater Treatment Plant, Public Works Operations & Maintenance facility, and Waterfront Park restrooms for a period of three years. On March 24, 2020 City Council approved a three-year contract with Island Hands, LLC in the amount of \$504,455. The increase to the budget totals \$23,232.
- Senior IT Technician – The City's Information Technology division includes two Senior Information Technology Specialist positions, one of which is full-time and one of which is 0.6 FTE. The City has experienced an increase in their reliance on technology. Projects such as Laserfiche, the City's website, additional hardware, mobile technology, and an increase in information available to the public all resulted in an increased workload on

the IT department. This was approved by Council on December 10, 2019. The increase to the budget totals \$45,000.

Debt Service Correction – 1 item, \$5,285

- 2007 and 2008 Bond Refunding – At the time of developing the 2020 Modified Budget, 2007 and 2008 Refunding Debt Service expense was an estimate. Final totals were established mid-December. 1st Quarter Budget Amendments will align the 2020 Modified Budget with actual debt service expense.

Thank you for your consideration of these requests.

ORDINANCE NO. 2020-14

AN ORDINANCE of the City of Bainbridge Island, Washington, amending the 2019-2020 biennial budget and the associated provisions of the 2019-2024 Capital Improvement Plan and providing for uses not foreseen at the time the budget was adopted.

WHEREAS, on November 27, 2018, the City Council adopted the 2019-2020 biennial budget via Ordinance No. 2018-39; and

WHEREAS, on November 12, 2019, the City Council adopted a modified budget for 2020 via Ordinance No. 2019-28; and

WHEREAS, on October 22, 2019, the City Council adopted a modified budget for the Capital Improvement Plan via Ordinance No. 2019-29; and

WHEREAS, a number of situations have occurred during 2020 which require the City to expend money on items, projects, and categories not included in the 2020 budget and to adjust the 2019-2024 Capital Improvement Plan accordingly.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

Section 1. Ordinance No. 2018-39 and the 2020 budget, as modified by Ordinance No. 2019-28, are amended as shown in the attached Exhibit A.

Section 2. In that some of the budget expenditures that are the subject of this ordinance directly relate to the City’s 2019-2024 Capital Improvement Plan, the 2019-2024 Capital Improvement Plan is hereby correspondingly amended as to the related expenditures that are the subject of this ordinance, as described and shown in the Attached Exhibit A.

Section 3. The City’s Finance Director is authorized and directed by this ordinance to make the necessary changes to the 2019-2020 biennial budget and the 2019-2024 Capital Improvement Plan. The Finance Director is further directed to make sufficient interfund equity transfers from the appropriate funds to cover the added amounts authorized by this ordinance.

Section 4. This ordinance shall take effect and be in force five days from and after its passage, approval, and publication as required by law.

PASSED by the City Council this ____ day of June 2020.

APPROVED by the Mayor this ____ day of June 2020.

Leslie Schneider, Mayor

ATTEST / AUTHENTICATE:

Christine Brown, City Clerk

FILED WITH THE CITY CLERK:	June 26, 2020
PASSED BY THE CITY COUNCIL:	___ __, 2020
PUBLISHED:	___ __, 2020
EFFECTIVE DATE:	___ __, 2020
ORDINANCE NO:	2020-14

Attached: Exhibit A

Exhibit A to Ordinance No. 2020-14

2020 BUDGET AMENDMENTS

Presented to City Council

Approved on June _____, 2020

SUBJECT	DESCRIPTION	FUND / Department	Change amount requested	Change to Appropriation	On-going
Janitorial Contract	This item increases appropriation authority in accordance with Council action and increased contract costs.	General Fund / Public Works	\$ 23,232	Increase	Yes
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased the existing Senior IT Technician position from .6 FTE to 1.0 FTE.	General Fund / Information Tech	\$ 26,037	Increase	Yes
	TOTAL GENERAL FUND EXPENDITURE INCREASE		\$ 49,269		
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased the existing Senior IT Technician position from .6 FTE to 1.0 FTE.	Street Fund / Information Tech	\$ 4,811	Increase	Yes
	TOTAL STREET FUND EXPENDITURE INCREASE		\$ 4,811		
Debt service - 2007 and 2008 GO Bond Refunding	This item increases appropriation authority in alignment with actual expenses.	Bond Fund	\$ 5,285	Increase	Yes
	TOTAL GO BOND FUND EXPENDITURE INCREASE		\$ 5,285		
Wyatt Way Reconstruction Project	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget increases.	Public Works / Capital Construction	\$ 308,521	Increase	No
Sportsman Club/New Brooklyn Intersection Project	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget changes.	Public Works / Capital Construction	\$ 126,756	Increase	No
Eagle Harbor Drive Phase 2	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget and grant acceptance.	Public Works / Capital Construction	\$ 925,000	Increase	No
	TOTAL CAPITAL CONSTRUCTION FUND EXPENDITURE INCREASE		\$ 1,360,277		
Wyatt Way Reconstruction Project	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget increases.	Public Works / Water Fund	\$ 172,500	Increase	No
SCADA	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget increases.	Public Works / Water Fund	\$ 55,000	Increase	No
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased an existing Senior IT Technician position from .6 FTE to 1.0 FTE.	Water Fund / Information Tech	\$ 1,629	Increase	Yes
	TOTAL WATER FUND EXPENDITURE INCREASE		\$ 229,129		

SUBJECT	DESCRIPTION	FUND / Department	Change amount requested	Change to Appropriation	On-going
SCADA	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget increases.	Public Works / Sewer Fund	\$ 35,000	Increase	No
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased an existing Senior IT Technician position from .6 FTE to 1.0 FTE.	Sewer Fund / Information Tech	\$ 3,821	Increase	Yes
	TOTAL SEWER FUND EXPENDITURE INCREASE		\$ 38,821		
Pritchard Park Outfall	This item increases appropriation authority and amends the CIP in alignment with Council-approved project budget increases.	Public Works / SSWM Fund	\$ -	None	No
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased an existing Senior IT Technician position from .6 FTE to 1.0 FTE.	SSWM Fund / Information Tech	\$ 3,672	Increase	Yes
	TOTAL STORMWATER FUND EXPENDITURE INCREASE		\$ 3,672		
Senior IT Tech	This item increases appropriation authority in accordance with Council action taken December 2019 which increased an existing Senior IT Technician position from .6 FTE to 1.0 FTE.	BDS Fund / Information Tech	\$ 5,031	Increase	Yes
	TOTAL BUILDING AND DEVELOPMENT SERVICES FUND EXPENDITURE INCREASE		\$ 5,031		
	TOTAL CAPITAL PROJECT CHANGES		\$ 1,622,777		
	TOTAL EXPENDITURE INCREASE		\$ 1,696,294		



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 20 Minutes

AGENDA ITEM: (7:00 PM) Cost Allocation Methodology Overview for Budget Preparation - Finance,

SUMMARY: The Finance Department will discuss the cost allocation methodology that will be used in the 2021-2022 Budget preparation. Cost allocation is a financial best practice, used to distribute shared costs across projects, funds, and departments. Council review and approval of the City's cost allocation methodology is a first and fundamental step in budget development.

AGENDA CATEGORY: Discussion

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: I move to forward for approval with the July 14, 2020 Consent Agenda the cost allocation methodology as described in the Cost Allocation Manual as provided with this agenda item.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: The City shares some costs across one or more of its operating funds because some activities provide benefit to more than one fund at the same time. The practice of sharing costs is called "cost allocation" and is used by many organizations, both public and private. Cost allocation is considered a best practice for municipal financial management and is consistent with the City's financial policies. There are a range of possible approaches to cost allocation; each organization must choose a methodology that matches its preferences while also complying with applicable guidance from regulatory agencies.

The City of Bainbridge Island has developed a cost allocation methodology to distribute certain costs across its operating funds, including shared costs such as insurance and space rent, personnel, and certain capital projects. It is the City's practice to use numerical proxies whenever possible as a basis to distribute costs. Examples of numerical proxies used in the City's methodology include operating expense by fund, voucher count by fund, and the number of cash receipts processed by fund.

The cost distribution calculated through the cost allocation methodology forms a basis for the City's budget, which is the reason for staff's presentation to Council tonight. It is important for the Council and staff to have a mutual understanding of and agreement with the methodology so the resulting budget is built on shared expectations.

ATTACHMENTS:

[Cost Allocation Presentation CC 063020.pptx](#)

[Cost allocation Plan 2021 - 2022.pdf](#)

FISCAL DETAILS:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Cost Allocation Methodology and Manual

June 30, 2020

JAN - MARCH

MAY

JUNE

JUL/AUG

SEPTEMBER

OCT/NOV

NOV/DEC

- Financial Policies
- Approval of cost allocation plan
- Con't CIP Discussions

- Staff finalizes balanced budget
- 2021-2022 Proposed Budget delivered to Council

- 2021-2022 Adopted Budget approved by Council

- Capital Improvement Plan (CIP) briefing

- Revenue forecast finalized
- Department budgets for 2021-2022 completed
- Planning commission review of CIP

- Budget discussions
- Property tax levy



Cost Allocation

What is Cost Allocation?

- ❖ Cost allocation provides a uniform method of funding and charging shared costs across projects, funds and departments
- ❖ Represents policy choices to share costs fairly
- ❖ Financial management best practice

What costs we allocate

❖ Current Practice

- Salaries and benefits
- Rent and insurance
- Some shared operating expenses

Salary and benefit allocations

- ❖ Planning and Community Development and Public Works
 - Some direct charges and some allocations
- ❖ Executive and Finance and Administrative Services
 - Mostly allocated
- ❖ City Council, Municipal Court, Public Safety
 - Direct charge entirely to the General Fund

Example from Finance

❖ Senior Accounting Technician – Accounts Payable

- 72% AP Voucher Count
 - Allocated by fund based on 3-year average count of AP vouchers
- 15% Receipt Count
 - Allocated by fund based on 3-year average count of receipts
- 10% Community Support and General Customer Service
 - Allocated to the General Fund
- 3% Long-term debt
 - Average of debt service

Fund	Percent
General Fund	64%
Streets Fund	8%
Water Fund	10%
Sewer Fund	10%
SSWM Fund	3%
B&DS Fund	5%

Example from Engineering

❖ Capital Engineer I

- 40% Capital Projects
 - Tax supported capital projects include transportation, non-motorized and facilities
- 60% administrative and operating projects
 - Based on project history, current and budget work plan

Fund	40% Capital Projects	60% operating activities	Total
General Fund	0%	6%	6%
Street Fund	0%	24%	24%
Capital Fund	15%	0%	15%
Water Fund	0%	0%	0%
Sewer Fund	25%	0%	25%
SSWM Fund	0%	30%	30%
B&DS Fund	0%	0%	0%
	40%	60%	100%

Shared Services

❖ Interfund Rent and Insurance

- Interfund Rent allocation is based on two factors
 - What share of total square footage is used by each department
 - Within each department, what share of FTE belongs to each fund
- Insurance allocation uses three weighted factors
 - Asset value
 - FTE by fund
 - 5-year loss history by fund
- Details of allocation method for both items can be found in the Cost Allocation Manual Section Two



Cost Allocation Results 2021-2022

Salary and benefit allocations – Budgeted FTE by fund for 2021-2022

	Preliminary 2021 FTE	Actual FTE 2020	FTE Change	% Change
General Fund	73.60	73.39	0.21	0.3%
Street Fund	10.95	12.38	(1.43)	-11.5%
Capital Fund	3.00	-	3.00	100.0%
Building and Development Services Fund	23.87	24.51	(0.64)	-2.6%
Water Fund	5.24	7.49	(2.24)	-30.0%
Sewer Fund	10.78	10.53	0.25	2.3%
SSWM Fund	8.07	7.20	0.86	12.0%
	135.50	135.50	(0.00)	

Allocation Overview Personnel

❖ Results

- Overhead departments stable fund allocation
- New for this biennium is capital project allocation at the project level not just the fund level
- Planning department shift toward the General Fund due to long-range planning
- Public works O&M shift to SSWM due to the following
 - SSWM personnel have been crossing training on Water Utility operations and now going back to normal operations
 - Growing infrastructure
 - Increased regulatory requirements

Shared cost allocations –

Interfund Rent distribution by fund for 2021 vs 2020

Fund	Preliminary Interfund Rent 2021	Actual Interfund Rent 2020
General Fund	41%	40%
Streets Fund	11%	12%
Building and Development Services Fund	25%	24%
Water Fund	5%	5%
Sewer Fund	11%	11%
SSWM Fund	7%	8%

Shared cost allocations – Insurance distribution by fund for 2021 vs 2020

Fund	Preliminary Insurance 2021	Actual Insurance 2020
General Fund	43%	42%
Streets Fund	14%	15%
Building and Development Services Fund	20%	20%
Water Fund	5%	5%
Sewer Fund	13%	13%
SSWM Fund	5%	5%

Budget Process – steps related to cost allocation

- ✓ Overview of cost allocation methodology
- ✓ Staff: update plan using preliminary data through 2022; prepare cost allocation manual
- ❖ Council: review and approve cost allocation manual (June 30th)
- ❖ Staff: update cost allocation if required



Questions?

Discussion



Cost Allocation Manual

Goals, background, and methodology of the City of Bainbridge Island's Cost Allocation Plan.

Effective Date: 1/1/2021

City of Bainbridge Island Cost Allocation Manual

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Definitions

As used in the City of Bainbridge Island Cost Allocation Manual–

1. “Accounting unit” refers to any segment of the coding used to track financial activity (fund, object, organization, department, etc.).
2. “Allocated Central Services” according to [OMB Circular A-87](#) Revised means “central services that benefit operating agencies but are not billed to the agencies on a fee for service or similar basis. These costs are allocated to benefitted agencies on some reasonable basis. Examples of such services might include accounting, personnel administration, purchasing, etc.”
3. “B&DS Fund” refers to the Building and Development Services Fund (MUNIS Fund number 407).
4. “COBI” refers to the City of Bainbridge Island. In this document, the term “the City” is also used to refer to COBI.
5. The term “Direct costs” as used in this document is defined by [OMB Circular A-87](#) as “those [costs] that can be identified specifically with a particular final cost objective.” An example of a direct cost would be a professional service cost for design of a building.
6. “Enterprise Funds” are a type of Proprietary Fund, specifically used to report activities for which a fee is charged to external users for goods or services.
7. The term “GAAP Guide” refers to the 2020 edition of the *“Governmental GAAP Guide For State and Local Governments”*.
8. “Governmental Funds” are non-proprietary funds.
9. The term “Indirect costs” as used in this document is defined by [OMB Circular A-87](#) as costs “a) incurred for a common or joint purpose benefiting more than one cost objective, and (b) not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved.”
10. “Proprietary Funds” are defined by the GAAP Guide as, “used to account for a state or local government’s activities that may be performed by a commercial enterprise... Generally, the purpose of a proprietary fund is to provide a service or product to the public or other governmental entities at a reasonable cost.” Proprietary Funds are either Enterprise Funds or Internal Service Funds (for services or activities provided to other funds or departments within the governmental agency). COBI’s Proprietary Funds include Enterprise Funds, and consist of the Water, Sewer, SSWM, B&DS Funds, and one Internal Service Fund (Equipment Rental and Revolving Fund).
11. Per the GAAP Guide, “Special Revenue Funds” refer to funds that account for proceeds of specific revenue sources that are legally restricted to expenditures of a specific purpose.
12. “SSWM” refers to Storm and Surface Water Management.
13. “Utility Funds” refers to the city-operated Water, Sewer, and SSWM services Funds (MUNIS Fund numbers 401, 402, and 403, respectively). The term “utilities” refers to the functions served by these funds.

Goal

The City of Bainbridge Island (hereinafter also referred to as “COBI” or “the City”) has eight guiding principles, including one of supporting the other principles through “the City’s organizational and operating budget decisions.”¹ In order to sufficiently measure and compare in line with this goal, it is necessary to ensure that all COBI functions share indirect costs on the basis of relative benefits received.

Additionally, the City’s financial policies, as approved by Council in Resolution 2018-07, include the concept of full cost recovery:

- The City shall maintain a structure for all fees and charges where the beneficiary of the service pays the cost of that service except to the extent that the City Council has determined that provision of the specific service in question provides a general public benefit.
- On a periodic basis, Building and Development Services (B&DS) rates shall be reviewed, with a goal of full cost recovery for the B&DS Fund.²

To receive full cost recovery, the City must be able to measure the full cost of services provided, including indirect costs such as administration and other support services.

The cost recovery method described herein complies with applicable guidance from State and Federal agencies.

Background

Some City costs are appropriately shared by one or more City funds. Like all organizations, the City provides certain services that benefit the entire entity. Examples include services received by the City as a whole, such as insurance, City office space, and overhead labor. These services are generally of a support nature and centralized within a single department such as Executive or Finance and Administrative Services. These indirect costs are then allocated out to the City’s Funds using a variety of methods depending on the type of service provided. A basis is determined to distribute the costs founded on the relative benefit each fund receives from the function or service. The amount a fund is charged is not intended to represent a per unit cost of a transaction, such as processing a voucher for payment or processing a request for bid, but rather an appropriate allocation of all of the costs related to providing the support service.³

The first part of the analysis is to confirm that all Funds share in the indirect labor costs appropriately. This is completed in the COBI Methodology, Section One: Personnel section below. In the department classification analysis that follows, major tasks and functions of department staff are discussed. Then an allocation determination is made based on the cost drivers of those tasks.

¹ [COBI Comprehensive Plan](#)

² Resolution No. 2018-07

³ The majority of this paragraph borrowed from City of Tacoma 2009-2010 Assessments Overview; statement is applicable to COBI

Applicable Guidance

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments. While the GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is enforced through the Washington State Auditor's audit of COBI.

GASB has not issued any specific guidance describing the method of cost allocation to be applied by government agencies. The overarching principle applied by COBI is found in the GASB Summary of Concept Statement No. 1, "Financial reports are used primarily to compare actual financial results with the legally adopted budget; to assess financial condition and results of operations; to assist in determining compliance with finance-related laws, rules, and regulations; and to assist in evaluating efficiency and effectiveness."⁴

OMB Circular A-87

[OMB Circular A-87](#)⁵ establishes cost principles for State, Local, and Indian Tribal Governments for determining costs for Federal awards. Item 5 of the Circular states that, "The principles are for determining allowable costs only." In defining allowable costs, the Circular provides a definition of allocable costs at Attachment A, paragraph C.3.a, "A cost is allocable to a particular cost objective if the goods or services involved are chargeable or assignable to such cost objective in accordance with relative benefits received." This definition can reasonably be applied to both A-87 and non-A-87 allocation goals.

Washington State Auditor

The Washington State Auditor's office prescribes the accounting and reporting of local governments in the State of Washington under RCW 43.09.210.⁶ This RCW states in part, "All service rendered by...from, one department...to another, shall be paid for at its true and full value by the department...receiving the same, and no department...shall benefit in any financial manner whatever by an appropriation or fund made for the support of another." Therefore, a well-developed plan should include relevant, up-to-date information about overhead and how to distribute it. Also, the factors used should equitably allocate overhead.

In 2009 the State Auditor's Office audited COBI's cost allocation plan. The conclusion was COBI was following many of the cost allocation leading practices, but not all. The noted leading practices we needed to improve upon were as follows: "be up-to-date and detail the basis for overhead charges, and use allocation factors that equitably allocate overhead to each fund and department." The methodology set forth in this manual outlines how we meet all leading practices.

⁴ GASB Concepts Statement No. 1 Summary, published by the Governmental Standards Board

⁵ Published by the Federal Office of Management and Budget

⁶ "Budgeting, Accounting, and Reporting System (BARS)" Manual, published by the Washington State Auditor's office and available online at www.sao.wa.gov. "RCW" refers to the Revised Code of Washington.

COBI Methodology

Section One: Personnel

Classification of Departments

In classifying costs as allocable, COBI analyzed departments and individual objects to determine whether the costs should be allocated, as well as the appropriate basis for allocation. COBI uses its cost allocation methodology for salaries and benefits only. Step one in building the plan was to analyze the organization by department and determine whether costs were allocable. COBI departments are as follows: city council, municipal court, executive, finance, public safety, planning and community development, and public works. Below is a brief narrative of the organization's initial department analysis, followed by an in-depth look at each department.

Attachment B of [OMB Circular A-87](#) Revised provides principles to be applied in establishing whether or not certain costs are allowed for Federal reimbursement. It states general costs of government are not allowable. These general government costs include: city council, municipal court and police costs.⁷ Therefore, COBI directs charges all costs associated with those departments to the general fund.

Next, we identify our central service departments as executive and finance. Costs from central service departments are indirect costs, which are incurred for a common or joint purpose benefiting more than one task, activity, or fund. Indirect costs are allocable with proper identification and documentation. Furthermore, as noted in RCW 43.09.210, allocations must be fair and equitable where one fund does not benefit from another.

The final two departments Planning and Community Development and Public Works, core work is centered around specific work tasks or programs. Employees in these departments have a combination of direct charged time, as well as an allocation for some hours.

Determination of Allocation Factors

Below is a brief description of each department that has any allocations, accompanied by a summary of allocation factors used for that department. Attachment A outlines the below information by department in greater detail as required by [OMB Circular A-87 Attachment C](#).

Executive

Discussion:

The Executive Department provides "direction, coordination, and oversight"⁸ for the City as a whole, including Proprietary Fund activities. The department provides service in eight main areas: city management, legal, city clerk, public records, human resources, emergency preparedness, information technology, and communications.

Allocation Determination:

The allocation basis is determined by the tasks and duties for each specific position. The allocation basis used for the various positions in the Executive Department are as follows: FTE by

⁷ Published by the Federal Office of Management and Budget and available online at www.whitehouse.gov

⁸ [COBI 2019-2020 Final Budget](#)

fund, council agenda items, operating expenses, number of contracts, risk management, receipts and invoices, public record requests, community support and litigation dollars by fund.

Finance and Administrative Services

Discussion:

The Finance department provides support to all City departments and all funds, including Proprietary Funds. In addition to financial reporting, budgeting, accounts payable, and payroll, the Finance department manages all utility, LID billings and payments.

Allocation Determination:

The allocation basis is determined by the tasks and duties for each specific position. The allocation basis used for the various positions in the Finance Department include, but are not limited to, the following: FTE by fund, council agenda items, operating expenses, capital projects, cash receipts, AP vouchers, LID and utility accounts, long-term debt by fund, and special projects.

Planning and Community Development

Discussion:

The Planning & Community Development department works with land use and construction activities on the Island; administers building, shoreline, environmental, and subdivision regulations; reviews development proposals; performs code enforcement; administers land use applications; prepares and updates long-range plans. A significant portion of PCD effort is related to the B&DS Fund, and the Department is also involved in the development of utility projects.

Allocation Determination:

The allocation basis is determined by the tasks and duties for each specific position. The allocation basis used for the various positions in the Planning Department include, but are not limited to, the following: Land Use Code updates, code enforcement case load, NPDES permit requirements, building and planning permits, shoreline monitoring project, Comprehensive Plan implementation, inspection and observance of on-site construction issues, and related ordinances.

Public Works

Discussion:

The Public Works department is responsible for acquiring, constructing, operating and maintaining public infrastructure. This includes City-owned utilities. The Administrative division supports the Engineering and Operation and Maintenance (O&M) divisions by providing services such as reporting, grant and contract management, and records management. The Engineering division is primarily responsible for the pre-design, design, and construction of all public improvements and implementation of the capital improvement plan (CIP) adopted by City Council. This includes Proprietary Fund CIP projects. The Engineering Division also directs Development Engineering and the City's Water Resources planning and protection activities. The O&M Division operates and maintains the City's infrastructure, to include; streets, storm drain, water and sewer infrastructure facilities, vehicles, parks and open space.

Allocation Determination:

The Public Works O&M Division uses the work order system and therefore direct charges their hours. The Engineering Division direct charges most of their hours to operating or capital projects. In addition, tasks that are general in nature are allocated based on work order or project

history, and forward-looking work plans. Public Works Administrative personnel are allocated based on support of capital and operating projects, contracts, right of way expenses, customer support, and development and management support.

Allocating Costs / Surcharge and Rebate

Throughout the year, employees are either direct charging their time to specific projects, tasks or work orders, or their hours are allocated to a department/organization and fund based on that position's allocation factors. At the end of the year, an analysis that compares all direct charged time to that of allocated time by position. If, for a particular position, the direct-charged time differs by more than 3% on a percentage basis by fund from the allocated time, a surcharge or rebate adjusts the totals.

Section Two: Central cost

Insurance

[OMB Circular A-87](#) identifies insurance as an allowable and allocable cost. Allocating insurance expense follows the rule of "beneficiary pays" as long as the allocated costs follow the cost drivers. In a leading practice study, presented by Washington State Auditor's Office Performance Audit, Report No. 1006136, the following factors should be used to allocate insurance expense: number of staff (FTE), claims or loss history, square footage, property values insured, and risk factor.

- City of Bainbridge Island's (COBI) insurance invoice is separated into five "Coverage/Program" areas; Auto Physical Damage, Boiler and Machinery, Crime/Fidelity, Liability, and Property.
- To allocate the costs under each "Coverage/Program," COBI uses three cost drivers. They are as follows: asset value, FTE, and loss history.
 - Asset value – is used to distribute Auto Physical Damage, Boiler and Machinery, and Property Coverage/Program expenses. The asset value by fund is taken from the financial statements from the most current year-end close.
 - FTE – is used to distribute Crime/Fidelity and a portion of the Liability expenses.
 - Loss history – is used to allocate the other portion of Liability expenses. The data is a 5-year history report provided to the City by WCIA.

Interfund Rent

[OMB Circular A-87 Attachment B Section 37](#) requires that "less-than-arms-length" rental transactions, such as those between divisions of a governmental unit, are allowable in the same amount as they would be "had title to the property vested in the governmental unit." A-87 specifically states that depreciation is an allowable component of such cost, and it is commonly interpreted as additionally allowing for the interest component of debt service.

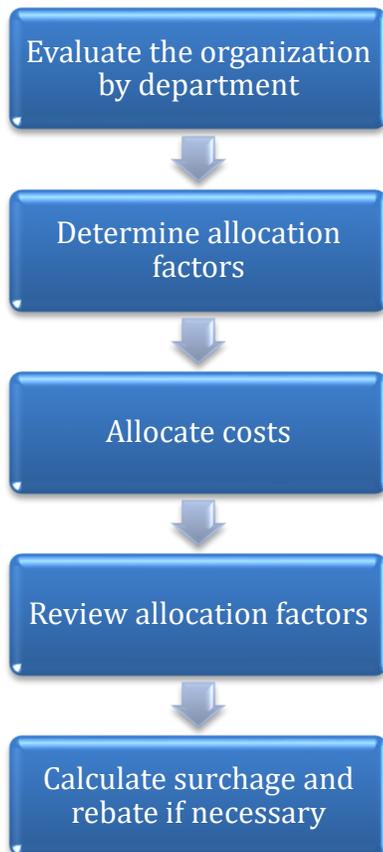
COBI uses the following methodology to allocate Interfund Rent:

- For an individual facility (for example, City Hall), the total square footage is identified, and the square footage occupied by each department is identified.
- The square footage for each department is then allocated by FTE in a proportion equal to the ratio of each fund's FTE as a share of that department's total FTE.

COBI Cost Allocation Plan

- Total square footage by fund is summed across all departments in the facility and expressed as a share of the facility's total square footage. This percentage is then applied to eligible interfund rent expenses
- COBI allocates three types of interfund rent expenses:
 - Interest expense of the bonds associated with the purchase and building of City Hall and the PW Yard.
 - Depreciation expense of assets purchased with General Fund monies used by all personnel, which therefore benefits all funds.
 - A land component is also allocated. The cost of the land is divided by 40, to match the 40-year depreciation schedule of the buildings.

Process Overview Summary



COBI's process to complete the cost allocation plan was:

1. Determine funds, departments and object codes that are allocable.
2. Discuss tasks/job duties with each staff member to determine approximately how much time is devoted to completing listed tasks.
3. Based on discussion and job description, determine logical allocation basis.
4. Calculate cost allocation for each position based on answers and data from above.
5. At the end of every year, run actual data for each allocation base.
6. Apply all rebate and surcharge costs accordingly.

Section Three: Roads and Stormwater Facilities Construction and Maintenance Costs

The City Council completed a review of the Storm and Surface Water Utility (SSWM) in 2015 and confirmed the policies for charging various operating costs related to the SSWM facilities, roads, and other City properties. These policies are:

Street Sweeping and Road Maintenance Spoils

City charging practices for roads-related maintenance and spoils disposal has evolved and changed over the years. The following table shows the standing work order charging practice for Public Works O&M labor:

Spoils Related Work Order Charges					
WO#	WO Type	WO Description	Split	Org	Org Description
14916	Standing	Spoils Hauling	100	73431835	SSWM Maintenance
14917	Standing	Street Sweeping	80/20	73637945	Allocation SSWM/Streets
14963	Standing	Ditching	100	73431835	SSWM Maintenance
14823	Standing	Shoulder Maintenance	100	73111427	Streets Roadside
14964	Standing	Bikelane Sweeping	100	73111423	Streets Roadway

The data in the table indicate that the SSWM utility pays for 100% of City labor for spoils hauling and ditching, as well as 80% for street sweeping. The Streets Fund pays for the labor for shoulder maintenance and bike lane sweeping, as well as 20% for street sweeping. The justification for the charging practice is that street sweeping aids in the maintenance of the stormwater collection system so can appropriately be charged to the SSWM utility.

Fleet Capital Purchases

Fleet equipment purchases for street sweepers will be allocated similarly to the labor costs, i.e., 80% to SSWM and 20% to General Fund (Roads).

Water Quality and Flow Monitoring Program

The Water Quality and Flow Monitoring Program (WQFMP) helps the City implement National Pollutant Discharge Elimination System (NPDES) permit monitoring requirements and directs and informs pollutant source identification efforts outlined in the Illicit Discharge Detection and Elimination (IDDE) program. The primary goal of the WQFMP is to develop and implement a long-term comprehensive monitoring program that will identify water quality and water flow problems in freshwater and marine nearshore environments. The WQFMP also defines thresholds for initiation of management responses in support of the City's efforts to protect and restore beneficial uses associated with water quality on Bainbridge Island.

At the July 12th, 2016 Council Meeting, Council approved the WQFMP costs to be funded by 50% General Fund, 40% Stormwater Fund, and 10% Water Fund.

Groundwater Management Program

Groundwater is the sole source of drinking water on Bainbridge Island. Therefore, it is essential to have a thorough understanding of the island's complex aquifer system through scientific study and long-term monitoring. At present, the city collects monthly water level data and annual chloride measurements from approximately 30 wells on the Island at various locations. Water level data is

used to help assess the quantity of water in different aquifers, and the chloride data is an indicator of seawater intrusion.

City Policy is that the Groundwater Program be entirely funded by the General Fund.

Kitsap Conservation District Farm Assistance

The City currently has over 1,400 acres of agricultural lands. Many of these farms are required to establish and implement farm plans in accordance with provisions in the City's Municipal Code. The City and the Kitsap Conservation District (KCD) share a common goal to promote Best Management Practices to protect water quality, provide education to landowners regarding agricultural impacts and support the use of Low Impact Development practices. Well-designed conservation practices increase farm productivity while protecting water quality and reducing soil erosion. KCD has the expertise and experience to provide Farm Plans to meet the requirements of Bainbridge Island Municipal Code Section 18.09.030 and provide assistance on land management activities and their impacts on natural resources. In providing these services, KCD assists with compliance of the City's NDPES permit, including assistance with the IDDE Program and education/outreach.

The value of the annual contract with the KHD has been approximately \$40,000, and an annual analysis of program tasks by city staff has determined that approximately 50% of the activities under the program tasks support water quality benefits. Therefore, the SSWM utility will pay 50% of the KHD billing under this agreement, and the General Fund will pay 50%.

Roads and SSWM Capital Improvement Projects

City Ordinance 2012-06 exempted City-owned rights-of-way from payment of SSWM fees. The justification for this charging methodology under Section 2.A. of the ordinance was that City streets were responsible for contributing at least \$27 million in stormwater infrastructure over and above what would be needed for just street runoff.

In order to continue this exemption from stormwater fees for City streets, all future stormwater infrastructure required in the construction or improvements of City streets, or non-motorized facilities as part of or separate from City streets, will be paid by the General Fund. This includes the construction of collection and piping systems that replace existing drainage ditch systems.

Costs for repair and replacement of existing stormwater systems that were constructed as part of the City streets, including culverts, will be paid by SSWM utility funds.

Allocation Information by Department

The following pages allocation factors for each position in departments in which cost allocation applies to personnel costs.

Departments shown

Executive

Finance & Administration

Planning and Community Development

Public Works

Departments not shown because their costs are entirely supported by the General Fund

City Council

Municipal Court

Public Safety

COBI Cost Allocation Plan

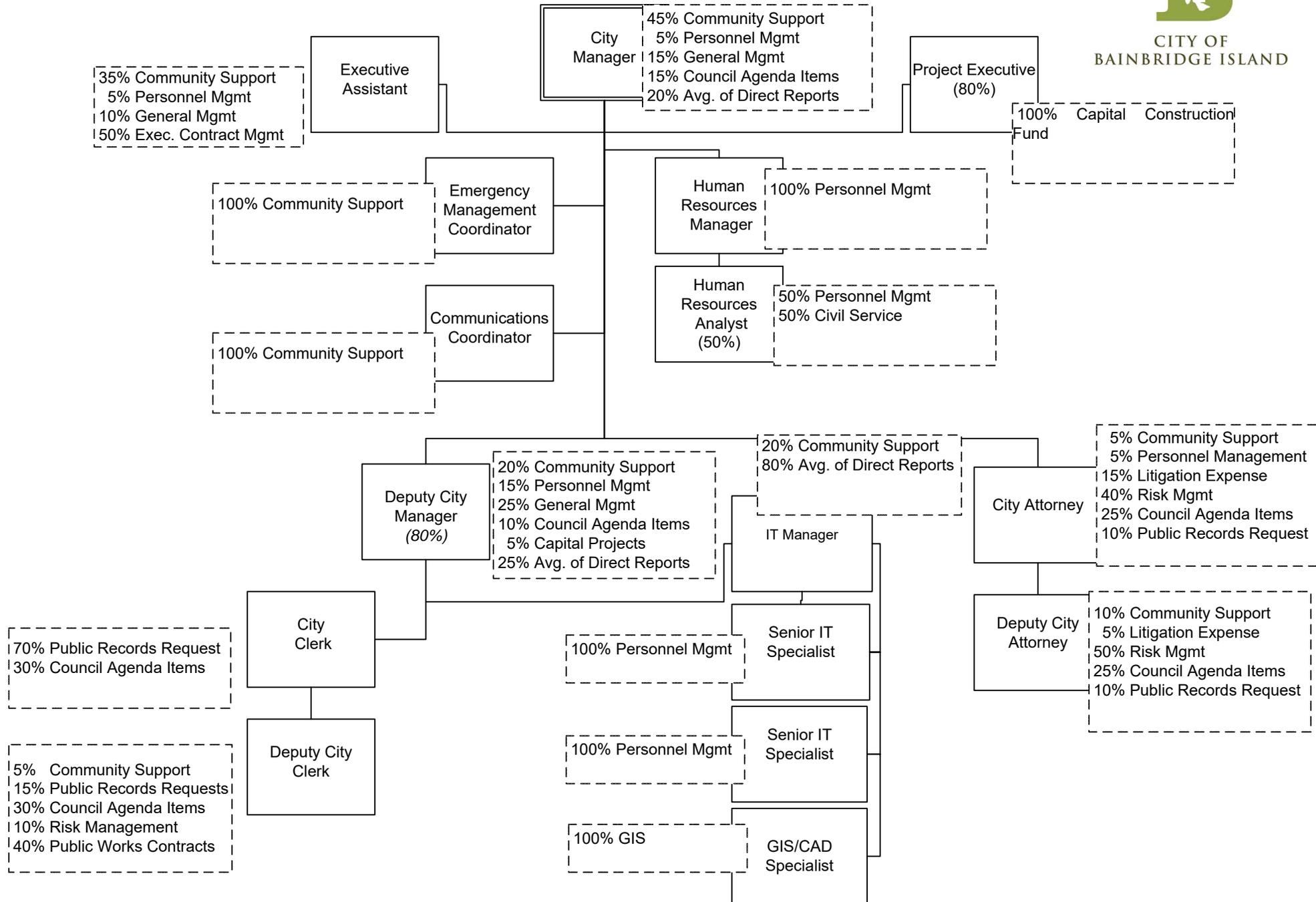
Numerical Allocations Used		
Basis	Data	Description
Community Support	100% General Fund	Community Support
FTE by Fund	Average of Hours Worked 2017-2019	Personnel Mgmt
General Mgmt	Average of operating costs 2017-2019	General Mgmt
Council Agenda Items	Average of agenda Items evaluated and assigned by Fund 2017-2019	Council Agenda Items
Public Records Request	Average of requests evaluated and assigned by Fund 2017-2019	Public Records Request
Litigation Expense	Average of Legal Costs 2017-2019 by Fund	Litigation Expense
Risk Mgmt	Average of Costs Incurred 2017-2019	Risk Mgmt
Exec Contract Mgmt	Average Contract Amounts for Executive 2017-2019	Exec Contract Mgmt (100% General Fund)
Contract Mgmt	Average Contract Amounts 2017-2019	Contract Mgmt
AP Invoices	Average of invoice count 2017-2019	AP Vouchers
Receipts	Average of receipt count 2017-2019	Receipts
Avg of Direct Reports	Average of direct reports to a Manager	Avg of Direct Reports
UB Customers	Average of Number of accounts 2017-2019	Utility Billing
Operating Projects	Average of Operating Project Costs 2017-2019	Operating Projects
Capital Projects	Average of Capital Project Costs 2017-2019	Capital Projects
Long Term Debt	Average of Debt Service	Long Term Debt
General Customer Service	100% General Fund	Business Management
Utility Tax	100% General Fund	Utility Tax

City of Bainbridge Island

Executive

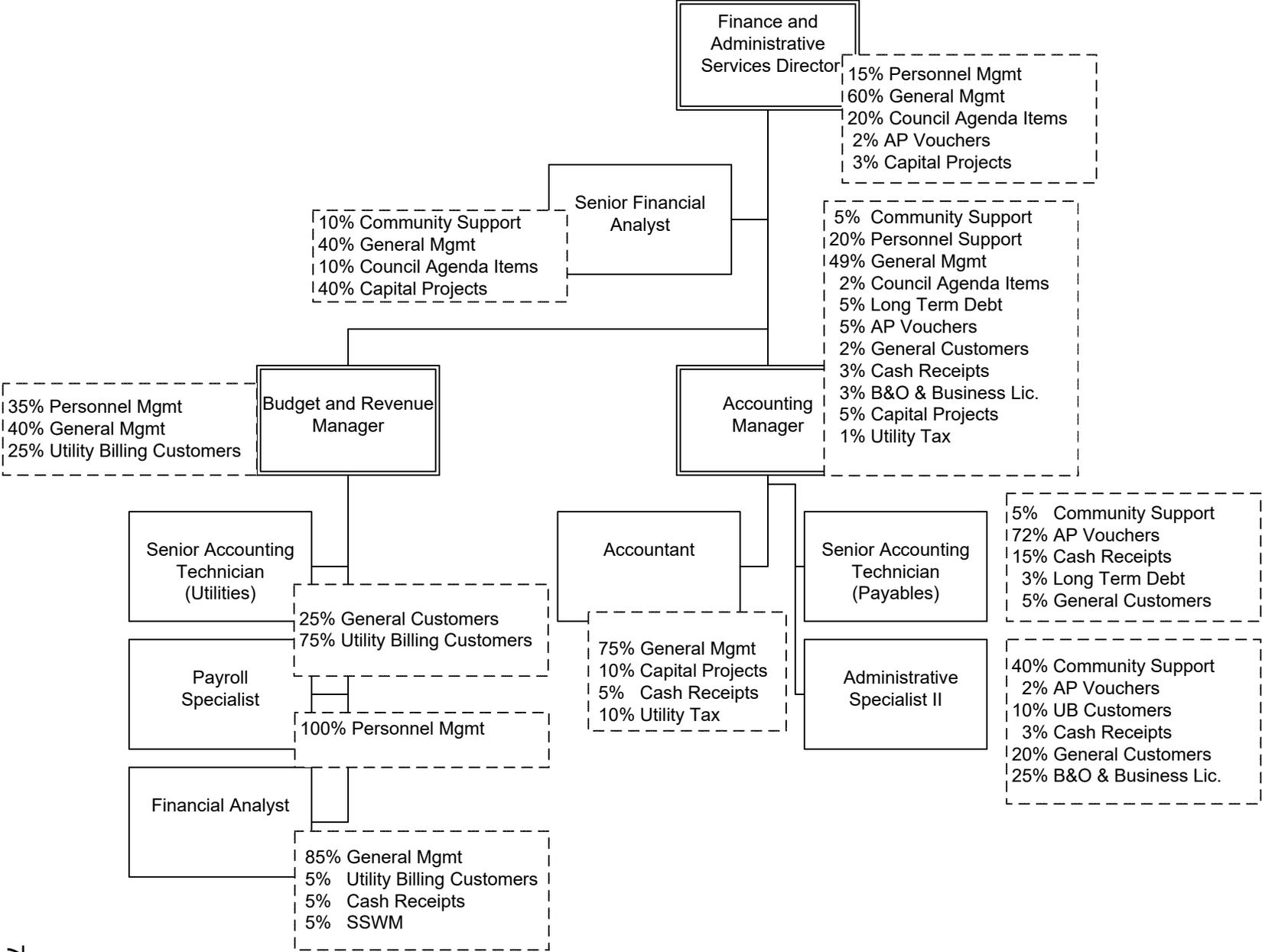


CITY OF
BAINBRIDGE ISLAND



City of Bainbridge Island

Finance & Administrative Services

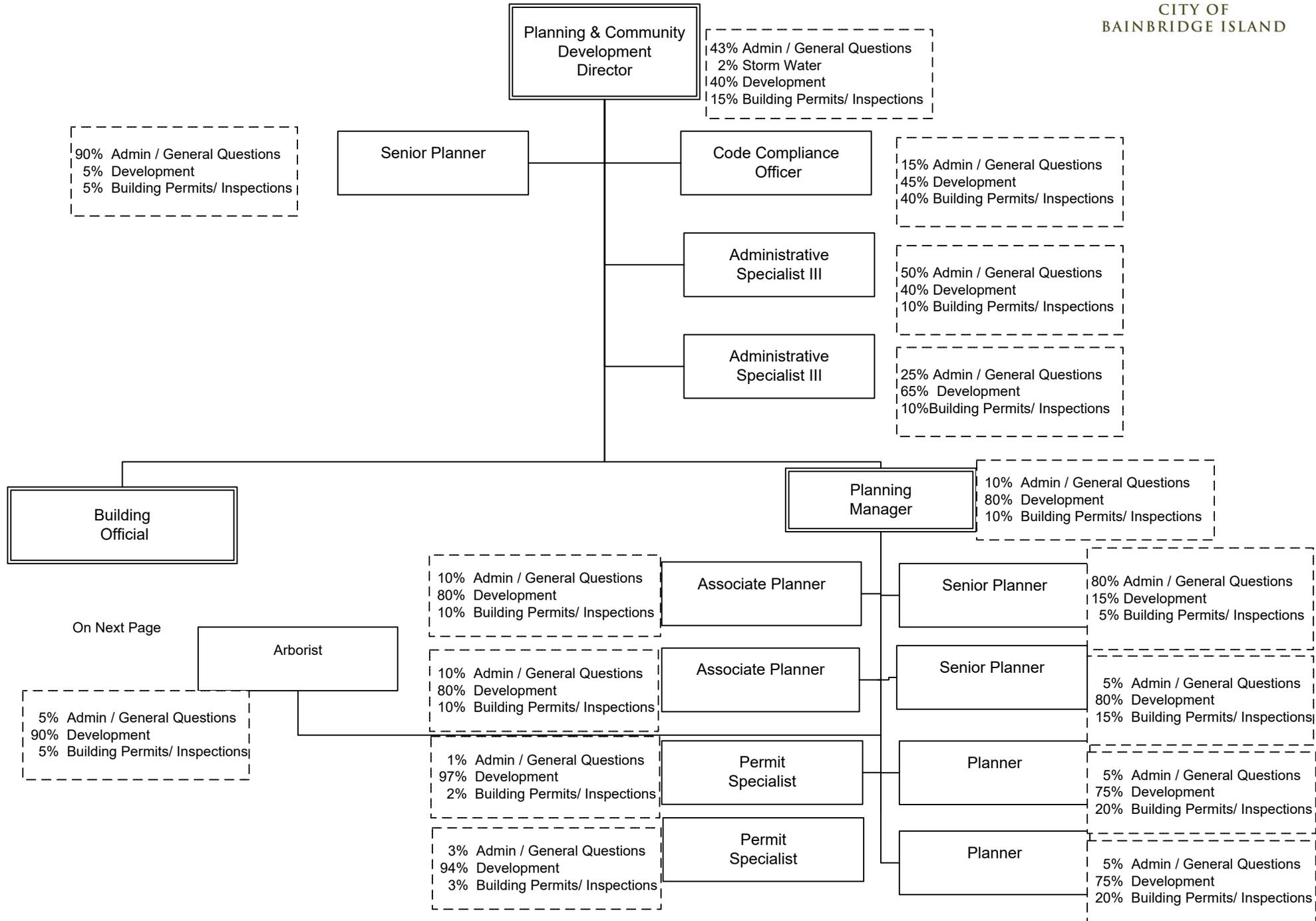


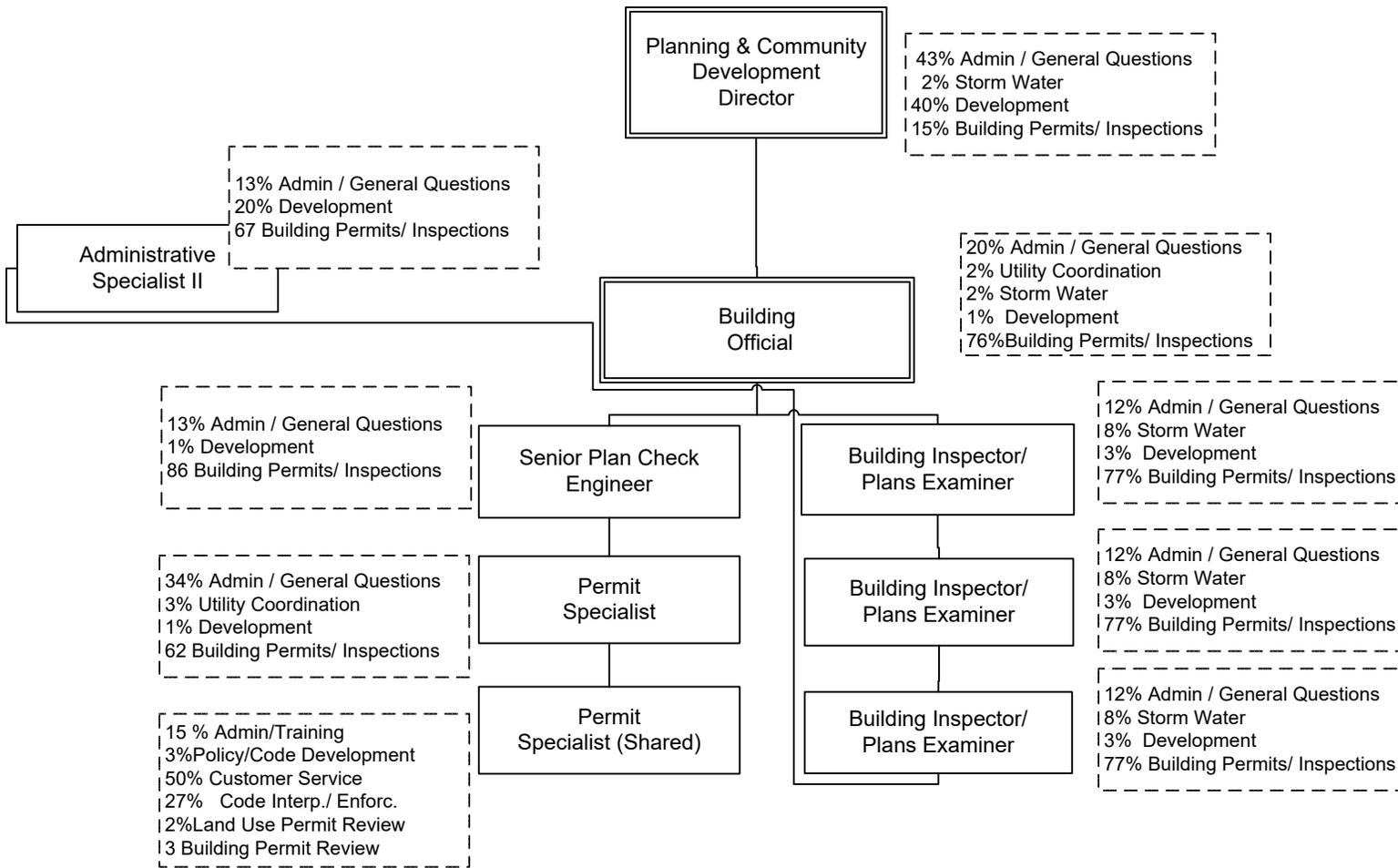
City of Bainbridge Island

Planning & Community Development



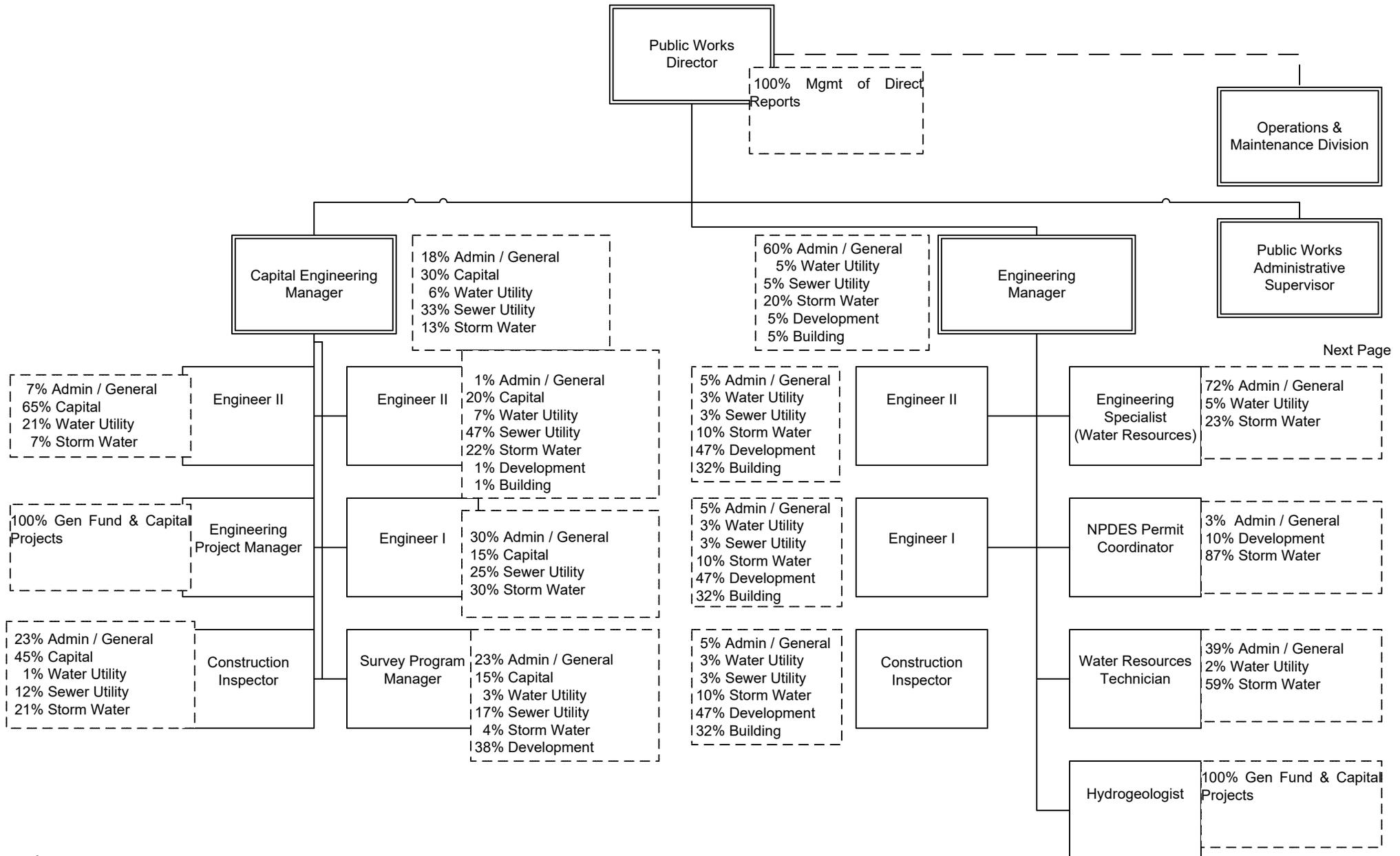
CITY OF
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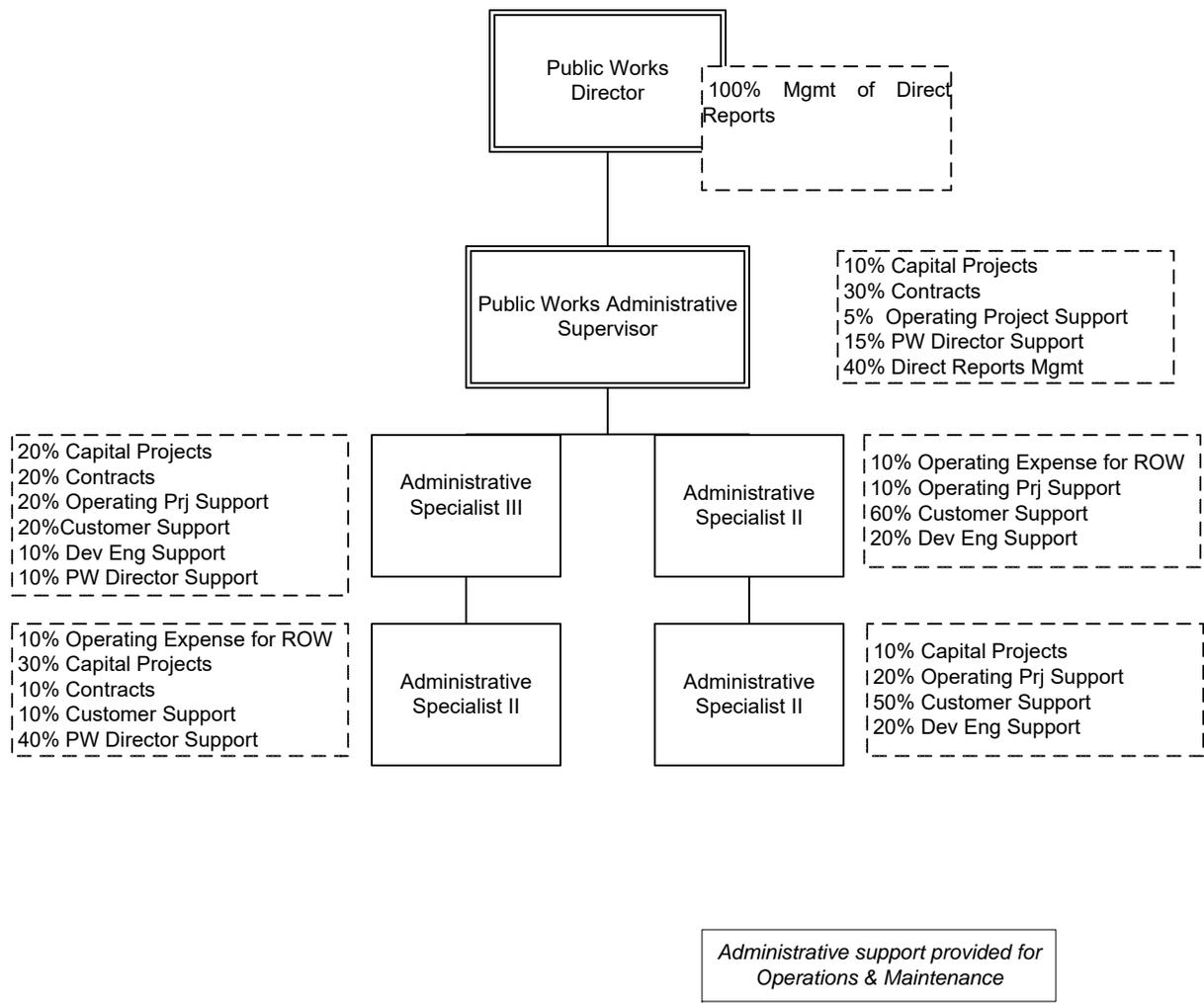


City of Bainbridge Island

Public Works - Engineering

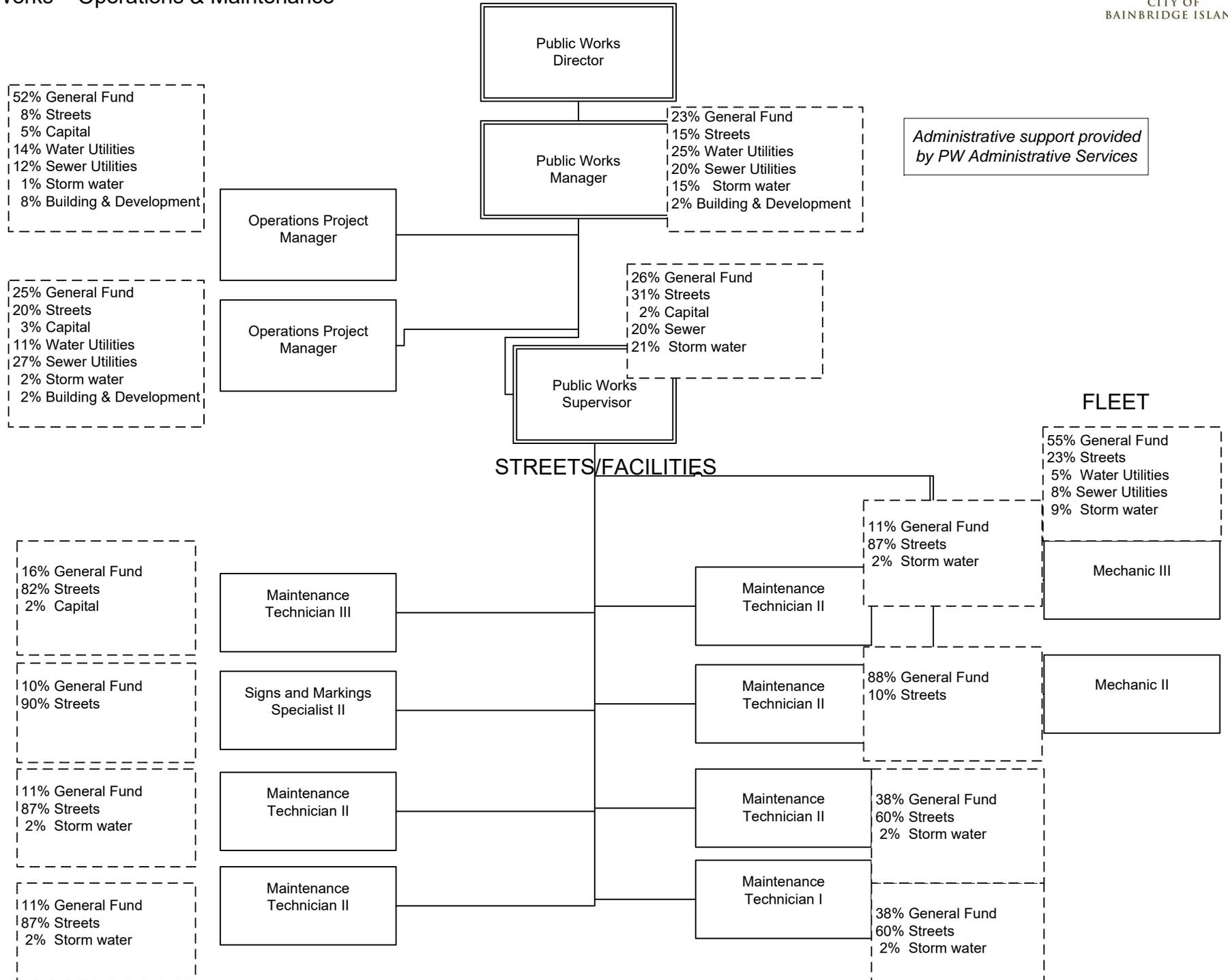


Next Page



City of Bainbridge Island

Public Works – Operations & Maintenance



Public Works
Director

Public Works
Manager

23% General Fund
15% Streets
25% Water Utilities
20% Sewer Utilities
15% Storm water
2% Building & Development

TREATMENT
PLANT

UTILITIES

1% Water Utilities
99% Sewer Utilities

Treatment Plant
Operator III

1% General Fund
4% Streets
30% Water Utilities
25% Sewer Utilities
40% Storm water

Utilities
Technician III

2% General Fund
3% Streets
1% Capital
74% Water Utilities
15% Sewer Utilities
5% Storm water

Treatment Plant
Operator II

1% General Fund
4% Streets
20% Water Utilities
30% Sewer Utilities
45% Storm water

Utilities
Technician II

Utilities
Technician II

Treatment Plant
Operator II

1% General Fund
4% Streets
30% Water Utilities
25% Sewer Utilities
40% Storm water

Utilities
Technician II

Utilities
Technician II

1% General Fund
4% Streets
20% Water Utilities
30% Sewer Utilities
45% Storm water

Treatment Plant
Operator II

1% General Fund
4% Streets
20% Water Utilities
30% Sewer Utilities
45% Storm water

Utilities
Technician I

Utilities
Technician I

1% General Fund
4% Streets
20% Water Utilities
30% Sewer Utilities
45% Storm water



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 20 Minutes

AGENDA ITEM: (7:20 PM) Resolution No. 2020-08, Updating City Financial and Budget Policies - Finance,

SUMMARY: Finance will present an overview of current financial and budget policies and recommended updates as part of the 2021-22 Biennial Budget process. Agenda items 6D, 6E, and 6F with Resolution Nos. 2020-08, 2020-09, and 2020-11 will be presented for Council Council consideration. A summary of the updates include:

- Removal of the "priority-based budgeting" terminology and approach; City staff will develop the 2021-22 budget using Council identified goals from the Council retreat on March 6, 2020 and June 16, 2020 study session and the ongoing work plan and business continuity priorities.
- Updates to the General Fund reserve level that allows some flexibility on fund levels should the need arise.
- Updates obsolete debt policy language and incorporates current debt best practices suggested by the Washington Treasurers Association.
- Incorporates a new Equipment Rental and Revolving (ER&R) Fund Policy that follows state mandated laws around the use of internal service funds and meets various federal and state authoritative guidance.
- Requires City Council approval for applying for grants in excess of \$50,000.

AGENDA CATEGORY: Discussion

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: I move to forward for approval with the Consent Agenda on July 14, 2020, Resolution No. 2020-08 amending and updating the City's financial and budget policies as presented.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: The process of adopting the 2021-22 biennial operating budget and updated capital plan incorporates the City's financial and budget policies that help guide the budget development process. Financial and budget policies accompanying the budget provide guidance affecting a wide range of topics including, but not limited to, defining a balanced budget, setting target fund balance reserves, issuing debt, establishing the revenue forecasting methodology and the considerations when accepting federal, state and local grants.

In 2016, the Council and staff undertook a thorough review and redrafting of the City's financial and budget policies, with a final version adopted in August of 2016, via resolution No. 2016-19. In 2018, Council approved a number of updates to these policies that included reaffirming a General Fund Stability Reserve of 25% of ongoing revenues, establishing a \$300,000 Council approved contingency reserve, setting 60 to 90 day operating reserves for the utility funds and setting capital reserves for the utility funds set individually at 1% of net book value via Resolution No. 2018-07.

City Staff are bringing three new resolutions to the Council, Resolution No. 2020-08, No. 2020-09, and No. 2020-11 that update policies set forth in 2016-19 and 2018-07.

Key aspects of the updated policies that staff is proposing include:

- Removal of the "priority-based budgeting" terminology and budget approach; City staff will develop the 2021-22 budget using Council identified goals from the Council retreat on March 6, 2020 and the ongoing work plan and business continuity priorities.
- Updates the General Fund reserve level to allow some flexibility on fund levels should the need arise.
- Incorporates a new Equipment Rental and Revolving (ER&R) Fund Policy that follows state mandated laws around the use of internal service funds and meets various federal and state authoritative guidance.
- Updates obsolete debt policy language and incorporates current debt best practices suggested by the Washington Treasurers Association.
- Requires City Council approval for applying for grants in excess of \$50,000.

ATTACHMENTS:

[Financial Policies Presentation for CC 06302020.pdf](#)

[2020 Financial and Budget Policies Memo - Summary of changes.docx](#)

[Resolution No. 2020-08 Establishing Financial and Budget Policies.docx](#)

[Resolution No. 2019-24 Updating the City's Procurement Policy Approved 100819.pdf](#)

[RES 2016-20 Adopting a Municipal Securities Disclosure Policy Approved 082316.pdf](#)

[Resolution No. 2016-18 Amending Resolution No. 2009-02 Surplus Property Approved 082316.pdf](#)

[RES 93-52 - Investment Policy.pdf](#)

FISCAL DETAILS: N/A

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Financial Policies Updates

June 30, 2020

Overview

- ▶ Information summary and discussion of financial policies
- ▶ Tonight's objectives:
 - ▶ Provide background on importance of financial policies
 - ▶ Highlight suggested new policy language
 - ▶ Approve resolution or identify areas for follow up

Budget Calendar for 2021-22

May/June

- Capital Improvement Plan briefing
- Financial Policies
- Cost Allocation Methodology and Manual

July

- Departments develop budget requests

August

- Staff prepares balanced budget

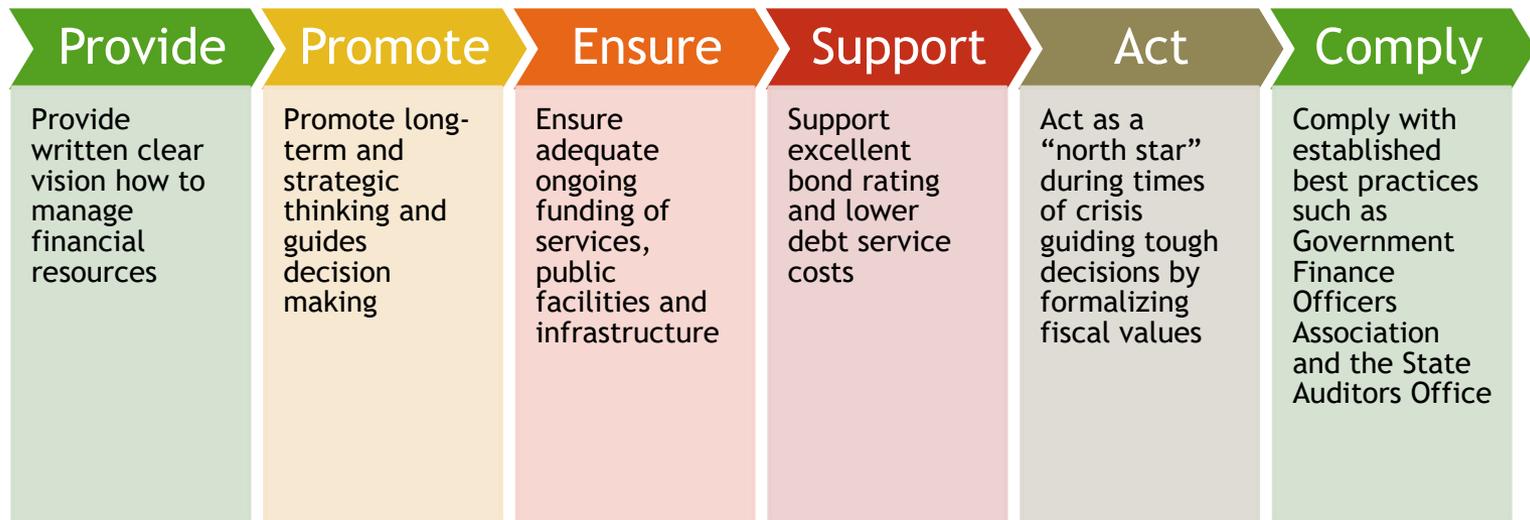
Budget Calendar for 2021-22

- ❑ **September**
 - ❑ Proposed Budget is delivered to City Council

- ❑ **October/November**
 - ❑ City Council reviews proposed budget.
 - ❑ Public hearings are held for public input, property tax rate is set & utility fees are discussed

- ❑ **November/December**
 - ❑ City Council adopts the budget for the coming biennium

Financial Policies - Purpose



Examples of Financial policies



Recommended Changes

Policy	Existing	Proposed
Operating Budget	Utilizes priority-based budgeting approach to developing budget	<ul style="list-style-type: none"> Eliminates priority-based budgeting approach and utilizes Council created goals
General fund Reserves	\$1 million emergency	<ul style="list-style-type: none"> No change
General fund minimum balance	25% of operating revenues	<ul style="list-style-type: none"> Modifies language that allows flexibility if fund balance drops below 25%. Requires a plan to re-establish balance
Equipment rental and revolving fund	No existing policy	<ul style="list-style-type: none"> Establishes policy and targets fund balance as twice average yearly CIP expenditure
Debt policy	Last modified in 2008 - uses obsolete language and references	<ul style="list-style-type: none"> Updates obsolete language Incorporates current debt best practices suggested by the Washington Treasurers Association (WTA)
Grants	No policy - referenced in content of procurement policy	<ul style="list-style-type: none"> Requires Council approval for Grants over \$50,000 Requests must include financial summary

Policies - Incorporated by reference

- Debt
- Investment
- Municipal Securities Disclosure
- Surplus Real Property
- Procurement

NEXT STEPS

- ❖ Council review and approval or suggested modifications
- ❖ Staff use in development of the biennial budget and ongoing financial management

QUESTIONS?

DISCUSSION

June 30, 2020

10



CITY OF
BAINBRIDGE ISLAND

Finance and Administrative Services Department

Memorandum

Date: June 30, 2020

To: City Council
Morgan Smith, City Manager
Ellen Schroer, Deputy City Manager

From: DeWayne Pitts, Finance Director

Subject: Summary of Financial and Budget Policy Changes

The guiding principles for the biennial budget are the City's financial policies, making the Council's consideration and adoption of financial policies a key first step in the budget development process. Financial policies provide guidance on a wide range of topics, from defining a balanced budget, to setting reserve targets for various funds, to establishing the revenue forecasting approach. In addition, other policies are incorporated by reference.

In 2016, the Council and staff undertook a thorough review and redrafting of the City's financial policies, with a final version adopted via Resolution No. 2016-19. Staff updated policies again in 2018 during the last biennial budget with Resolution No. 2018-07. Staff is bringing three resolutions to the Council: Resolution No. 2020-08, which updates the policies set forth in 2016-19; Resolution 2020-09, which updates the Debt Policy Resolution No. 2008-07; and new Resolution No. 2020-11, that implements a policy for a state required Equipment Rental and Revolving Fund.

Key changes to the policies are summarized below:

- Removal of Priority Based Budgeting Results Terminology – The current proposed resolution (Resolution No. 2020-08) eliminates the use of the terminology related to developing the biennial budget using the “priority-based budgeting” approach. Priority-based budgeting began in the spring of 2014 as a method to translate the budget into prioritized programs. The Council and staff have not updated the results and the Council expressed the intent to revisit this topic as part of budget development in previous years. City staff will develop the 2021-22 budget using Council identified goals from the Council retreat on March 6, 2020 and June 16, 2020 study session and the ongoing work plan and business continuity priorities.

- General Fund Minimum Fund Balance levels - The proposed policies include more flexible language related to the 25% reserve amount, should the balance fall below the minimum fund balance level. If the reserve balance falls below the established target levels due to unforeseen changes in revenues or expenses, a plan to restore the minimum fund balance must be provided to Council no later than the next Adopted Biennial Budget.
- Debt policy – The proposed financial policies and resolution (Resolution No. 2020-09) provide an updated debt policy. The debt policy has not been updated since 2008. The existing policy contains numerous obsolete references to processes or administrative conditions which no longer exist such as the responsibilities of the finance committee and a strong mayor. This policy change updates obsolete debt policy language and incorporates current debt best practices and formats suggested by the Washington Treasurers Association. After approval of the changes, staff will present the revised policy to the Washington Treasurers Association next year for review and certification of best practices. No substantive changes (debt limit, roles, and responsibilities, etc.) have been made to the existing policy except for housekeeping changes to update to the current form of government.
- Equipment rental and revolving fund – Equipment rental and revolving funds, also known as ER&R funds, are established to provide equipment rental services within a local government. All cities with a population over 8,000 are legally required to have an ER&R fund for operating city street departments, and the services may be expanded for other departments including public works, utilities, and police. In 2017, the City added a “Equipment Rental and Revolving Fund” as required by State law. This new policy incorporates practical guidance from the State Auditor as well as the Governmental Finance Officers Association that follows state mandated laws around the use of internal service funds and meets various federal and state authoritative guidance.

To maintain an appropriate fund balance, the City will calculate the balance using the average of the Fleet and Equipment CIP’s six-year replacement costs times two. If the actual ER&R fund balance is too far above or below the target fund balance, the ER&R rental rates will be increased or decreased, as necessary, so that the actual fund balance comes into line with the target. This target is considered approximate and actual fund balance will be allowed to float 25% higher or lower before rates need to be adjusted.

- Grants – This policy requires Council approval for all grants requiring more than \$50,000 in match monies unless pre-authorized for acceptance by the City Council through resolution or motion. The \$50,000 threshold is also referred to in the City procurement policy, which was updated and approved by the Council in November of 2019. The main difference is that the financial policy requires certain financial data be included with Council requests and qualifies the definition of match monies to include in-kind labor.

RESOLUTION NO. 2020-08

A RESOLUTION of the City of Bainbridge Island, Washington, establishing a consolidated set of updated financial and budget policies, updating policies adopted by the City during 2018.

WHEREAS, the City Council (“Council”) is responsible for setting financial and budget policies for the City of Bainbridge Island (“City”); and

WHEREAS, state law, including Chapter 35A.33 RCW, provides guidance for budgets in code cities; and

WHEREAS, Chapter 35A.34 RCW authorizes cities to establish biennial budgets under which authorization, and the authorization of the Bainbridge Island Municipal Code (“BIMC”), including Chapter 2.82 BIMC, the City prepares a biennial budget with a mid-biennial review; and

WHEREAS, in the past, the Council has approved policies and passed resolutions related to financial and budget policies that continue to guide City financial practices including, but not limited to: Resolution No. 1993-52, which establishes investment policies; Resolution No. 2008-01, which establishes an Emergency Rainy Day Reserve Fund and a Contingency Reserve within the General Fund; Resolution No. 2008-14, which establishes debt management policies; Resolution No. 2010-35, which set targets for General Fund reserves; Resolution No. 2013-13, which provides that funds from the City’s utilities shall not be expended for general governmental services; Resolution No. 2014-17, which sets a minimum fund balance policy for the General Fund; Resolution No. 2016-20 adopting a Municipal Securities Disclosure Policy, which establishes public disclosure rules for City-issued municipal securities; Resolution No. 2016-18, which establishes procedures for the surplus and sale of City real property; Resolution No. 2016-19, updating the consolidated Financial Policies; and Resolution No. 2018-07, updating the consolidated Financial Policies; and

WHEREAS, the City Administration (“Administration”) requested, as part of the 2021-2022 biennial budget process, that the Council update the financial and budgetary policies that were adopted by the City prior to 2020; and

WHEREAS, the Council last updated the financial and budgetary policies as Resolution No. 2018-07; and

WHEREAS, the Council and Administration wish to establish an ongoing consolidated set of financial and budget Policies to be administered by the Administration and to guide Council action on an ongoing basis.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DO RESOLVE AS FOLLOWS:

Section 1. The updated financial and budget Policies as shown in **Exhibit A**, which is attached hereto and incorporated herein by this reference, are hereby adopted.

PASSED by the City Council this ___ day of _____2020.

APPROVED by the Mayor this __ day of _____2020.

By: _____
Leslie Schneider, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, City Clerk

FILED WITH THE CITY CLERK: June 26, 2020
PASSED BY THE CITY COUNCIL: _____, 2020
RESOLUTION NO.: 2020-08

Attachment: Exhibit A, Financial and Budget Policies

Exhibit A

FINANCIAL AND BUDGET POLICIES

Section 1. PURPOSE

The primary purpose of financial and budget policies is to provide guidelines for the City Council and staff to use in making financial decisions that ensure core services are maintained and the Council's vision for the community is achieved.

The financial and budget policies guide the City to be able to withstand local and regional economic variations, to adjust to changes in service requirements, and to respond to other changes as they affect the community.

It is the policy of the City to maintain an excellent credit rating and assure taxpayers that the City of Bainbridge Island is maintained in sound financial condition.

SECTION 2. OPERATING BUDGET POLICIES

The biennial budget is the City's comprehensive two-year financial plan, which supports the City's approved programs and services.

~~City programs and services support achievement of the following results, as identified and approved by the City Council:~~

- ~~• Green, Well-Planned Community~~
- ~~• Healthy and Attractive Community~~
- ~~• Reliable Infrastructure and Connected Mobility~~
- ~~• Safe City~~
- ~~• Vibrant Economy~~
- Good Governance

Biennial budgets should provide for design, construction, maintenance and replacement of the City's capital assets and equipment consistent with the Capital Facilities Plan including the related cost for operating new assets.

The City will maintain all its assets such that it protects the City's capital investment, preserves public safety, and minimizes future maintenance and replacement costs.

All general government current operating expenditures will be paid from current revenues and cash carried over from prior years.

The City shall adopt a balanced budget. The City defines a balanced budget as one in which current biennium budgeted revenues in addition to fund balances are equal to or greater than current biennium budgeted expenditures. In addition, the City's budget shall maintain recurring expenditures for each fund at a level less than recurring revenues for that fund.

Reports on revenues and expenditures shall be prepared monthly and provided to the Council. Mid-year and annual reports will also be prepared and provided. These reports will also be posted to the City's website or reporting portal.

The City shall consider its financial capacity when making budget decisions. Staff shall deliver to Council a ten-year financial capacity analysis as part of the biennial budget process. For each financial capacity analysis, the financial assumptions shall be reasonable and shall take into account an appropriately chosen set of inflation factors and an appropriate set of economic projections. The Administration's chosen assumptions for revenues, expenditure inflation factors and economic measures shall be disclosed to the Council.

SECTION 3. REVENUES

The City will strive to maintain a diverse and stable revenue stream to protect against short-run volatility of any single revenue source.

Because revenues, especially those of the General Fund and other tax-supported funds, are sensitive to economic changes, the City will use a conservative approach to revenue forecasting.

Departmental revenues of the tax-supported funds shall be considered unrestricted revenue of the City – subject to any applicable legal restriction, and subject to any applicable provision of the financial Policies, that may apply to a particular revenue source.

Revenues from the Commercial Parking Tax shall be treated as revenues of the Street Fund.

Real Estate Excise Tax revenue shall be first applied to current capital debt service and then, to the extent available, to other eligible expenses.

The City shall maintain a structure for all fees and charges where the beneficiary of the service pays the cost of that service except to the extent that the Council has determined that provision of the specific service in question provides a general public benefit.

On a periodic basis, Building and Development Services (B&DS) rates shall be reviewed, with a goal of full cost recovery for the B&DS Fund.

The City will maintain water, sewer and storm water utility rates adequate to ensure that each of these three utility funds is fully self-supporting. Additionally, for analysis and rate modeling purposes, the proposed rates shall take into account debt service coverage commitments, if applicable. The capacity to support identified utility reserves will also be taken into account.

SECTION 4. EXPENDITURES

The City budget will provide for a sustainable level of service to meet the City's identified results.

The City will maintain expenditure categories according to state statute and administrative regulation. Capital expenditures shall meet the requirements of generally accepted accounting principles (GAAP).

The City shall use major one-time revenue to fund capital improvements, debt reductions, or reserves. The use of one-time revenues to fund operating expenditures is strongly discouraged.

The Council shall review the Administration's recommended plan for the allocation of City costs to various funds as part of the biennial budget process.

As a general rule, when an expenditure is incurred for which both restricted and unrestricted fund balance is available, the City will consider the more restricted amounts to have been spent first.

On a periodic basis, the Administration shall compare the cash compensation and the value of benefits for City employee positions to the compensation and benefit levels to a set of comparable employers, to provide data for potential compensation and benefit policies which may be adopted by the Council.

SECTION 5. CAPITAL

The Capital Facilities Goals and Policies that are stated in the City's Comprehensive Plan, as amended from time to time, are hereby included in full in the Financial Policies.

The Capital Improvement Plan and the City operating budget will be reviewed at the same time to ensure that capital and operating needs are balanced with each other and support overall City goals.

The City shall develop a six-year plan for capital improvements and update it at least biennially.

The City will identify the estimated costs and proposed funding sources for each capital project proposal before it is submitted to Council for approval. The City will use intergovernmental

assistance and outside resources whenever possible. In the event that a grant, or other type of intergovernmental assistance, is identified as a funding source for a project and the outside funding is not secured, the City will reconsider the financial viability of that project at that time.

Each individual project included in the capital improvement plan (CIP) shall have a budget with identified contributions by fund. Each fund amount shall be distinct and cannot be transferred without amending the CIP. Reporting will be presented at the project and fund level.

When a capital project is complete and has been capitalized in accordance with Generally Accepted Accounting Principles, any remaining project budget appropriation authority shall lapse, and all remaining funds shall return to their original source.

SECTION 6. RESERVES

Reserve funds enable the City to deal with unforeseen emergencies and changes in economic conditions.

General Fund Reserves

Emergency Reserve: The City shall maintain an Emergency Reserve with a budgetary target amount of \$1.0 million. These funds shall be used only to pay for emergencies that cannot reasonably be accommodated by current budget appropriations. These funds may be appropriated only by a vote of not less than five (5) members of the City Council or the unanimous vote of a legal quorum. It is the Council's policy that if funds are spent from the Emergency Reserve, it should be replenished as resources become available.

General Fund Minimum Fund Balance. The City shall **strive to** maintain a minimum fund balance of 25% of ongoing revenues in the General Fund. The General Fund minimum fund balance shall mean the dollar amount of unencumbered fund balance, excluding any amounts held in reserves or otherwise committed funds. This fund balance is intended to provide stability in the event of unexpected changes to revenues or expenses. **In the event the City's General Fund balance falls below the minimum fund balance due to unforeseen changes to revenues or expenses, a plan to restore the minimum fund balance shall be included and highlighted in the City's next Adopted Biennial Budget.**

Utility Fund Reserves

Capital Contingency Reserve. Each utility fund shall maintain a separate capital contingency reserve. Each reserve shall have a targeted level of at least one percent (1%) of the utility system's capital assets at net book value. The primary purpose of the reserve is to provide a

ready source of cash in case of an emergency, should a major piece of equipment or a portion of the utility's infrastructure fail unexpectedly.

Operating Reserve – Water and Sewer Funds. These reserves shall have a targeted level as of each year-end of at least sixty (60) days' operating expenses. The primary purpose of the reserve is to provide cash for operations in case of seasonal variations in revenue or expenses, or to support operations in a year in which revenues are abnormally low.

Operating Reserve – Storm and Surface Water Management Fund. This reserve shall have a targeted level as of June 30 and December 31 of at least 90 days' operating expenses. The primary purpose of the year-end reserve is to provide cash for operations during the period between the payment of the fees, which occurs in two large payments in April and October.

Restricted Debt Reserve. To the extent that the City issues a form of debt (e.g. Revenue Bonds) that requires the City to maintain a restricted cash reserve during the term of the debt repayment period, the utility shall maintain a restricted reserve for such purpose. This reserve is to safeguard the purchasers of the utility's debt and may be used to fund the final installment or last year's debt service.

SECTION 7. ACCOUNTING, AUDITING AND FINANCIAL REPORTING

The City will establish and maintain a high standard of internal controls and accounting practices. The City accounts and budgets for revenue and expenditures on a modified accrual basis for general government and enterprise activities. Year-end financial statements for enterprise activities shall use full accrual accounting.

The accounting system will maintain records on a basis consistent with accepted national standards for local government accounting and the Washington State Auditor's Budgeting, Accounting and Reporting System.

The annual financial statements shall conform to Generally Accepted Accounting Principles (GAAP) and be in the form of a Comprehensive Annual Financial Report as recommended by the Government Finance Officers Association.

A capital asset system will be maintained to identify all City assets and their location.

The City will ensure that City records are audited annually, resulting in a financial opinion. The results of the audit will be available to the public through the City's website.

SECTION 8. DEBT

The City's Debt Policy, as it may be amended from time to time, is hereby included in the Financial and Budget Policies.

SECTION 9. INVESTMENT

The City's Investment Policy, as it may be amended from time to time, is hereby included in the Financial and Budget Policies.

SECTION 10. BANKING AND MONEY MANAGEMENT

Safety

The City shall engage in relationships, and conduct its business, with one or more banks, repositories of public pooled funds, and financial institutions in a manner that avoids concentrating City balances in a way that may expose the City to material losses in the event of an adverse development affecting any bank or financial institution in which City assets are held.

Money Management

The City Administration shall seek to form relationships with banking and financial institutions that offer the City efficient and effective tools and technologies to manage and track transactions and balances.

SECTION 11. MUNICIPAL SECURITIES DISCLOSURE

The City's Municipal Securities Disclosure Policy, as it may be amended from time to time, is hereby included in the Financial **and Budget** Policies.

SECTION 12. SURPLUS REAL PROPERTY

The City's Surplus Real Property Policy, as it may be amended from time to time, is hereby included in the Financial **and Budget** Policies.

SECTION 13. PROCUREMENT POLICY

The City's Procurement Policy, as it may be amended from time to time, is hereby included in the Financial **and Budget** Policies.

SECTION 14. EQUIPMENT RENTAL AND REVOLVING FUND

The Equipment Rental and Revolving (ER&R) Fund, as it may be amended from time to time, is hereby included in the Financial and Budget Policies.

SECTION 15. GRANTS

City Council approval is required to submit an application for grants over \$50,000, unless pre-authorized for acceptance by the City Council through ordinance or resolution. The \$50,000 threshold must include as part of the estimate any City “in-kind” labor used as matching funds, and City staff will describe to the Council the amount this is provided through the grant and the amount that is provided through in-kind matching funds.

For grants that are over \$50,000 or otherwise require Council approval but for which there is an application deadline that does not allow City staff to obtain prior Council approval to apply for the grant, the Department Director shall obtain the approval of the City Manager or their designee prior to submitting the application and subsequently bring the grant to the Council for approval and ratification. Applications for grants in the amount of \$50,000 or less can be submitted without City Council approval, unless required by the granting agency.

RESOLUTION NO. 2019-24

A RESOLUTION of the City Council of Bainbridge Island, Washington, updating the City's Procurement Policy.

WHEREAS, on June 14, 2016, the City Council approved Resolution No. 2016-14, adopting the City's Procurement Policy for the City; and

WHEREAS, on May 22, 2018, the City Council approved Resolution No. 2018-16, updating the City's Procurement Policy; and

WHEREAS, on February 12, 2019, the City Council approved Resolution No. 2019-04, updating the City's Procurement Policy; and

WHEREAS, the City's Procurement Policy serves as a guide for the community and the City's staff and officers; and

WHEREAS, the City Council now desires to update the City's Procurement Policy to reflect recent changes in state law (i.e., Chapter 434, Laws of 2019), clarify certain sections, and adjust certain cost thresholds.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. The procurement policy adopted by Resolution No. 2019-04 is hereby repealed in its entirety and replaced as shown on **Exhibit A**, which is attached hereto and incorporated herein by this reference as if set forth in full.

PASSED by the City Council this 8th day of October, 2019.

APPROVED by the Mayor this this 8th day of October, 2019.

By: 
Kol Medina, Mayor

ATTEST/AUTHENTICATE:

By: 
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK:	September 20, 2019
PASSED BY THE CITY COUNCIL:	October 8, 2019
RESOLUTION NO.	2019-24

Exhibit A



CITY OF
BAINBRIDGE ISLAND

PROCUREMENT POLICY

Effective Date: October 8, 2019

Resolution No. 2019-24

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I. GENERAL

1.1 PURPOSE

This document is intended to direct the procurement of goods and services at a reasonable cost. An open, fair, documented, and competitive process is to be used whenever reasonable and possible. The integrity, efficiency, and effectiveness of the City's procurement processes are critical elements of sound government.

1.2 OBJECTIVES

The objectives of the City's Procurement Policy are as follows:

- To provide a uniform system to obtain supplies, materials, equipment, and services in an efficient and timely manner;
- To facilitate responsibility and accountability with the use of City resources;
- To ensure equal opportunity and competition among vendors and contractors;
- To promote effective relationships and clear communication between the City and its vendors and contractors;
- To comply with State procurement statutes governing expenditures of public funds;
- To promote use of recycled materials and products and dispose of surplus and scrap materials with regards to cost savings and the environment.

1.3 SCOPE

These guidelines apply to purchases of:

- Supplies, materials, and equipment
- Professional services (including architectural and engineering services)
- Non-professional services (purchased services)
- Public works projects

The guidelines do not apply to the acquisition, sale, or lease of real property, except as described in Section 15.3.

If grant or debt funding is involved in the proposed purchase, applicable requirements should be obtained from the funding agency. Such requirements may be more restrictive than the City's policy.

1.4 CONTROLLING LAWS

All procurements shall comply with appropriate and relevant Federal, State, and City laws and policies. If the appropriate and relevant Federal or State laws, regulations, grants, debt, or requirements are more restrictive than this Procurement Policy, such laws, regulations, grants, debt, or requirements must be followed.

The City Attorney shall be consulted when questions regarding potential conflicts arise. Applicable laws and regulations will be cited throughout this document.

2.0 DETERMINING TOTAL PURCHASE COST

2.1 USE ANTICIPATED COST

The anticipated need for a good or service (when it can reasonably be projected) shall be used to determine the cost of that good or service, and thus which contract approval level, cost threshold, or other related purchasing requirements apply.

2.2 NO "BID SPLITTING"

Procurements of goods or services shall not be divided to come up with a lower total cost to avoid contract approval levels or competition requirements contained in this Procurement Policy or in state or federal law. For example, if one item being purchased requires another item to "make a whole," the total accumulated costs of the two items (when they can reasonably be projected) should be considered together to determine which approval level and cost threshold apply, unless the two items are not available from a single vendor.

2.3 COSTS TO INCLUDE

Include costs such as taxes, freight, and installation charges when determining which cost threshold applies. Do not include the value of a trade-in. Trade-in value should be considered, however, to determine the lowest bid when competitive bidding is used.

2.4 INCLUDE TOTAL QUANTITY NEEDED

Requirements for the total quantity of an item (when they can be reasonably projected) should be considered when determining which cost threshold and related purchasing requirements apply.

2.5 MULTIPHASE PROJECTS

If a project is to be completed in phases, the total accumulated cost for all phases should be considered when determining which cost threshold applies.

3.0 CONTRACT APPROVAL LEVELS

These approval levels are designed for contracts whose costs are covered by budget appropriations previously approved by the City Council. Contracts requiring additional appropriations must be approved by the Council.

3.1 EQUIPMENT, SUPPLIES, & MATERIALS (UNRELATED TO A PUBLIC WORKS PROJECT)

3.1.1 \$15,000 or Less

Purchases in this price range are to be approved by the Department Director.

3.1.2 \$15,001 to \$50,000

Purchases in this price range are to be approved by the City Manager.

3.1.3 \$50,001 or More

Purchases in this price range are to be approved by the City Council.

3.2 PROFESSIONAL SERVICES

3.2.1 \$50,000 or Less

Contracts in this price range are to be approved by the City Manager.

3.2.2 \$50,001 or More

Contracts in this price range are to be approved by the City Council.

3.3 NON-PROFESSIONAL SERVICES (PURCHASED SERVICES)

3.3.1 \$15,000 or Less

Contracts in this price range are to be approved by the Director.

3.3.2 \$15,001 to \$50,000

Contracts in this price range are to be approved by the City Manager.

3.3.3 \$50,001 or More

Contracts in this price range are to be approved by the City Council.

3.4 PUBLIC WORKS PROJECTS (INCLUDING RELATED MATERIALS, SUPPLIES, AND EQUIPMENT)

3.4.1 \$20,000 or Less

Contracts in this price range are to be approved by the Public Works Director.

3.4.2 \$ 20,001 to \$50,000

Contracts in this price range are to be approved by the City Manager.

3.4.3 \$50,001 or More

Contracts in this price range are to be approved by the City Council.

4.0 EQUIPMENT, SUPPLIES, & MATERIALS (UNRELATED TO A PUBLIC WORKS PROJECT) AND NON-PROFESSIONAL SERVICES (PURCHASED SERVICES)

The following cost thresholds apply for procurements of non-professional services and purchases of supplies, materials, and equipment unrelated to a public works project. .

Refer to Section 10.0 in situations involving *competitive bidding exemptions* or *emergency purchases* of equipment, supplies, & materials.

Non-professional services, referred to as "purchased services" by the Municipal Research and Services Center (MRSC), are for routine and continuing functions, mostly related to physical activities that:

- Follow established or standardized procedures
- Contribute to the day-to-day business operations
- Completion of assigned and specific tasks
- Require only routine decisions
- May require payment of prevailing wages

Examples include delivery services, landscaping and janitorial services, vehicle inspection and repair services, HVAC system maintenance, and office furnishings installation and repair service. Consult with the City Attorney prior to contracting for these services for advice on bidding and prevailing wage requirements.

4.1 \$15,000 OR LESS – DIRECT NEGOTIATION

Procurements or purchases in this price range may be entered through direct negotiation. Competition is not required, though departments should still make every effort to receive the best price possible. Award of a contract will be based on qualifications and price. Documentation (e.g., date, time, vendor contract name, phone #, email of applicant) on all quotes must be retained to the extent required under state law.

4.2 \$15,001 TO \$50,000 – 3 MINIMUM QUOTES

For procurements or purchases in this price range, it is recommended that at least three quotes be obtained when possible. Quotes may be obtained by telephone or in writing (electronic submittals are ok). Documentation (e.g., date, time, vendor contract name, phone #, email of applicant) on all quotes must be retained to the extent required under state law.

4.3 \$50,001 OR MORE- COMPETITIVE QUOTES

For purchases in this price range, competitive quotes should be solicited from at least 3 vendors. Quotes submitted by each vendor do not need to be sealed but shall be in writing only (electronic submittals are ok). A bid security may be required in an amount and type approved by the Public Works Director. Award of a contract will be based on qualifications and price. Documentation (e.g., date, time, vendor contract name, phone #, email of applicant) on all quotes must be retained to the extent required under state law.

4.4 ALTERNATIVE METHODS OF PROCUREMENT AND PURCHASING

If applicable, the City may utilize any one of the following methods as an alternative to the requirements of sections 4.1, 4.2, and 4.3 above.

4.4.1 Auctions

RCW 39.30.045 allows for the purchase of any supplies or equipment at auctions rather than through competitive bidding, if the items can be obtained at a competitive price. This authority allows the City to make a purchase on an internet-based auction service, such as eBay, as well as through in-person auctions. The City may also use federal, state, or local governmental auctions.

4.4.2 Purchasing Surplus Property from Other Governmental Agencies

RCW 39.33.010 allows for the purchase of surplus property from other governmental agencies without regard to bid laws.

4.4.3 Contracting for Services with Other Governmental Agencies

RCW 39.04.080 authorizes one public agency to contract with another public agency to perform any function which each agency is authorized by law to perform itself.

4.5 ENVIRONMENTALLY-FRIENDLY PURCHASING

4.5.1 Where appropriate environmentally-friendly products are available and reasonably priced compared to competing products, such environmentally-friendly products are to be purchased by the City. Environmentally-friendly products may include, but are not limited to, products that are: less toxic or hazardous, energy and water efficient, recyclable or made from recycled content or renewable resources, bio-based, sustainably certified, or shipped or made with reduced packaging.

4.5.2 Pursuant to Resolution No. 2016-111, the City will not purchase landscaping materials, including plants and seeds, that have been treated with neonicotinoids, except for use in: (a) a well-defined research study; or (b) when the life or health of a valuable or significant tree is threatened and neonicotinoid application is the least environmentally impactful option.

4.5.3 Pursuant to Chapter 16.30 BIMC, the City will not purchase any pesticide, except for those included on the Least Toxic Products List established by Resolution 2003-23 or subsequent resolutions of the City Council.

5.0 PUBLIC WORKS PROJECTS

As defined in RCW 39.04.010, *public works* include all work, construction, alteration, repair, or improvement (other than *ordinary maintenance* and professional services associated with the public works project) executed at the City's cost, or which is by law a lien or charge on any property therein.

5.1 DEFINING PROJECT COST

The cost of a public works project includes the costs of materials, supplies, equipment, and labor on the construction of that project. Section 2.0 of this manual provides additional guidance on determining project cost.

5.2 BID REQUIREMENTS

Pursuant to RCW 35A.40.210, procedures for any public work undertaken by the City is governed by RCW 35.23.352, which requires the City to call for bids whenever the cost of a public work will exceed \$116,155, if more than one craft or trade is involved. If only a single craft or trade is involved, or if the project is for street signalization or street lighting, bids must be called for if the cost is greater than \$75,500. RCW 35.23.352 also authorizes the City to utilize, at the City's discretion, the small works roster process outlined in RCW 39.04.155, described in more detail in Section 5.6 below.

In accordance with these provisions of state law, the following cost thresholds and bidding procedures apply when the City is soliciting bids for a public works project:

5.3 \$0 TO \$50,000 – LIMITED PUBLIC WORKS PROCESS

If the estimated cost of the public works project is \$0 to \$50,000 and the City determines that the work should be performed by contract, the City shall utilize the limited public works process outlined in RCW 39.04.155(3) and described in Section 5.7.

5.4 \$50,001 TO \$350,000 – FIVE BIDS FROM THE SMALL WORKS ROSTER

If the estimated cost of the public works project is \$50,001 to \$350,000, then the City shall solicit five written bids from the small works roster in accordance with the procedure set forth in RCW 39.04.155(2), which procedure is described in more detail in Section 5.6.

If the estimated cost of the public works project is \$250,000 to \$350,000, then, in accordance with RCW 39.04.155(2)(c), the City must provide notice to the remaining contractors on the small works roster that bids are being sought. The notice can be made by:

- Publishing notice in a legal newspaper in general circulation in the area where the work is to be done; or
- Mailing a notice to these contractors; or
- Sending a notice to these contractors by electronic means such as email or fax.

If the estimated cost of the public works project is \$250,000 or greater and funded in whole or in part by Federal funds, then the formal competitive bidding process outlined in Section 6.0 is required. This threshold is set by the federal government at 2 CFR § 200.88 and 48 CFR § 2.101 ("Simplified acquisition threshold") and is subject to periodic adjustment for inflation pursuant to 41 U.S.C. § 1908.

5.5 \$350,001 OR GREATER – FORMAL COMPETITIVE BIDS REQUIRED

If the estimated cost of the public works project is \$350,001 or greater, then the formal competitive bidding process outlined in Section 6.0 is required.

5.6 SMALL WORKS ROSTER PROCESS

Under RCW 35.23.352 and RCW 39.04.155, the City is authorized to use the small works roster process to award public works contracts estimated to cost less than \$350,000. As described in Section 5.4 above, the City will use the small works roster process outlined in RCW 39.04.155(2) to award contracts for public works projects estimated to cost between \$50,001 and \$350,000, except as otherwise stated in Section 5.4.

Under RCW 39.04.155, a small works roster consists of all responsible contractors who have requested to be listed and are properly licensed or registered to perform such work in the State of Washington. As an alternative to creating and maintaining the City's own small works roster for construction of public works projects, the City Manager is authorized to enter into agreements with the Municipal Research and Services Center (MRSC) or any other agency for use of their small works roster, as long as such small works rosters are in compliance with the latest State of Washington rules, regulations, requirements, and laws regarding the establishment, maintenance, and use of small works rosters for public works projects.

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

The Public Works Director shall post a list of the contracts awarded using the small works roster at least once a year. The list shall contain the names of the contractors awarded the contracts, the amount of the contracts, a brief description of the type of work performed under the contracts,

and the date the contracts were awarded. The list shall also state the location where the bid proposals for the contracts are available for public inspection.

5.7 LIMITED PUBLIC WORKS PROCESS

As stated in Section 5.3, the City shall use the limited public works process to award contracts for public works projects with an estimated cost of \$0 to \$50,000.

The limited public works process is a type of small works roster process that applies only to public works projects estimated to cost less than \$50,000. To use this process, the City must solicit electronic or written quotations from a minimum of three contractors from the appropriate small works roster. The City may waive the payment and performance bond requirements of Chapter 39.08 RCW and the retainage requirements of Chapter 60.28 RCW. Staff shall consult the City Attorney's Office prior to waiving either of these requirements. The City must also comply with all requirements specified under RCW 39.04.155(3) regarding the limited public works process.

5.8 UNIT PRICE CONTRACTS

Under RCW 35.23.352(13), the City is authorized to procure public works with a unit priced contract, also known as an "On-Call" public works contract. Unit priced contracts allow the City to contract for anticipated types of public works projects on a recurring basis, where the contractor agrees to supply an indefinite quantity of work at a defined unit price over a fixed period of time.

Unit price contracts are executed for an initial contract term not to exceed three years. However, there is an option of extending the contract for one additional year.

Unit priced contracts must be awarded to the lowest responsible bidder, and unit price contractors must pay prevailing wages in accordance with RCW 35.23.352(13)(e). The City shall comply with all of the requirements of RCW 35.23.352(13) when soliciting bids for and awarding unit price contracts.

5.9 PUBLIC WORKS PERFORMED BY CITY EMPLOYEES

RCW 35.23.352(1) allows City employees to perform public works projects as long as the project's estimated cost is lower than the bidding limits (\$75,500 single craft/trade or \$116,155 multiple craft/trade).

Work performed within the City by other public employees under an interlocal agreement shall also be included in these limits.

The City is required to provide a report to the state auditor of the costs of all public works in excess of \$5,000 that are not let by contract (RCW 35A.40.200 and 35.23.352(4)). For any project using City employees in excess of \$25,000, the City must publish a description of the project and its estimated cost in the official newspaper at least fifteen days before beginning the work (RCW 39.04.020), except that in circumstances where an emergency is declared, publication of the description and estimate may be made within seven days after the commencement of the work.

5.10 PREVAILING WAGES

The City is required by RCW 39.12.040 to require contractors to pay prevailing wages on all public works contracts.

A "Statement of Intent to Pay Prevailing Wages" must be received from a contractor before any payment is made, and an "Affidavit of Wages Paid" must be received following final acceptance of the work. As for RCW 60.28.011, all projects funded with Federal transportation funds (whole or in part), must have an "Affidavit of Wages Paid" submitted to the City prior to final acceptance of the project.

5.11 PERFORMANCE AND PAYMENT BONDS

Under RCW 39.08.010, payment and performance bonds are required for every public works contract, except as described below. This ensures that the job will be completed and that all workers, vendors, and subcontractors will be paid.

The bonds shall be executed by a surety company authorized to do business in Washington State, in an amount equal to 100% of the price specified in the contract. The bonds shall be issued on a form approved by the City Attorney's Office.

Payment and Performance bonds are required on small works roster projects. However, for small works roster projects estimated to cost \$150,000 or less, the City is allowed, at the option of the contractor, to forego requiring payment and performance bonds and instead retain 10% of the contract for 30 days after final acceptance, or until receipt of all necessary releases from the Department of Revenue, Department of Labor & Industries, and Employment Security Department, and settlement of any liens filed under Chapter 60.28 RCW, whichever is later (RCW

39.08.010(3). The intent of this exception is to assist small contractors who may have difficulty securing bonds.

The City may waive the payment and performance bond requirements of Chapter 39.08 RCW and the retainage requirements of RCW 60.28.011(1)(a) for contracts awarded through the limited public works process, described in Section 5.7. The City may waive the retainage requirements of RCW 60.28.011(1)(a) for contracts awarded through the small works roster process, described in Section 5.6.

RCW 39.08.015 subjects the City to claims of laborers, materialmen, subcontractors, and mechanics if the required payment and performance bonds are not obtained.

Under RCW 60.28.011(1)(b), the City is prohibited from withholding retainage on public works projects funded in whole or in part by federal transportation funds. Instead, agencies must rely on the contractor's payment and performance bonds.

5.12 PUBLIC WORKS OVER \$1 MILLION

Under RCW 39.30.060, for all public works projects expected to cost one million dollars or more, the City must require each prime contract bidder to submit as part of the bid, or within one hour after the published bid submittal time, the names of the subcontractors with whom the bidder, if awarded the contract, will subcontract for performance of the work of: HVAC (heating, ventilation, and air conditioning); plumbing as described in chapter 18.106 RCW; and electrical as described in chapter 19.28 RCW, or to name itself for the work. Failure of the prime contract bidder to submit as part of the bid the names of such subcontractors or to name itself to perform such work or the naming of two or more subcontractors to perform the same work shall render the primare contract bidder's bid nonresponsive and, therefore, void.

5.13 CONSTRUCTION CHANGE ORDERS

Change orders are to be approved in accordance with the cost thresholds outlined in this section, provided that the changes do not increase the project's cost in excess of previously approved budget appropriations.

The City Council must approve any change order that increases a project's cost beyond previously approved budget appropriations.

5.13.1: Public Work Contract total remains below \$350,000 – Change orders are to be approved by the City Manager.

5.13.2: Public Work Contract total moves to \$350,000 or more, but the total cumulative amount of change orders is 10% or less – Change orders are to be approved by the City Manager.

5.13.3: Public Work Contract total moves to \$350,000 or more and the total cumulative amount of change orders is more than 10% – Council must authorize the City Manager to approve the revised contract.

In the event unforeseen conditions necessitate an immediate change to avoid a contractor's claim against the City for delays, the City Manager may authorize and direct work irrespective of the limits above, provided any work change directive issued in excess of the City Manager's authority shall be incorporated into a change order and presented to the City Council as soon as practicable.

5.14 PROJECT ACCEPTANCE

At the completion of a public works project, as confirmed by the Director of Public Works or designee, the City Manager is authorized to accept the work.

The Director of Public Works, Director of Planning and Community Development, and the Director of Finance, or their designees, are further authorized to sign exoneration and release forms for bonds and other security devices submitted with respect to project completion.

6.0 FORMAL COMPETITIVE BIDDING PROCEDURES

6.1 PUBLIC NOTICE

Whenever the cost of the public work or improvement, including materials, supplies, and equipment, will exceed the amounts outlined in RCW 35.23.352(1), the same shall be done by contract. All such contracts shall be let at public bidding. For contracts that require a formal competitive bidding process, a notice shall be published in the official newspaper at least 13 days prior to the due date for bids. For all Federal Aid projects as per the LAG Manual Chapter 46.24, an advertisement must run for a three-week period prior to opening of the bids. They must run at least twice, 20 calendar days prior to the last date upon which the bids will be received.

Advertisements for bids should include the following items:

- Title of the project
- Nature and scope of the work
- Materials and equipment to be furnished
- Where contract documents (plans, *specifications*) may be obtained
- Cost to obtain a set of contract documents
- Place, date, and time that bids are due
- Statement that a *bid bond* must accompany the bid
- Statements that the City retains the right to reject any or all bids, and to waive minor irregularities in the bidding process
- Title VI requirements and reference

6.2 BID SPECIFICATIONS

Bid specifications should incorporate a clear and accurate description of the technical requirements for the material, product, or service to be provided. Such descriptions should not contain features that unduly restrict competition.

When it is impractical or uneconomical to make clear and accurate description requirements, a "brand name or equal" description may be used. The responsibility of demonstrating to the City's satisfaction that a product is "equal" to that specified shall be on the vendor proposing the substitution.

Requests for approval of substitutions must be made with sufficient time to allow the City to adequately review the proposal, including time for vendors to respond to questions and requests for additional information or clarification. The City has no obligation to accept proposed substitutions.

Acceptance of a substitute product proposed as an “equal” to that specified will be made in writing. If this acceptance occurs prior to the bid, other bidders will be notified to the extent practical.

6.3 AWARD

The contract will be awarded to the lowest responsive and responsible bidder whose bid meets the requirements and criteria included in the invitation for bids, or all bids will be rejected. However, in accordance with RCW 35.23.352(2), if the City issues a written finding that the lowest responsive and responsible bidder has delivered a project to the City within the last three years which was late, over budget, or did not meet specifications, and the City does not find in writing that such bidder has shown how they would improve performance to be likely to meet project specifications, then the City may award the contract to the second lowest responsive and responsible bidder whose bid is within five percent of the lowest bid. If in any year a contract is awarded to the second lowest responsive and responsible bidder in this manner, the City will prepare an annual report as required under RCW 35.23.352(14).

RCW 39.04.350 establishes bidder responsibility criteria. Before the City may accept a Contractor's bid, the contractor must:

- Be a registered contractor at the time of bid submittal (RCW 18.27.020)
- Have a current Unified Business Identifier (UBI) number
- Have industrial insurance coverage
- Have an employment security department number
- Have a state excise tax registration number
- Have never been disqualified from bidding under RCW 39.06.010 or 39.12.065(3)

The City also requires that the contractor must:

- Have or agree to obtain a current City business license
- Be current with all applicable licenses, taxes, and fees owed to the City of Bainbridge Island

In addition, the City adopts the following supplemental criteria which may be used in connection with specified projects:

- The ability, capacity, and skill of the bidder to perform the contract or provide the service required

- The character, integrity, reputation, judgment, experience, and efficiency of the bidder
- Whether the bidder can perform the contract within the time specified
- The quality of performance of previous contracts or services
- The previous and existing compliance by the bidder with laws relating to the contract or services
- Such other information as may be secured having a bearing on the decision to award the contract

When using the supplemental criteria described above, the City will include the supplemental criteria in the bidding documents, together with a basis for evaluation, deadline for bidder to submit responsibility documentation, and deadline for bidder to appeal a "not responsible" determination.

When a trade-in option exists and is in the City's best interest, the price offered on the trade will be considered when determining the lowest responsive and responsible bid.

RCW 39.30.040 allows any local sales tax revenue generated by the purchase to be considered in determining the lowest responsive and responsible bid. Other preferences favoring local businesses are not permitted.

6.4 CANCELLATION

An invitation for bids may be cancelled. Additionally, the City (at its sole discretion) may choose to reject any or all bids, in whole or in part, except as otherwise provided under state or federal law or as conditions of receiving state or federal funding.

6.5 SUBMITTAL OF BIDS

Bids will be submitted as specified in the invitation for bid by the appointed date and time listed in the invitation. Each bid will be dated, and time stamped as it is received. Late bids will not be accepted. If the bid is a sealed bid, all qualified bids will be opened and read aloud publicly at the appointed time.

No City representative shall inform a contractor of the terms or amount of any other contractor's bid for the same project prior to the bid opening date and time. Once bids have been submitted (and opened, if the bids are sealed), the City may not negotiate with bidders. The contract must be awarded to the lowest responsive and responsible bidder, or else all bids must be rejected.

A written record shall be made of each contractor's bid on a project and of any conditions imposed on the bid. Immediately after an award is made, the bid quotations shall be recorded, open to public inspection, and available by electronic request.

Original specifications and the original bid responses will be retained for review and audit as required.

6.6 BID SECURITY

In accordance with RCW 35.23.352(1), each bid submitted through a formal competitive bidding process shall be accompanied by a bid security for a sum of not less than five percent of the amount of the bid. The bid security may be in the form of a cashier's check, postal money order, or surety bond provided by a surety company that is authorized to do business in Washington State in a form approved by the City Attorney's Office. No bid solicited through a formal competitive bidding process shall be considered unless accompanied by such a bid security.

A bid security is only required for bids solicited through a formal competitive bidding process. A bid security is not required for bids solicited through the small works roster process, limited public works process, or through the procedures described in Sections 5.3, 5.4, and 5.5.

However, if a public works project is estimated to be \$250,000 or greater and will be funded in whole or in part with federal funds, a formal competitive bidding process, that which requires a bid security, is required.

If a bidder is permitted to withdraw a bid before award, its bid security shall be returned.

6.7 NON-COLLUSION AFFIDAVIT

Each bidder shall be required to warrant that their bid is genuine, and that they have not entered into collusion with other bidders, by submitting with their bid an executed and notarized affidavit on a form approved by the City Attorney.

7.0 PROFESSIONAL SERVICES

Professional services are services which provide professional or technical expertise to accomplish a specific study, project, task, or other work statement.

Professional services include, but are not limited to:

- Architectural, engineering, or surveying services
- Accounting and auditing
- Bond or insurance brokerage
- Consulting services
- Legal services
- Real estate appraisal or title abstracts
- Relocation assistance
- Design
- Soils analysis or core testing

7.1 COMPETITIVE PROCESS

Under Chapter 39.80 RCW, a competitive process is required for all architectural, engineering, or surveying services. This competitive process is further outlined in Section 8.0. It is recommended, but not required, to follow the same process for all other professional services.

7.2 CONSULTANT SOLICITATION

Except as required under Chapter 39.80 RCW, the City may use, as the first step in the evaluation and hiring of a consultant to provide professional services, the Municipal Research and Services Center's (MRSC) annual roster or advertise a Request for Qualifications (RFQ). By first reviewing qualifications of consultants on MRSC's consultant roster, or reviewing qualifications from solicited consultants via an advertised RFQ, to the City can narrow down and choose a consultant that is best qualified to do provide the needed professional services. After firms are narrowed down, a Request for Proposal (RFP) is then requested. Each proposal should outline the firms scope of services that includes information on their recommended schedule and deliverables, .

An RFP should include:

- a detailed scope of work describing the project tasks
- an estimated budget
- an estimated schedule
- evaluation criteria
- instructions regarding the submittal information (page limitations, number of copies, etc.)
- proposal deadline
- copy of agreement for professional services

A department director may evaluate proposals for smaller projects, but a review panel of at least three employees is recommended for more complex projects. City staff should review all submittals received prior to the deadline to ensure they comply with the requirements of the RFP. The director or review panel should then use evaluation criteria to score each firm's proposal.

Agency guidelines for RFPs and RFQs are as follows:

Estimated Cost for Services: \$0 to \$25,000

Process: Minimal Solicitation

Major Activities:

- RFQ: Select 1-3 qualified firms based on established criteria from MRSC roster or from the consultants who responded to a RFQ, if advertised.
RFP: Ask for proposals from the selected firm(s).
- Select most qualified firm.
- Negotiate a contract with the firm deemed the most highly qualified.
- Document the process.

Estimated Cost for Services: \$25,001 to \$100,000

Process: Informal Solicitation

Major Activities:

- RFQ: Select 3-5 qualified firms based on established criteria from MRSC roster or from consultants who responded to an RFQ, if advertised.
- RFP: Prepare an RFP, including, at a minimum: description of services required, project schedule, estimated budget, instructions on submittal information, and due date for the responses. Send RFP to the 3-5 qualified firms previously identified.
- Evaluate responses and select most qualified firm
- Negotiate a contract with most qualified firm
- Document the process for file, including selection criteria, names of firms considered, all responses to RFP, basis for award decision, and copy of contract

Estimated Cost for Services: Over \$100,001

Process: Formal Solicitation

Major Activities:

- RFQ: Prepare a formal RFQ, and advertise the RFQ by, at a minimum, publishing legal notice in the City's newspaper of record and by posting the RFQ on the City's website.
- RFQ: Develop score sheets for use by evaluators and evaluate responses to RFQ.
- RFP: Issue RFP to a minimum of six firms.
- Conduct pre-proposal conference, if required in RFP.
- Provide answers to consultant questions via addenda and post on website.
- Date and time stamp proposals received by the due date.
- Evaluate proposals strictly against criteria set forth in the RFP and score. Use 3 evaluators for scoring and score proposals using score sheets. Tabulate scores and determine ranking of consultants.
- Schedule and conduct oral interviews of top finalists, if desired.
- Determine final scoring and select most qualified firm.
- Notify successful and unsuccessful firms.
- Negotiate a contract with most qualified firm.
- Conduct debriefing conferences with unsuccessful proposers, if requested.

8.0 ARCHITECTURAL, ENGINEERING, AND SURVEYING SERVICES

Services for professional architectural (including landscape architectural), engineering, or surveying services are procured using the qualifications-based selection requirements in Chapter 39.80 RCW. Examples include architectural blueprints, road design, and sewer and water system design. The requirements outlined in that chapter, as stated in these guidelines, or as may be amended by the State Legislature, must be carefully followed.

8.1 ANNUAL ROSTER

As an alternative to creating and maintaining the City's own annual roster for the procurement of architectural, surveying, and engineering services, the City Manager is authorized to enter into agreements with the Municipal Research and Services Center (MRSC) and/or any other agencies for use of their annual rosters as long as such rosters are in compliance with the latest state of Washington rules, regulations, requirements, and laws regarding the procurement of architectural, surveying, and engineering services.

The City encourages architectural, engineering, and surveying firms to submit to MRSC a statement of qualifications and performance data annually. When services are needed, the City will evaluate current statements of qualifications and performance data on file. The City continues to have the option to formally advertise for consultant qualifications aside from using the MRSC roster.

8.2 CONTRACT NEGOTIATIONS

Discussions will be conducted with one or more firms regarding anticipated concepts and the relative utility of alternative methods of approach for furnishing the required services. Using criteria established by the City for the project, category, or type of services needed, a professional services contractor will be selected that is deemed to be the most highly qualified to provide the services required for the proposed project. See Section 7.2 for the RFQ and RFP process. RFPs for architectural, engineering, and surveying services may not request a price. The City must select the most qualified firm and then negotiate a price for the project.

The City will negotiate a contract with the most qualified firm at a price that the City determines is fair and reasonable. In making its determination, the City will consider the estimated value of the services to be rendered as well as the scope, complexity, and professional nature of the service to be provided. If the City is unable to negotiate a satisfactory contract with the firm selected at a price that is determined fair and reasonable, negotiations with that firm will be formally terminated. Another firm will then be selected, and the process continued until an agreement is reached or the process terminated.

9.0 CONTRACT AMENDMENTS

The City Manager may execute an amendment to a contract without City Council approval, provided that the amendment:

- Simply extends the time of completion for a project;
- Provides for a cost increase that does not exceed 10% of the original contract cost (or \$50,000, whichever is greater), and is within the approved budget; or
- Is solely for "On-Call" services to ensure compliance with City Codes and regulations by development applications and studies associated with development applications, when the cost of the work performed is recovered from applicant reimbursements or application fees. Examples include agreements for geotechnical studies and traffic impact analysis.

All changes to the scope of work must be done by contract amendment. Substantial changes to the scope of work must be submitted to the City Attorney for a determination as to whether the work should be a new contract.

This section does not apply to contracts for public works projects. Amendments to contracts for public works projects shall be in the form of a change order approved in accordance with Section 5.13.

10.0 COMPETITIVE BIDDING EXEMPTIONS AND EMERGENCIES

Under RCW 39.04.280, competitive bidding requirements may be waived for:

- a. Purchases that are clearly and legitimately limited to a single source of supply;
- b. Purchases involving special facilities or market conditions;
- c. Purchases in the event of an emergency;
- d. Purchases of insurance or bonds; and
- e. Public works in the event of an emergency.

Purchases may be made from a *sole source* vendor without soliciting other quotes or bids. In non-emergency situations, written documentation demonstrating the appropriateness of a sole source purchase shall be submitted to the Finance Department in advance of the purchase. Finance (and the City Attorney, when needed) will evaluate whether a vendor can legitimately be defined as a sole source.

Purchases involving special facilities or market conditions may be made without soliciting quotes or bids. In non-emergency situations, written documentation demonstrating the appropriateness of a purchase involving special facilities or market conditions shall be submitted to the Finance Department in advance of the purchase. Finance (and the City Attorney, when needed) will evaluate whether special facilities or market conditions legitimately exist.

In accordance with RCW 39.04.280 and Chapter 2.44 BIMC, if an *emergency* exists, the City Council, the City Manager, the Finance Director, or the person(s) designated by the City Manager to act in the event of an emergency may:

- Declare that an emergency situation exists.
- Waive competitive requirements.
- Award, on behalf of the City, contracts necessary to address the emergency (including, but not limited to, contracts for architectural and engineering services).

Chapter 2.44 BIMC contains additional provisions relating to emergency management. RCW 39.04.280 requires that a written finding of the existence of an emergency be made and entered into the public record no later than two weeks following the award of the contract. In accordance with BIMC 2.44.110, such written findings authorizing the emergency procurement shall be presented to the City Council for ratification and confirmation, modification or rejection. However, all emergency procurements under this section shall be considered to be in full force and effect until the City Council acts otherwise.

See the Emergency Operations Center (**EOC**) Manual for additional information on the resource request process used in the EOC during emergencies

11.0 INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENTS

RCW 39.34.030 allows the City to join with other governmental agencies for the purchase of supplies, equipment, or services. This is done by entering into a written Intergovernmental Cooperative Purchasing Agreement (also known as an "Interlocal Agreement").

Prior to making a purchase under such an agreement, the City must ensure that the procedure used by the agency that originally awarded the bid, proposal, or contract is allowable with the City's purchasing policy. The originating agency must also have fulfilled one of two additional public notice requirements:

- Posted the bid or solicitation notice on a web site established and maintained by a public agency, purchasing cooperative, or similar service provider, for purposes of posting public notice of bid or proposal solicitations.
- Provided an access link on the state's web portal to the notice.

The City may also make a bid call with another government entity as a joint purchase that complies with the procurement requirements of both jurisdictions.

When practical, the City should include language in its solicitations that allows other public agencies to purchase from City of Bainbridge Island's contracts or purchase orders, provided that other agencies provide similar rights and reciprocal privileges to the City of Bainbridge Island.

Pursuant to RCW 39.34.030, the City may make purchases through state contracts. The City has signed a Master Contracts Usage Agreement with the Department of Enterprise Services ("DES"). The DES' webpage provides information and instructions for making purchases with the state contract.

The City Council shall approve all Intergovernmental Cooperative Purchasing Agreements.

12.0 VENDOR RELATIONS

12.1 CODE OF ETHICS

Employees will follow applicable personnel policies in this subject area.

12.2 QUOTE OR BID REVISIONS

If a vendor is permitted to submit a revised quote or bid, other competitors will be given the same opportunity. Bidders are expected to offer their best bid first and offering an opportunity to re-quote should be done only when necessary.

12.3 SAMPLES

When vendors offer samples for evaluation, they will be accepted only under the following conditions:

- The sample is accepted as property of the City.
- The product is of a type presently in use by the City or is of potential use. Samples of goods not likely to be purchased are not to be accepted.
- The quantity or size of the sample is relatively small and of minimal value.
- Any chemicals offered as vendor samples shall not be accepted unless accompanied by an OSHA product safety data sheet or material safety data sheet (MSDS).
- If vendor samples are accepted, they must be sent to the appropriate location or department for testing.
- Samples that are requested for evaluation must be purchased.

12.4 LOCAL BUSINESS PARTICIPATION

The City will take affirmative steps not only to encourage local businesses to apply to participate in the procurement process, but to the extent legally possible, the City will consider the use of those local businesses.

13. BID PROTESTS

A bidder wishing to protest the City's award of a contract for a public works project that was the subject of competitive bidding must strictly follow the procedures described below. To the extent that these procedures are not followed, the City will not review a bid protest submitted by a bidder.

13.1 REQUESTS FOR COPIES OF BIDS RECEIVED BY CITY

In accordance with RCW 39.04.105, within two business days of the bid opening on a public works project that is the subject of competitive bids, the City will provide, if requested by a bidder, copies of the bids the City received for the public works project. The City will not execute a contract for the public works project for two full business days from the date that copies of the received bids were provided. Intermediate Saturdays, Sundays, and legal holidays are not counted as "business days."

13.2 PROCEDURE FOR SUBMISSION OF A BID PROTEST

All bid protests must be filed in writing with the City Clerk and must be submitted no later than: two full business days following bid opening, if no bidder requested copies of the bids received for the project; or two full business days following the date on which the City provided copies of the bids to requesting bidders. Intermediate Saturdays, Sundays, and legal holidays are not counted as "business days."

All bid protests must:

- Be submitted in writing;
- Explicitly identify itself as a bid protest;
- Explicitly identify the bid/project/request for which the protest is made;
- Explicitly state all reasons and bases in law and fact supporting the protest; and
- Include any and all supporting documents.

13.3 CONSIDERATION OF A BID PROTEST

Submitted bid protests complying with the requirements outlined above will be reviewed by the City Manager, the City Attorney, and the Public Works Director, or their designees.

The bid protest will be decided based upon the written materials, supporting documents, and other information submitted with the bid protest as well as other records or information known to the City relating to the public works project in question. In the event that a meeting or conference with the protesting bidder would materially assist the City in making its decision, a meeting may be scheduled at the discretion of the City Manager or their designee.

Only those issues identified by the bidder in the written protest filed with the City Clerk will be considered. The City Attorney or their designee will issue a written decision no later than 10 business days after the filing of the bid protest with the City Clerk, which shall be the final decision of the City on the bid protest.

14.0 SALE OR DISPOSAL OF CITY PERSONAL PROPERTY

14.1 AUTHORIZATION

The City Manager may authorize the sale or disposal of personal property owned by the City, provided that the property is no longer needed and that notice of intention to sell is given as provided in this section. The personal property will be deemed as surplus or scrap.

Permission must be obtained from the grantor before selling or disposing of any personal property which was purchased with grant funding. Failure to obtain permission could obligate the City to repay grant funding used to purchase the personal property.

Section 14 does not address the sale or disposal of real property owned by the City.

14.2 SALE VERSUS DISPOSAL

Sales of surplus items to other governmental agencies may occur via private sale. Other sales of surplus items shall be sold via public auction. It is the City's policy to utilize third-party auction services rather than conduct the auction itself.

Scrap may be sold via public auction, via private sale at prices established by current market conditions or may be disposed of if there is not a viable market. The City Manager may donate items with a nominal value to a charitable organization which is tax exempt pursuant to Internal Revenue Code Section 501(c)(3).

14.3 TRADE-INS

Trade-in of old equipment to upgrade similar or reasonably related equipment is permitted when it is in the best interest of the City. The requesting Department Director shall be responsible for the sale, trade, or other disposition of surplus property and scrap belonging to the City of Bainbridge Island when used for a trade-in.

14.4 PUBLIC NOTICE OF SALE

If the City opts not to use a third-party auction service and instead chooses to conduct an auction itself, the notice of intent to sell surplus or scrap at a public sale shall be published once a week for two consecutive weeks in the City's official newspaper immediately prior to the sale. The notice shall state the time and place at which the property will be sold. Any other reasonable means to attract potential buyers to the sale may be used in conjunction with the notice posted in the official newspaper.

14.5 CONFLICT OF INTEREST

Because City employees have more information than the general public about City property to be auctioned and an appearance of fairness is necessary to maintain the public trust, employees, their spouses, and their agents are not permitted to bid on or buy personal property auctioned or sold directly by the City.

14.6 INVENTORIED ITEMS

Surplus, scrap, or trade-in of any inventoried item will be confirmed by the employee responsible and approved by the Department Director. A Property Disposition form will be completed and submitted to the Finance Department.

Each Department will be responsible for storing and retaining an inventory of such property until issued disposition instructions.

15.0 ADDITIONAL SIGNING AUTHORITY

15.1 GRANTS

If a grant would require the City to contribute more than \$50,000 in material matching dollars, then the City Manager will seek City Council approval prior to applying. The City Manager will bring grant opportunities the City Manager becomes aware of to the full City Council. The City Council may also initiate the process of pursuing a grant. If other entities, such as non-profit organizations or community interest groups, wish to apply for a grant on behalf of the City, the group must first obtain the approval of City Council.

The City Manager, or designee, is authorized to execute all required agreements and documents with a grant-issuing agency to effectuate any grant approved or accepted by the City Council.

Amendments to grants that simply extend the term of the grant may be approved by the City Manager.

15.2 INTERLOCAL AGREEMENTS

All interlocal and interagency agreements must be approved by City Council. Amendments to interlocal agreements that simply extend the term of the agreement may be approved by the City Manager.

15.3 REAL PROPERTY

Contracts and agreements that relate to real property (other than as described below) must be approved by the City Council.

The City Manager is authorized to enter into leases of real property where the rent does not exceed \$50,000 total over the term of the lease; Provided, that the City Council's approval is required for all leases of real property that are for a term of more than five (5) years.

The City Manager is authorized to enter into licenses, permits, or other agreements in order to manage the use of the City's right-of-way. Any such license, permit, or other agreement shall contain the provisions set forth in Resolution No. 2013-09.

The City Manager, Director of Public Works and Director of Planning and Community Development are authorized to accept dedications, easements, rights-of-way, fee estates, or other interests in real property for use by or on behalf of the city. Pursuant to this authority, the City Manager, the Director of Public Works, or the Director of Planning and Community Development are each authorized to sign and accept delivery of real property acquisition documents on behalf of the City.

The Director of Planning and Community Development is further authorized to sign and accept documents relating to any notice to title recorded with Kitsap County in connection with the Critical Areas ordinance.

15.4 SETTLEMENT AUTHORITY

The City Manager is authorized to sign settlement agreements requiring the City to pay less than \$50,000 to resolve and settle any damage claims or suits against the City and to execute all necessary documents pursuant to the resolution of such claims. The City Manager shall have the further authority to approve the issuance of checks pursuant to the resolution of such claims. Claims settled by the City Manager under this authority will be reported to the City Council at the next City Council meeting following the settlement.

16.0 COMPLIANCE WITH POLICY

A violation of any of the provisions of this policy may result in discipline to the individual involved where, in the opinion of the City Manager (in the case of employees) or the City Council (in the case of the City Manager), such discipline is in the interest of the public and good government.

Officers and employees should be aware of possible personal penalties, termination, and financial liability for intentional or willful violation of competitive bidding laws. RCW 39.30.020 states (emphasis added):

In addition to any other remedies or penalties contained in any law, municipal charter, ordinance, resolution, or other enactment, any municipal officer by or through whom or under whose supervision, in whole or in part, any contract is made in willful and intentional violation of any law, municipal charter, ordinance, resolution, or other enactment requiring competitive bidding upon such contract shall be held liable to civil penalty of not less than three hundred dollars and may be liable, jointly and severally, with any other such municipal officer for all consequential damages to the municipal corporation. If, as a result of a criminal action, the violation is found to have been intentional, the municipal officer shall immediately forfeit their office. For purposes of this section "municipal officer" shall mean an "officer" or "municipal officer" as those terms are defined in RCW 42.23.020(2).

17.0 SUMMARY OF PROCUREMENT GUIDELINES

PUBLIC WORKS PROJECTS

Estimated Cost	Signing Authority	Purchase/Bidding Process	Contract Mechanism	
\$0 - \$20,000	Public Works Director	Limited Public Works Process	Limited Public Works Contract – 20k	Unit Price Contract (Follow the same threshold amounts and signing authority requirements)
\$20,001 - \$50,000	City Manager	Limited Public Works Process	Limited Public Works Contract – 50k	
\$50,001 - \$350,000		Solicit 5 bids from small works roster. Must provide notice to other appropriate contractors on the roster for projects estimated to cost \$250,000 - \$350,000.	Small Works Contract	
\$250,000 or greater (funded by whole or in part by Federal Funds)		Formal competitive bidding process with advertisement	Formal Bid Contract	
\$350,001- Greater				

- All equipment, supplies, and materials purchased separately but as part of the Public Work project, will be part of the aggregate cost of all phases of the project when determining the applicable bid process to be used. Municipalities may not break public works projects into separate phases or parts to avoid compliance with bidding statutes (RCW35.23.352(1))

Exception: If the public works project is \$250,000 or greater and is funded in whole or in part with federal funds, a formal bid process is required. This threshold is set by the federal government at 2 CFR § 200.88 and 48 CFR § 2.101 ("Simplified acquisition threshold") and is subject to periodic adjustment for inflation pursuant to 41 U.S.C. § 1908.

PURCHASING

This matrix is to be used for purchasing charges that includes, goods, equipment, materials, and supplies that are **not** part of a public works project (telecommunications is not included and is governed by RCW 39.04.270). For items that are defined as a purchased service, please see "Non-professional Services" matrix. For purchases relative to a public works project, please see "Public Works Projects."

Purchasing Procedure	Signing Authority	Purchase \$15,000 Or Less	Purchase \$15,001 - \$50,000	Purchases \$50,001 and over
Direct Negotiations	Directors	X		
Quotes (recommend obtaining 3 quotes when possible.) Telephone, fax, or email	City Manager		X	
Quotes (3 vendors should be solicited) Must be in writing	City Council			X

NON-PROFESSIONAL SERVICES

(PURCHASED SERVICES)

Non-Professional Services shall be described as services provided by a vendor for routine, necessary and continuing functions of a local agency, relative to a physical activity. Examples include courier, janitorial, disposal, vehicle inspection repair or up-fitting, office furnishing install.

Non-Professional Services is not public works, therefore can be let by using a solicitation, evaluation, and award process based on qualifications and price.

Note that prevailing wages may need to be paid in connection with the contract. To verify if Labor and Industries will require prevailed wages for the service being provided, please contact L & I directly for assistance.

Purchased Service Procedure	Signing Authority	Services \$15,000 or Less	Services \$15,001 - \$50,000	Services \$50,001-greater
Qualifications/ Price Direct Negotiations	Directors	X		
Qualification /Price (recommend obtaining 3 quotes when possible) Telephone, fax or email	City Manager		X	
Qualification /Price (3 vendors should be solicited) must be in writing.	City Council			X

PROFESSIONAL SERVICES

**(ARCHITECTURE, ENGINEERING AND SURVEYING SERVICES AND
OTHER SERVICES THAT ARE PERFORMED)**

Chapter 39.80 RCW must be followed for architectural, engineering, and surveying services (see Section 8.0) and price may not be considered in the initial selection process.

Estimated Agreement Amount	Signing Authority	Recommended Solicitation Process
\$25,000 or Less	City Manager	Minimal competition. Contact 1-3 qualified firms.
\$25,001 to \$50,000		Informal competition. Prepare RFQ/RFP and contact 3-5 qualified firms.
\$50,001 to \$100,000	City Council	Formal competition. Prepare RFP/RFQ and advertise.
Over \$100,000		

RESOLUTION NO. 2016-20

A RESOLUTION of the City Council of Bainbridge Island, Washington, adopting a municipal securities disclosure policy.

WHEREAS, since 1994, the City has been required pursuant to United States Securities and Exchange Commission ("SEC") regulations to provide certain financial and related disclosures to the securities market as it relates to the City's outstanding bonded indebtedness; and

WHEREAS, in accordance with SEC regulations all of the City's currently outstanding bonds, and any future bonds, require these disclosures; and

WHEREAS, at the June 7, 2016 City Council meeting, Council approved a settlement offer from the SEC including the requirement that the City adopt a disclosure policy; and

WHEREAS, a disclosure policy is a recommended best practice by the Governmental Finance Officers Association; and

WHEREAS, the disclosure policy will serve as a guide for City personnel and the community; now, therefore

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

The Municipal Securities Disclosure Policy attached as Exhibit A to this resolution is hereby adopted in its entirety.

PASSED by the City Council this 23rd day of August, 2016.

APPROVED by the Mayor this 23rd day of August, 2016.

By: _____


Val Collefson, Mayor

ATTEST/AUTHENTICATE:

By: 
Rosalind D. Lassoff, City Clerk

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO. :

August 3, 2016
August 23, 2016
2016-20

Exhibit A: Disclosure Policy

EXHIBIT A



MUNICIPAL SECURITIES DISCLOSURE POLICY

As an issuer of municipal securities, the City of Bainbridge Island (City) is subject to the antifraud provisions of the Securities Act of 1933, as amended, and the Securities and Exchange Act of 1934, as amended, and the Securities Act of Washington (chapter 21.70 RCW). These acts impose various obligations on the City, including requiring disclosure of material information regarding its publicly-offered bonds to allow investors to make informed decisions. All documents and statements prepared or made in connection with the purchase or sale of the City's securities cannot contain any untrue statement of a material fact or omit a material fact necessary in order to make the statements not misleading.

This policy is designed to assist the City in its compliance with securities laws and to promote best practices regarding disclosure.

The City has three major disclosure obligations: (1) to prepare an official statement for all public offerings of its securities that is delivered to the underwriter(s) for distribution to potential and actual purchasers and that sets forth the terms of the securities and information regarding the City, (2) to provide ongoing disclosure in compliance with paragraph (b)(5) of the Securities and Exchange Commission Rule 15c2-12 ("Rule 15c2-12"), and (3) if and when the City provides information that can reasonably be expected to be relied on by the market, to ensure that the information is not inaccurate or misleading.

1. Official Statements and Other Disclosure Documents

The City prepares an official statement for each publicly offered security offering. The Finance Director and the City's bond counsel, disclosure counsel and financial advisor are responsible for preparing the official statement. If the City requests a rating, a rating presentation is prepared.

A. Procedure and Timeline for Preparing Official Statements

In advance of each financing, the Finance Director determines the financing team, including financial advisor, bond counsel and underwriters (for negotiated offerings only). Currently, the City's bond counsel compiles official statements. The Finance Director and the Accounting Manager are responsible for providing drafts of the official statement or sections of the official statement, as appropriate, drafts of the rating presentation and investor presentation, if applicable, to the financing team and other City officials in a timely manner to provide adequate time for such individuals to perform a thorough review. The financial advisor or underwriter prepares a schedule for each financing, including dates for distributing drafts of the official statement and financing team calls and meetings to discuss the official statement.

The Finance Director shall provide certain sections of the disclosure documents to individuals with subject matter knowledge of that section for their review and comments. The City Manager shall review the disclosure documents to provide a broader perspective. The City Council shall be informed of the availability of the official statement in advance of its publication and be given the opportunity to comment and ask questions.

B. Training

The Finance Director shall arrange periodic training opportunities to finance staff who participate in the City's debt offerings regarding disclosure obligations and best practices. Training sessions shall include education on the City's disclosure obligations under applicable securities laws and responsibilities and potential liabilities regarding such obligations. The Finance Director shall be responsible for maintaining a record (including attendance) of such training.

C. Document Retention

The Finance Director shall cause to be retained, for a period of at least five years, printed or electronic copies of each preliminary and final official statement and any written certifications or opinions relating to disclosure matters. Drafts of official statements and other disclosure materials are not required to be retained.

D. Certifications and Opinions

In connection with the closing of bonds, the transcript will include a disclosure counsel opinion, if applicable, City attorney's certificate or opinion regarding litigation, and a certificate of the City regarding the official statement.

2. Ongoing Disclosure

Each time the City issues publicly-offered securities it enters into a written undertaking to provide continuing disclosure for the benefit of the holders and beneficial owners of the securities as required by Rule 15c2-12. The undertakings require the City, not later than nine months after the end of each fiscal year, to provide to the Municipal Securities Rulemaking Board the City's annual financial statements, which need not be audited, and certain specified historical financial and operating data. Audited annual financial statements will be provided when available. In each undertaking, the City also agrees to provide or cause to be provided, in not more than 10 business days after the occurrence of the event, notice of the occurrence of certain "Listed Events," as defined in the undertaking.

The City is responsible for complying with each undertaking, including the filing of annual financial reports within the specified time and the providing of timely notice of any Listed Event(s). In addition, City Finance Department employees are registered with EMMA and familiar with the filing requirements and procedures. The duty to comply with the undertaking is included in the Finance Director's job description. The City shall keep a record of each undertaking and a copy of each filing pursuant to the undertakings. Any failure to comply with an undertaking shall be disclosed in future City official statements for five years.

3. Speaking to the Market

The SEC has stated that when a municipal issuer of outstanding securities provides “information to the public that is reasonably expected to reach investors and the trading market, those disclosures are subject to the antifraud provisions”; the information cannot be misleading or contain incorrect information. In order to violate the antifraud rules, the misrepresentation must be made publicly, must be material, must involve a security traded on an efficient market and must be such as would induce a reasonable, relying investor to misjudge the value of the security. Examples of information that could be relied on by investors in the City’s outstanding securities include ongoing disclosure filings, audited financial statements, investor presentations, and financial information posted on the City’s website.

4. Compliance with MCDC Order

On June 10, 2016, the City entered into an Offer of Settlement with the U.S. Securities and Exchange Commission in connection with the Municipalities Continuing Disclosure Cooperation Initiative. As part of that Order, the City agreed to: (1) adopt written policies and procedures, (2) periodic training regarding continuing disclosure obligations, (3) within 180 days, comply with existing continuing disclosure undertakings, including updating any past delinquent filings, (4) disclose the terms of the Order in any of the City’s official statements for 5 years after the institution of the proceedings, and (5) certify in writing compliance with these requirements no later than one year after the institution of the proceedings. This policy is designed to comply with (1) above. The Finance Director has confirmed that the City is in compliance with its ongoing disclosure undertakings during the past five years. The Finance Director is directed to provide the certification required in (5) within one year.

RESOLUTION NO. 2016-18

A RESOLUTION amending Resolution No. 2009-02 establishing procedures for the surplus and sale process for real property owned by the City of Bainbridge Island.

WHEREAS, on March 11, 2009, the City Council passed Resolution No. 2009-02 establishing procedures for the surplus and sale process for real property owned by the City; and

WHEREAS, on August 11, 2015, the City Council passed Resolution No. 2015-15 amending Resolution No. 2009-02; and

WHEREAS, the City of Bainbridge Island desires to further revise these procedures;

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES RESOLVE AS FOLLOWS:

1. Amendment

Resolution No. 2009-02 is revised to read as follows:

A. City Real Property Inventory. ~~The Director of Public Works~~ City manager or designee shall establish and maintain an inventory and map of City-owned property. References in this Resolution to “City-owned property” are meant to include any real property owned by the City or any of its utilities or other special-purpose funds. The inventory will include the following information:

1. Property name;
2. Street address (if available);
3. Kitsap Assessor’s Office Property Tax Parcel Number;
4. Use of property;

5. Listing of restrictions, covenants or other limiting attributes;
6. Status of property (active or inactive);
7. Any planned future use;
8. City fund that currently owns the property;
9. Estimated land and improvement value; and
10. Restrictions on property use or sale (if applicable).

~~B. — Establishment of Real Property Review Committee. A real property review committee (the “Committee”) is hereby established which shall advise the City Council with respect to the disposal of real property owned by the City. The Committee shall be composed of the City Manager, the Finance Director, the Public Works Director and the City Attorney.~~

B.C. Annual Review of City Real Property Holdings. ~~The Committee~~ City manager or designee shall annually review all of the City’s current real property holdings with regard to the following:

1. If the current use is appropriate and necessary;
2. If the property could be used for another City purpose consistent with its original purchasing fund responsibility restrictions, if any;
3. If the property could be used for another City purpose outside of the responsibility of original purchasing fund restrictions, if any;
4. If the property appears to be surplus to the City’s needs;
5. Whether there is evidence of potential interest by anyone in purchasing the property; and

6. Whether there is an interest by the Board of the Metropolitan Parks & Recreation District, or by any other Bainbridge Island taxing district, in acquiring ~~having the property transferred to that District.~~

~~C.D. Annual written report. Following its review, not less than once per calendar year the Committee~~ City manager or designee shall prepare an annual written report containing an update on previously surplussed property and recommendations as to whether any additional City real property should be declared surplus by the City Council. The report shall contain the following information with regard to any property ~~that the Committee is recommending to be declared~~ recommended for surplus:

1. Description of the location and size of the property;
2. Description of the circumstances under which the property was obtained;
3. Description of the funds used to acquire the property and any restrictions on the property's use or disposal;
4. ~~Recommendation as to which fund the proceeds from its sale should be credited;~~
- ~~5~~4. Description of what municipal use the property has been put to in the past, if any, and what use, if any, for which it might be held;
- ~~6~~5. ~~The date of any and each prior appraisal of the property, and the value determined by each such appraisal;~~
- ~~7~~5. Estimation of value (pre-appraisal) of the property;
- ~~8~~6. Whether an appraisal is recommended and the type of appraisal;

97. Whether the property is only usable by abutting owners or is of general marketability;
108. Whether special consideration ought to be given to some other public agency that has a use for the property;
119. Whether the property should be sold at auction, by sealed bid, by request for proposal (RFP), or by negotiation;
1210. Recommendation as to whether any special covenants or restrictions; should be imposed in conjunction with sale of the property; and
1311. If owned by a City utility, recommendation as to whether the property should be sold or transferred to the City's General Fund prior to being conveyed or sold to a third party.

The written report shall be submitted to the City Council in connection with the City's Mid-Year Financial Report no later than April 30 of each calendar year.

D.E. Surplus Real Property Declaration. City real property may be declared surplus by the City Council after the following procedures have been completed:

1. The City Council shall hold a public hearing as part of its process to consider whether to declare any real property surplus to the needs of the City. In accordance with RCW Chapter 39.33, notice of said hearing shall be published in the City's official website (or, if legally necessary, in the City's newspaper of record) not less than ten (10) days nor more than twenty-five (25) days prior to the hearing. In

addition, a news release pertaining to the public hearing shall be posted on the city website.

2. Following conclusion of the public hearing, the City Council shall determine whether the property shall be declared surplus. If such determination is made, City Council shall pass a resolution declaring the property surplus and shall also make the following determinations:

- (a) Whether the property should be transferred to another Bainbridge Island taxing district;
- (b) Whether the property should be sold by sealed bid, at auction, by request for proposal (RFP), or through negotiated sale; (including listing with a real estate broker); and
- (c) Whether special covenants or restrictions should be imposed as a condition of the sale.

E.F. Sale Procedures for Surplus Real Property. The following procedures and requirements shall apply to real property sold as surplus by the City:

1. Determination of Market Value. After a property has been declared surplus and prior to its sale or transfer, the city shall order one of the following three types of appraisals based on the ~~Committee's~~ estimate of the property value.

Estimated Property Value	Recommended Report Format	Review Suggested
Up to \$100,000	Limited/Restricted	No
\$100,001 to \$500,000	Limited/Summary	No
\$500,001 to \$3,000,000	Complete/Summary	Yes
\$3,000,001 and above	Complete/Self-Contained	Yes

~~Any~~The appraiser or reviewer hired by the City must be licensed by the State of Washington as a “state certified general appraiser.”

2. SEPA Review. The sale and/or transfer of any surplus real property that is subject to an authorized public use shall be contingent upon completion of a SEPA review process and the expiration of the SEPA appeal period.

3. Processes for sale of real property.

(a) Disposition by Sealed Bid. Where a property is sold by sealed bids, the prevailing bidder must enter into a purchase and sale agreement and make a deposit in the amount agreed by the parties within the time specified by the City. ~~any and all bids submitted must be accompanied by a bid deposit in the form of a cashier check payable to the City of Bainbridge Island in an amount equal to ten percent (10%) of the bid amount.~~ Such deposit accompanying the successful bid shall be deposited into escrow until closing on the purchase of the property, and payment of the remaining amount of the purchase price shall be made within thirty (30) days, unless

otherwise agreed by the parties. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit shall become non-refundable and may be retained by the City as liquidated damages.

(b) Disposition by Auction. Where property is sold at auction, the prevailing bidder must immediately tender a cash deposit or certified check for deposit into escrow as earnest money to the City of Bainbridge Island in an amount agreed by the parties equal to ten percent (10%) of the bid amount.

Payment of the remaining amount of the purchase price shall be made within thirty (30) days, unless otherwise agreed by the parties. In the event the purchaser is unable to pay the remaining amount within the required time, the earnest money deposit shall become non-refundable and may be retained by the City as liquidated damages.

(c) Disposition by Request for Proposal. ~~(including listing with a licensed real estate broker.)~~ Where property is sold through a process that includes a request for proposals (RFP), a specification document (including criteria for evaluation of applicant proposals) shall be made available to any person or entity which the City determines would be a qualified applicant. Acceptance or rejection of responses to a Request for Proposal shall be in the sole discretion of the City

Council. If a responsive proposal is accepted by the Council, the development process will proceed as follows:

(i) ENA Stage. Once the City selects a Developer, it and the Developer will then execute an Exclusive Negotiating Agreement (ENA).

(ii) DDA Stage. Once the ENA has been negotiated and approved by the Council, a Disposition and Development Agreement (DDA) will be negotiated between the parties and presented to the Council for approval. All legal rights and obligations between the selected Developer(s), if any, and the City will come into existence only when a DDA is fully executed by the parties and then approved by the Council. The legal rights and obligations of each party shall be only those rights and obligations which are set forth in the DDA and any other documents specifically referred to in that DDA and executed by the parties.

(iii) Construction Stage. Once all the DDA conditions precedent to property transfer have been met, the City will transfer the site to the Developer, and construction will ~~being~~ begin within a short time thereafter, as mutually agreed upon by the City and the Developer.

(d) Disposition by Negotiated Sale or Sale through a Real Estate Broker. Where property is sold by negotiated sale or through a real estate broker, the purchaser shall deposit earnest money into escrow in an amount agreed by the

~~parties equal to ten percent (10%) of the purchase price~~
within three (3) business days of execution of a purchase and
sale agreement for the purchase of the Subject Property.
Payment of the remaining balance of the purchase price shall
be made within thirty (30) days, unless otherwise specified
in the purchase and sale agreement. In the event the
purchaser is unable to pay the remaining amount within the
required time, the earnest money deposit shall become non-
refundable and may be retained by the City as liquidated
damages.

4. Notification of Sale of Surplus Real Property. Notice of sale of surplus property shall be given in accordance with RCW 39.33.020.
- ~~5. All requests to purchase City property shall be directed to the Finance Director with a copy to the City Attorney.~~
- ~~5.6.~~ Form of Conveyance. All conveyances shall be made by quit claim deed.
- ~~6.7.~~ Closing Costs. Closing including, but not limited to, title insurance, recordation costs, and escrow fees shall be allocated as agreed by the parties. Each party shall bear its own brokerage costs, if any.

~~F.G.~~ Intergovernmental Transfers. Intergovernmental transfers of real property shall be made in accordance with RCW Chapter 39.33, RCW Section 43.09.210 and/or any other applicable statutes.

PASSED by the City Council this 23rd day of August, 2016.

APPROVED by the Mayor this 23rd day of August, 2016.

By: 
Val Tollefson, Mayor

ATTEST/AUTHENTICATE:

By: 
Rosalind D. Lassoff, CMC
City Clerk

FILED WITH THE CITY CLERK:	July 31, 2016
PASSED BY THE CITY COUNCIL:	August 23, 2016
RESOLUTION NO.	2016-18

RESOLUTION No. 93 - 52

A RESOLUTION OF THE CITY OF BAINBRIDGE ISLAND,
WASHINGTON ADOPTING AN INVESTMENT POLICY.

WHEREAS, the city council has determined that section 3.12 of the Bainbridge Island Municipal Code longer serves the needs of the city; and

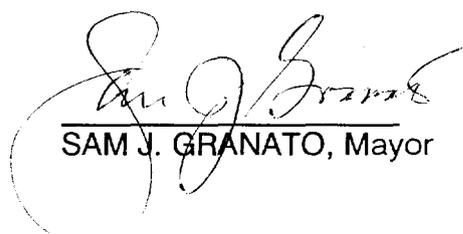
WHEREAS, on December 2, 1993, the city council passed Ordinance 93-16 which calls for the city council to adopt an investment policy by resolution; now; therefore,

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON,
DOES RESOLVE AS FOLLOWS :

The attached document labeled "Investment Policy for the City of Bainbridge Island " is adopted by this resolution as the investment policy of the city.

PASSED by the City Council this 16th day of December, 1993.

APPROVED by the Mayor this 17th day of December, 1993.



SAM J. GRANATO, Mayor

ATTEST/AUTHENTICATE:



SUSAN P. KASPER, City Clerk

FILED WITH THE CITY CLERK :	December 8, 1993
PASSED BY THE CITY COUNCIL :	December 16, 1993
PUBLISHED :	December 22, 1993
POSTED :	December 22, 1993
EFFECTIVE DATE :	
RESOLUTION 93 - 52	

**INVESTMENT POLICY
for the
CITY OF BAINBRIDGE ISLAND**

1. POLICY

It is the policy of the City of Bainbridge Island to invest public funds in a manner which will provide security adequate to ensure the protection of the investment together with the highest return consistent with such security while meeting the daily cash flow needs of the City and conforming to all state and local statutes governing the investment public funds.

2. SCOPE

This investment policy applies to all financial assets of the City of Bainbridge Island. These funds are accounted for in the City's Comprehensive Annual Financial Report and include all the funds of the City.

3. PRUDENCE

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

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

4. OBJECTIVE

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

SAFETY : Safety of the principal is the foremost objective of the investment program. Investments of the City shall be undertaken in a manner that seeks to ensure the preservation of capital in the overall portfolio. To obtain this objective, when investing in securities other than obligations of the United States Treasury or in the Local

**INVESTMENT POLICY
for the
CITY OF BAINBRIDGE ISLAND**

Government Investment Pools of the State of Washington and/or Kitsap County, diversification is required in order that potential losses on individual securities do not exceed the income generated from the remainder of the portfolio.

LIQUIDITY : The City's investment portfolio will remain sufficiently liquid to enable the City to meet all operating requirements which might be reasonably anticipated.

YIELD : The City's investment portfolio shall be designed with the objective of attaining a market rate of return throughout budgetary and economic cycles, taking into account the City's investment risk constraints and the cash flow characteristics of the portfolio.

5. DELEGATION OF AUTHORITY

Authority to manage the City's investment program is derived from : the Bainbridge Island Municipal Code, policies adopted by the Mayor, and this policy as adopted and amended by the City Council. Management responsibility for the investment program is hereby delegated to the Director of Finance and Administrative Services ("the Director"), who shall establish written procedures for the operation of the investment program consistent with this investment policy. Procedures should include reference to: safekeeping, master repurchase agreements, wire transfer agreements, custody agreements and investment related banking services contracts. Such procedures shall include explicit delegation of authority to persons responsible for investment transactions. No person may engage in an investment transaction except as provided under the terms of this policy and the procedures established by the Director. The Director shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials.

6. ETHICS AND CONFLICTS OF INTEREST

Officers and employees involved in the investment process shall refrain from personal business activity that could conflict with the proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall

**INVESTMENT POLICY
for the
CITY OF BAINBRIDGE ISLAND**

disclose to the Mayor any material financial interests in financial institutions that conduct business within this jurisdiction, and they shall further disclose any personal financial/investment positions that could be related to the performance of the City's portfolio. Employees and officers shall subordinate their personal investment transactions to those of the City, particularly with regard to the timing of purchases and sales.

7. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

The Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness. These may include "primary" dealers or regional dealers that qualify under Securities and Exchange Commission Rule 15C3-1 (uniform net capital rule). No public deposits shall be made except in qualified public depositories as provided in Chapter 39.38 RCW.

8. AUTHORIZED AND SUITABLE INVESTMENTS

The City of Bainbridge Island is empowered to invest in all types of securities which are designated by the Treasurer of the State of Washington as "Eligible Investments for Public Funds" in the State of Washington.

9. COLLATERALIZATION

Collateralization is required on all repurchase agreements. In order to anticipate market changes and provide a level of security for all funds, the collateralization level will be 105 % of market value of principal and accrued interest.

10. SAFEKEEPING & CUSTODY

All security transactions, including collateral for repurchase agreements, entered into by the City shall be conducted on a delivery-versus-payment (DVP) basis. Securities purchased by

**INVESTMENT POLICY
for the
CITY OF BAINBRIDGE ISLAND**

the City will be delivered against payment and held in a custodial safekeeping account with the trust department of a bank. The trust department of a bank, a third party custodian, will be designated by the Director and all transactions will be evidenced by safekeeping receipts.

11. DIVERSIFICATION

The City will diversify its direct investments by security type and institution. With the exception of U.S. Treasury securities and authorized pools, no more than ten (10) percent of the City's total investment portfolio (including such exempted securities) will be invested in a single security type or with a single financial institution.

12. MAXIMUM MATURITIES & DURATION

To the extent possible, the City will attempt to match its investments with anticipated cash flow requirements. Unless matched to a specific cash flow, the City will not directly invest Operating Fund balances totaling four months' expenditures in securities maturing more than two (2) years from the date of purchase. Operating Fund balances in excess of four months' expenditures and all other fund balances may be invested in securities with a duration of not more than four (4) years from the date of purchase. However, the City may collateralize repurchase agreements using longer-dated investments not to exceed ten (10) years to maturity.

13. INTERNAL CONTROLS

The Director shall establish an annual process of independent review by an external auditor. This review will provide internal control by assuring compliance with policies and procedures.

14. PERFORMANCE STANDARDS

The investment portfolio will be designed to obtain an average rate of return during budgetary and economic cycles which meets or exceeds the average yield of the Local Government Investment Pool of the State of Washington. This performance standard shall take into account the City's investment risk constraints and cash flow needs. The City's investment

INVESTMENT POLICY
for the
CITY OF BAINBRIDGE ISLAND

strategy is active.

15. REPORTING

The Director is charged with the responsibility for including a market report on the investment activity and returns in the City's Financial Report.

16. INVESTMENT POLICY ADOPTION

The Investment Policy of the City of Bainbridge Island shall be adopted by resolution of the City Council. The policy shall be reviewed on an annual basis by the Finance Committee of the City Council and any recommended modifications shall be forwarded to the City Council for consideration and approval prior to implementation.



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 5 Minutes

AGENDA ITEM: (7:40 PM) Resolution No. 2020-09, Updating the City's Debt Policy - Finance,

SUMMARY: This financial policy item is being presented in conjunction with the Financial Policy discussion Item 6D and the Equipment, rental and revolving fund discussion Item 6F.

AGENDA CATEGORY: Resolution

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION:

I move to forward Resolution No. 2020-09 for approval with the July 14, 2020 Consent Agenda.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: This policy and resolution updates the debt policy last updated in 2008. It removes obsolete references and incorporates recent best practices language and format.

ATTACHMENTS:

[Resolution No. 2020-09 - Updating the City Debt Policy](#)

[RES 2008-14 - Debt Policy.pdf](#)

[Exhibit A to Resolution No. 2020-09 - COBI Debt Policy.docx](#)

FISCAL DETAILS:

Fund Name(s):

Coding:

RESOLUTION NO. 2020-09

A RESOLUTION of the City Council of Bainbridge Island, Washington, updating the City’s Debt Policy.

WHEREAS, the City Council (“Council”) is responsible for setting financial policy for the City of Bainbridge Island (“City”); and

WHEREAS, state law, including Chapter 35A.33 RCW, provides guidance for budgets in Code Cities; and

WHEREAS, in accordance with Chapter 35A.34 RCW and Chapter 2.82 BIMC, the City prepares a biennial budget with a mid-biennial review; and

WHEREAS, the City Administration (“Administration”) requested, as part of the 2021-2022 biennial budget process, that the Council update the financial and budgetary policies that were adopted by the City prior to 2020; and

WHEREAS, the Council last updated the City’s Debt Policy in August 2008 through the passage of Resolution No. 2008-14; and

WHEREAS, the City Council now desires to update the City’s Debt Policy to reflect changes in City Code, clarify certain sections, and incorporate current debt best practices.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. The debt policy adopted by Resolution No. 2008-14 is hereby repealed in its entirety and replaced as shown on **Exhibit A**, which is attached hereto and incorporated herein by this reference as if set forth in full.

PASSED by the City Council this ____ day of _____, 2020.

APPROVED by the Mayor this this ____ day of _____, 2020.

By: _____
Leslie Schneider, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO.

2020-09

RESOLUTION NO. 2008-14

A RESOLUTION of the City of Bainbridge Island, Washington, establishing Debt Management Procedures and Policies.

WHEREAS, the City seeks to develop financial procedures and policies that are fiscally prudent and that incorporate principals of budget sustainability, and

WHEREAS, the City seeks to establish conditions for the use of debt and to create procedures and policies that minimize the City's debt service and issuance costs, retain the highest practical credit rating, and maintain full and complete financial disclosure and reporting; now therefore,

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

PART I -- DEBT ADMINISTRATION AND PROCESS

- 1. Role of Finance Committee.** The Finance and Personnel Committee will provide advice to the Mayor, City Council, and Director of Finance in all matters pertaining to the incurrence of debt. The Finance and Personnel Committee also has oversight of these Debt Policies, and will recommend amendments from time to time to the Mayor and City Council.
- 2. General Rules.** Neither the City, nor any City department, agency, nor unit will incur indebtedness without the approval of the City Council. Any proposal to finance a capital project that involves a pledge or other extension of the City's credit through a sale of bonds or notes, the execution of loans or leases, marketing guarantees, or otherwise involving directly or indirectly the lending or pledging of the City's credit, shall be reviewed through the Budget process. In addition, a review of proposed funding sources (including, by way of example, debt) shall be a regular feature of the City's Capital Facilities Plan process; however, the adoption of a Capital Facilities Plan shall not bar the City from incurring debt at a level that differs from the Plan to the extent that the City Council subsequently approves a debt issuance, in connection with its Budget process (including any Budget amendments that may be adopted from time to time throughout the year), that differs in amount from the CFP of record.
- 3. Requests for Debt Financing.** It is the policy of the City to utilize debt financing only for capital projects (potentially including hard costs and/or soft costs of a Council-approved capital project), but not for operating expenses. Any proposal to finance a capital project with debt issued by the City will be presented to the City Council through the Budget and Capital Facilities Plan process with additional detail described below. The requests for debt financing must specify the purpose of the borrowing, any options for financing the project without borrowing, and specific sources of payment of debt service. It should include, as specified by the Director of Finance, a detailed project budget, specifying sources and uses. The bond or other indebtedness will be considered to have been authorized for purposes of compliance with RCW 35A.33.130 as of the date of the approval by the Council of the applicable budget ordinance for the year in which the bond or other debt is to be issued.
- 4. Preparation for Bond Sale.** After obtaining approval by the City Council through the Budget process, the Director of Finance, the City Attorney and the City's bond counsel will produce appropriate ordinance(s) and resolutions for review and approval by the City Council. At the earliest possible date in any Budget Year a Reimbursement Resolution will be prepared by the Finance

Director for review by the Finance Committee and subsequent presentation to the City Council which will detail all projects to be funded through each respective debt issuance.

5. **Scheduling.** The Director of Finance is responsible for creating a schedule for the issuance of bonds or notes by the City in consultation with the City's financial advisor and bond counsel. For the purpose of minimizing transaction costs and achieving efficiencies, effort will be made to consolidate the issuance of debt into as few transactions per year as is feasible, consistent with the cash flow needs of the City. A preliminary schedule will be provided to the members of the Finance and Personnel Committee as soon as practical after such a schedule is determined by the Director of Finance.
6. **Preparation of Official Statement.** The members of the Finance and Personnel Committee will be provided with copies of the preliminary official statement for review and comment prior to its publication.
7. **Bond Ordinance.** All ordinances authorizing issuance of bonds or notes are to be presented to the City Council for first reading at least two weeks before the scheduled sale date. At first reading, public comment will be afforded, and the City Council will hear a presentation from the Director of Finance, and the City's bond counsel and financial advisor will be available to answer questions. It is understood that at the time of Council's final consideration (i.e., second reading) of the bond ordinance, which shall not be later than the day prior to the sale date of the bonds, an offer to purchase the bonds will be presented to the City contingent on the Council's adoption of the ordinance with no changes, and thus any concerns or amendments to the authorizing ordinance should be raised by the Council at the time of first reading. Not later than the day prior to the sale date, at the second reading, the final ordinance will be presented to the City Council, and a black-lined version will be made available showing the changes.
8. **Closing and Post-Issuance Compliance.** The Director of Finance and the Mayor will participate in the closing of each bond issue. The Director of Finance will take such actions as may be required to monitor the City's ongoing compliance with federal tax and arbitrage regulations, continuing disclosure obligations and covenants contained in the bond documents.

PART II – DEBT MANAGEMENT POLICIES

CREDITWORTHINESS OBJECTIVES

Policy 1. Credit Ratings.

The City of Bainbridge Island seeks to maintain the highest possible credit ratings for all categories of short- and long-term General Obligation debt that can be achieved without compromising delivery of basic City services and achievement of adopted City policy objectives.

The City recognizes that external economic, natural, or other events may from time to time affect the creditworthiness of its debt. Nevertheless, the Mayor and City Council are committed to ensuring that actions within their control are prudent and consistent with the highest standards of public financial management, and supportive of the creditworthiness objectives defined in this policy.

Policy 2. Financial Disclosure.

The City is committed to full and complete financial disclosure, and to cooperating fully with rating agencies, institutional and individual investors, City departments and agencies, other levels of government, and the general public to share clear, comprehensible, and accurate financial information. The City is committed to meeting disclosure requirements on a timely and comprehensive basis. Official statements accompanying debt issues, Comprehensive Annual Financial Reports, and continuing disclosure statements will meet (at a minimum) the standards articulated by the Municipal Standards Rulemaking Board (MSRB), the Government Accounting Standards Board (GASB) (to the extent applicable to Washington code cities), the National Federation of Municipal Analysts (NFMA), the Securities and Exchange Commission (SEC), and Generally Accepted Accounting Principles (GAAP). The Department of Finance shall be responsible for ongoing disclosure to established national information repositories (NRMSIRs) and for maintaining compliance with disclosure standards promulgated by state and national regulatory bodies.

Policy 3. Capital Planning.

To enhance creditworthiness and prudent financial management, the City of Bainbridge Island is committed to systematic capital planning, intergovernmental cooperation and coordination, and long-term financial planning. Evidence of this commitment to systematic capital planning will be demonstrated through adoption and periodic adjustment of a Comprehensive Plan pursuant to the Growth Management Act and the adoption of a Six-Year Capital Facilities Plan. The City is committed to public participation in establishing a Capital Facilities Plan and to identifying sources and uses of funds in each such plan at the project level.

Policy 4. Councilmanic Debt Capacity and Reserve.

The City will keep outstanding debt within the limits prescribed by State statute and at levels consistent with its creditworthiness objectives. The City will reserve \$30 million of limited tax (councilmanic) general obligation debt capacity, or 25% of the total legal limit (which statutory limit is 1.5% of total city-wide assessed value), whichever is larger, for emergencies. For purposes of this policy, an "emergency" means a situation which the City Council has determined to be an emergency for purposes of this policy, such as responses to major natural disasters or other significant threats or disruptions to City infrastructure or to public health or safety.

Policy 5. Net Councilmanic Debt Service.

The City will monitor and limit the net debt service being paid from the Tax Supported Funds. "Net debt service" is defined as the total annual debt service on limited tax general obligation (councilmanic) debt minus any revenues generated by the debt-financed projects to pay this debt service. Except in emergencies (as defined in Policy 4), additional councilmanic debt shall not be issued to the extent it would cause the net debt service that would become payable from the Tax Supported funds to exceed 25% of the total budgeted Tax Supported funds revenues for the current year or a subsequent year.

Policy 6. Annual Debt Report.

The Department of Finance shall prepare an annual report on City debt and present it to the Council at the time the Mayor submits his or her Proposed Budget. This report will describe any bond issues planned for the coming year and will describe bonds issued to date during the current year. The report shall also provide historical and projected information on debt, including debt capacity and debt service analyses. The report will cover all forms of City debt, including utility debt, and debt guarantees.

PURPOSES AND USES OF DEBT

Policy 7. Capital Financing.

The City will normally rely on existing funds, project revenues, and grants from other governments to finance capital projects or major maintenance, equipment acquisition, and small development projects. Debt may be used for capital projects only when (a) a project generates revenues over time that are used to retire the debt, (b) debt is an appropriate means to achieve a fair allocation of costs between current and future beneficiaries, or (c) in emergencies. Debt may not be used for non-capital purposes. Debt may be used not only for hard construction and implementation costs, but also for services to specify the scope, engineering or design, or to manage the implementation, of a capital project planned by the Council, but debt may not be used for analysis of the feasibility of a project.

Policy 8. Asset Life.

The City will consider the use of debt for the acquisition, development, replacement, maintenance, or expansion of an asset only if it has a useful life of at least five years. Debt will not be issued for periods exceeding the useful life or average useful lives of the project or projects to be financed.

Policy 9. Use of Councilmanic (LTGO or Nonvoted) Debt.

Before issuing limited tax general obligation (LTGO) debt, the City will consider all other financing alternatives or funding sources, including non-debt financing.

The City will use limited tax general obligation debt only:

- If the debt service will be payable from a specified revenue source (such as a new non-property tax revenue source, a voter-approved property tax increase, or project revenues) which is expected to be sufficient to pay at least a substantial portion of the debt service (as determined by the Finance Committee); or
- If the project is expected to significantly reduce City operating costs within the first five years; or
- If an equal or greater amount of non-City matching funds will be lost if City LTGO funds are not applied in a timely manner; or
- Under catastrophic or emergency conditions; or
- If the project to be financed either (i) is a project in the City's Capital Facilities Plan for which the Council has designated LTGO debt as a funding source, (ii) provides essential City services, or (iii) would so advance core City policy objectives such that its importance exceeds the value that would be added by seeking voter approval.

Policy 10. Issuance of Voted (UTGO) Debt.

The Department of Finance will identify, in the annual capital facilities plan update, potential candidates for voter-approved financing and will work with the Mayor and City Council to develop an election plan as far in advance of the proposed financing date as practical.

Policy 11. Use of Revenue Debt.

Revenue bonds shall be issued only when projected operating revenues are insufficient to meet the enterprise's financing needs. Each enterprise fund will maintain an adequate rate structure to cover the full cost of its operations including: maintenance, depreciation, capital and debt service. The City will insure that net operating revenues constitute a minimum of 1.25 times the annual debt service requirements. Net revenue is defined as Gross Revenue less Maintenance and Operation Expense where Maintenance and Operating Expenses are defined as all reasonable expenses incurred by the City in causing the Waterworks Utility of the City to be operated and maintained in good repair, working order and condition, including payments made to any other municipal corporation or private entity for water service and for sewage treatment and disposal service or other utility service in the event the City combines such service into the Waterworks Utility and enters into a contract for such service, but not including any depreciation or taxes levied or imposed by the City or payments to the City in lieu of taxes, or capital additions or capital replacements to the Waterworks Utility.

Policy 12. Second Lien Debt

The City will issue second lien debt very rarely, and only if it is financially beneficial to the City and consistent with creditworthiness objectives.

Policy 13. LIDs.

The City may issue notes, interfund certificates, or other financial instruments as necessary to finance Local Improvement Districts (LIDs) or Business Improvement Districts (BIDs) or other special purpose financing as authorized by the City Council.

Policy 14. Capital Leases.

The City may consider entering into long-term capital leases on the same basis as it considers councilmanic debt, and such proposals must be considered through the City's Budget and Capital Facilities Plan processes. Consistent with RCW 35.42.030, capital leases may not exceed 50 years (unless otherwise authorized by state law), may be subject to renewal and may include an option to purchase. For purposes of Policy 4, payments on a capital lease do not count as "debt" unless the City has entered into an arrangement for the issuance of Certificates of Participation or has otherwise securitized its payment obligation on that lease (in which case only those portions of each lease payment allocated as principal will be counted as "debt"). Nonetheless, for purposes of compliance with RCW 35.42.200, if the aggregated portions of lease payments over the term of the lease that are allocable to principal would cause the City to exceed its statutory debt limit for councilmanic debt, the question of whether to execute the lease must be submitted to the voters.

Policy 15. Short-term Borrowing.

Except for LIDs and similar situations, the use of short-term borrowing, such as bond anticipation

notes (BANs) and tax-exempt commercial paper will be undertaken only if the transaction costs plus interest of the debt are less than the cost of an interfund loan, or available cash is insufficient to meet working capital requirements.

Policy 16. Public-Private Partnerships; Debt Guarantees.

The City may consider, on a case-by-case basis, the use of its debt capacity for legally allowable capital projects by public development authorities, non-profit housing agencies and special purpose units of government, so long as total City debt guarantees do not exceed 15% of the City's total legal authority for non-voted general obligation debt and so long as the guarantees do not infringe on the debt capacity reserve established in Policy 4. City participation in such projects will be considered only if consistent with statutory and constitutional authority and only:

- After the prior commitment of the full assets and resources of the project developer (or the project, as appropriate) to debt service coverage;
- If project revenues (or development authority revenues, as appropriate) pledged to debt service, are at least equal to debt service (average coverage of 1.0 during the term of the debt);
- If debt service reserves are provided by the development authority's own resources and are equal to at least six months' debt service;
- If all other viable means of financing have been examined, including, but not limited to, revenue debt, letters and lines of credit, and extension of credit by other governmental agencies; and
- After completion of a fiscal review and approval by the City Council.

DEBT STANDARDS; STRUCTURE; METHOD OF SALE

Policy 17. Length to Maturity.

Debt will be structured for the shortest period consistent with a fair allocation of costs to current and future beneficiaries or users.

Policy 18. Debt Structure.

To the extent possible, the City will design the repayment of its overall debt so as to recapture rapidly its credit capacity for future use. To this end, the City will strive to repay at least 18% of the principal amount of its total general obligation debt within five years and at least 35% within ten years.

Policy 19. Net Cost

Debt will be structured to achieve the lowest possible net cost to the City given market conditions, the urgency of the capital project, net revenues expected from the project (if any), and the nature and type of security provided.

Policy 20. Level Cost

The City will seek to structure debt with level principal and interest costs over the life of the debt. "Back loading" of costs will be considered only when natural disasters or extraordinary or unanticipated external factors make the short-term cost of the debt prohibitive, the benefits derived from the debt issuance can clearly be demonstrated to be greater in the future than in the present, such

structuring is beneficial to the City's overall amortization schedule, or such structuring will allow debt service to more closely match project revenues during the early years of the project's operation.

Policy 21. Method of Sale.

In general, negotiated sales of debt will be used for issuances smaller than \$3 million par value and will be considered in those circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain.

In general, competitive bidding is the preferred method of sale except in those circumstances when the complexity of the issue requires specialized expertise, when the negotiated sale would result in substantial savings in time or money, or when market conditions or City credit are unusually volatile or uncertain. Bids will be awarded on a true interest cost basis (TIC), provided other bidding requirements are satisfied. In the unlikely event that the City receives more than one bid with identical TICs; the tie may be broken by a coin toss. In instances where the City, in a competitive bidding, deems the bids received unsatisfactory, the Director of Finance may enter into negotiation for sale of the securities.

Policy 22. Refundings.

Periodic reviews of all outstanding debt will be undertaken to determine refunding opportunities. Refunding will be considered (within federal tax law constraints) if and when there is a net economic benefit of the refunding or if the refunding is valuable in order to modernize covenants to thereby improve operations and management.

In general, the Director of Finance shall report to the Finance Committee whenever there are opportunities for advance refundings that will provide a net present value savings of at least 5% of the refunded debt (taken as a whole and not on a maturity-by-maturity basis) can be achieved. Current refundings which produce a net present value savings of less than 5% may be considered on a case-by-case basis. Refundings with negative savings will not be considered unless there is a compelling public policy objective.

Policy 23. Credit Enhancements.

Credit enhancement (letters of credit, bond insurance, etc.) may be used, but only when net debt service on the bonds is reduced by more than the costs of the enhancement.

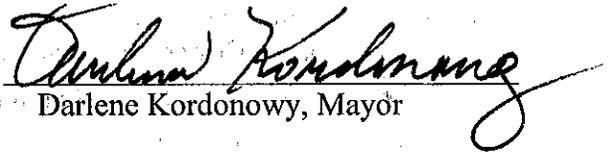
Policy 24. Arbitrage Compliance.

The Director of Finance shall maintain a system of record keeping and reporting to meet the arbitrage rebate compliance requirements of federal tax code.

PASSED by the City Council this 13th day of August, 2008.

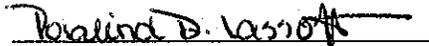
APPROVED by the Mayor this 20th day of August, 2008.

By:


Darlene Kordonowy, Mayor

ATTEST/AUTHENTICATE:

By:


Rosalind D. Lassoff, CMC
City Clerk

FILED WITH THE CITY CLERK:
PASSED BY THE CITY COUNCIL:
RESOLUTION NO.

April 1, 2008
August 13, 2008
2008-14

Bond Basics Glossary

Acceleration – A remedy for default that allows the bondholder or lender to declare the unpaid balance immediately due and payable.

Ad Valorem Tax – Property tax.

Additional Bonds Test – A covenant that an issuer will not issue new additional bonds that will have a claim to revenues already pledged to outstanding bonds, unless certain financial or other requirements are met.

Advance Refunding – Issuance of new bonds to repay an outstanding bond issue prior to its first call date in order to capture savings (in the form of a lower interest rate), or to change covenants or other provisions. Generally, the proceeds of the new issue are invested in government securities, which are placed in escrow. The trustee or escrow agent uses these maturing government securities to pay interest the old issue until its first call date, at which point it is called and repaid.

Agreement Among Underwriters (AAU) – The contract set up between members of an underwriting syndicate, stipulating the activities of each member.

Amortization Schedule – The schedule of principal and interest payments for the elimination of debt.

Appropriation – An authorization by a legislative body to set aside cash for a specific purpose.

Arbitrage – The practice of buying and selling in different markets to profit from a spread in prices or yields resulting from market conditions. Except in limited circumstances, municipal issuers are generally prohibited from selling bonds in the tax-exempt market, and turning around to invest the proceeds in higher-yielding taxable market in order to earn profits. Any such arbitrage profits must be rebated to the U.S. Treasury.

Assessment Bonds (or Local Improvement District Bonds) – Bonds the repayment of which is secured by special assessments paid by property owners whose property receives a special benefit from the bond-financed improvement.

Auction Rate Securities (ARS) – Variable rate securities in which the interest rate is reset periodically (daily, weekly or monthly), based on the results of a dutch auction.

Average Annual Debt Service (AADS) – The average amount of total debt service due in each year over the life of the bonds.

Average Life – The average length of time an issue of bonds with mandatory sinking funds is expected to remain outstanding.

Baby Bond – A denomination issued in less than \$1,000, also known as a mini-bond.

Balloon Maturity or Balloon Payment – An large proportion of bond principal maturing in a single year.

Back-Loaded Debt – A debt service structure in which total debt service payments are lower in the early years and increase toward the final maturity. This is typically accomplished with smaller principal maturities in the early years, balloon payments, “zero-coupon” bonds or capitalized interest bonds.

Bank Qualified (BQ) – Bonds issued by municipalities that anticipate selling less than \$10 million in bonds in a given calendar year. Certain financial institutions that buy these securities are allowed to deduct 80 percent of the interest expense incurred to buy them.

Basis point – One one-hundredth of a percent (0.01%). One hundred basis points equal 1 percent. Used in discussing the pricing and yields of bond issues.

Blue Sky Law – A term referring to various state laws enacted to protect the public against securities fraud.

Bond – A promise by an issuer to repay a stated principal amount, which obligation will accrue interest at a stated rate. Bonds typically have an average life of 3 years or more. Securities with shorter maturities are termed notes (3 years or less) or commercial paper (12 months or less).

Bond Anticipation Note (BAN) – A short-term borrowing (usually 3 years or less) that the issuer anticipates retiring with the proceeds of a bond sale. Typically used during a construction period before final costs are known. *See also Tax Anticipation Note (TAN), Revenue Anticipation Note (RAN), Tax and Revenue Anticipation Note (TRAN), Grant Anticipation Note (GAN).*

Bond Bank – State bond banks bundle debt offerings from small issuers into larger offerings, to create advantages of scale.

Bond Counsel – A lawyer who typically represents the bond issuer, reviews the transaction, and writes an opinion on its legality, security, and tax status.

Bond Election – The process by which voters approve or reject the sale of unlimited tax general obligation (UTGO) bonds.

Bond Fund – An issuer's debt service repayment fund, into which all money collected for the repayment of bonds is deposited.

Bond Insurance – A policy written by a mono-line insurance company that guarantees payment to bondholders of principal and interest payments when due, resulting in a higher credit rating, lower borrowing cost, or enhanced marketability for the bonds.

Bond Ordinance or Bond Resolution – A legal document describing the terms and conditions of the offering, the rights of the bondholder, and the obligations of the issuer.

Bond Proceeds – The amount of money received by the issuer in exchange for an issue of bonds.

Bond Purchase Agreement (BPA) or Bond Purchase Contract (BPC) – The contract between the issuer and the underwriter setting the terms, prices, and conditions of the sale.

Bond Rating – The series of letters, numbers, and symbols used by rating agencies to designate the credit quality of an issuer's securities.

Bond Register – A record, kept by a transfer agent or bond registrar on behalf of an issuer, of the names and addresses of registered bond owners.

Bond Registrar – The person or entity who maintains the bond register. In Washington, typically the State's Fiscal Agent (currently The Bank of New York) acts as registrar for most governmental issuers. A trustee, treasurer or finance officer may alternatively be appointed as bond registrar.

Bond Transcript – The legal documents associated with a bond offering.

Bonded Debt – The portion of an issuer's total indebtedness as represented by outstanding bonds.

Book-Entry – Securities in the form of entries in the issuer's or a clearing house's books, rather than in the form of paper certificates with coupons. All but the smallest bond issues are sold in book-entry format.

Bond Basics Glossary

Broker – An agent between buyers and sellers of securities. Brokers' brokers handle inter-dealer transactions.

Calendar – The list of upcoming bond sales.

Call Provision – A provision permitting an issuer to redeem a bond prior to its stated maturity date.

Call Premium – An amount, usually stated as a percentage of the principal amount, paid as a "penalty" or a "premium" for the exercise of a call provision.

Callable Bonds – Bonds that may be redeemed by the issuer prior to the stated maturity date. Typically, a first call date is 10 years from issuance, at a price of par plus interest accrued to the call date. Other call provisions (and premiums) can be negotiated.

Capital Appreciation Bond (CAB) – A bond purchased at a deep discount to face value, for which principal and all interest are due at maturity. Also called a capitalized interest bond or compound interest bond.

Closing – The point in the sale at which an issuer delivers securities to the underwriters, and receives the proceeds.

Competitive Sale or Competitive Bid – The sale of bonds to a purchaser based on bids submitted electronically at a specified time.

Conduit Financing – A financing structure in which an issuer sells bonds and then lends the proceeds, pursuant to a loan agreement, to a borrower. The bond issuer promises to repay the bonds using the loan repayment amounts received from the borrower.

Contingent Loan Agreement – A form of credit enhancement whereby an entity independent of the issuer agrees to provide credit enhancement to an issuer in the form of one or more loans. For example, a public development authority (PDA) may obtain a guarantee from the city that created it that if the PDA is unable to make debt service payments, the city will provide additional funds to the PDA to be used for that purpose. See also *Guaranty Agreement*.

Continuing Disclosure – An issuer's obligation to provide ongoing updates of information regarding the issuer's financial condition, pursuant to a written Undertaking to Provide Continuing Disclosure, to the NRMSIRs and other specified market participants.

Councilmanic Debt – Bonds authorized to be issued by a City Council (or other local governing body) without a vote of the people.

Coupon – The rate of interest to be paid by the issuer. Formerly, physical coupons were attached to bond certificates. They would literally be clipped and brought to a bank or paying agent and presented for payment. Such certificated bonds are very rare today.

Covenant – A legally binding commitment by the issuer to the bondholder.

Cover Bid – The second-best bid received at a competitive sale.

Coverage – A ratio of the amount of project or utility revenues to the expected debt service requirements during a given 12-month period. Typically expressed in a covenant as a promise, e.g., to keep utility rates high enough to produce 1.25 times average annual debt service.

Credit Enhancement (or Credit Support) – Additional security provided for an issue of bonds. Examples of credit enhancement include bond insurance, guarantee agreements, contingent loan agreements, and letters of credit.

Dated Date – The date from which interest on a bond will accrue, usually the issue date.

Bond Basics Glossary

Debt Per Capita – The ratio of bonded debt divided by population.

Debt Service Reserve Fund (DSRF) – A separate fund established in revenue bond issues as a reserve for the payment of debt service, into which an issuer may typically deposit cash, securities or reserve sureties. *See Reserve Requirement.*

Default – Failure to comply with terms of a bond issue, which may include making timely payment of principal and interest and other covenants.

Defeasance – Placement of cash or securities into an escrow or trust account to be used by the escrow agent or trustee for the payment of principal of and interest on bonds when due. Defeased bonds are no longer treated as “outstanding” debt.

Discount Bonds – A bonds initially sold at a price that is less than par, meaning that the issuer receives less in payment than the stated face value of the bonds. The amount of premium is usually described as a percentage below par. (For example, a \$100,000 face value bond might sell for 99% or \$99,000.) A purchaser buying discount bonds must consult their tax advisor regarding the tax treatment of discount bonds.

Double-Barreled Bond – A bond with two distinct revenue sources pledged to repayment, most typically a specific (but often narrow and subject to fluctuation) revenue stream and a broader stream such as a general obligation pledge.

Downgrade – A reduction in a bond rating.

Dutch Auction – An auction at which purchasers submit bids stating the lowest interest rate they will accept for a stated amount of bonds, and bonds are distributed among the purchasers, beginning with the lowest bidder, at the price bid by the last bidder to receive an allocation (the “clearing price”). Bids will be filled from the lowest yield (price offering the highest premium) until the entire issue has been allocated. In the following example, bids for \$10 million of bonds maturing in ten years with a 5.125% coupon might be received as shown below. This auction will “clear” (i.e., all of the \$10 million will have been allocated) 5.130% and the bonds will be sold at a price reflecting the bid yield:

Bidder	Bid Amount	Yield Bid	Allocation Received	Yield
1	\$ 1,000,000	5.115%	\$ 1,000,000	5.130 %
2	2,500,000	5.120	2,500,000	5.130
3	3,500,000	5.125	3,500,000	5.130
4	4,500,000	5.130	3,000,000	5.130
5	3,750,000	5.135	--	--
6	2,750,000	5.140	--	--
7	1,500,000	5.145	--	--
TOTAL			\$ 10,000,000	

Escrow Account – A trust account established for a particular purpose, typically in conjunction with a refunding or defeasance of bonds.

Face Amount – The principal amount stated on a bond. *See also Par Value.*

Federal Tax Code (or Code) – The Internal Revenue Code of 1954, as amended, and related interpretations.

Financial Adviser (FA) – A finance professional hired to advise an issuer on finance matters including structuring of a proposed transaction, appropriateness of issuing debt and related issues.

Floating Rate Bond or Floater – An obligation bearing interest at a variable rate that is reset periodically, ranging from daily to annually.

Flow of Funds – Typically a covenant requiring amounts to be paid into and out of specific funds in a particular order, ensuring that available money is applied first to the highest priority uses.

Full Faith and Credit – A pledge of any and all resources available to an issuer, including general taxing power, to repay its debt obligations.

General Obligation (GO) – A security backed by the full faith and credit of a municipality. General obligation debt is typically thought of as being backed by *ad valorem* property taxes. *See also Limited Tax General Obligation and Unlimited Tax General Obligation.*

Grant Anticipation Note (GAN) – Short-term debt (usually three years or less) that is issued in anticipation of receiving a grant and is secured by those grant funds.

Gross Revenues – Typically includes all revenues received by a project (or an issuer) before payment of expenses for operation, maintenance or debt service.

Guaranteed Investment Contract (GIC) – An investment vehicle in which a financial institution guarantees a specified rate of return on investment. In Washington, true GICs are rare, and more commonly issuers invest bond proceeds in repurchase agreements (or “repos”) in which a financial institution sells investment securities to the issuer and promises to repurchase those securities at a definite time in the future for a stated price.

Guaranty (Guarantee) Agreement – A form of credit enhancement whereby an entity independent of the issuer agrees to provide credit enhancement to an issuer. For example, a public development authority (PDA) may obtain a guarantee from the city that created it that if the PDA is unable to make debt service payments, the city will provide additional funds to the PDA to be used for that purpose. *See also Contingent Loan Agreement.*

Indenture or Trust Indenture – A legal document creating a “trust estate” comprising the security for repayment of bonds. The indenture describes the terms and conditions of a bond offering, the rights of the bondholder, and the obligations of the issuer to the bondholder. Typically used in revenue transactions, and replaced by a bond ordinance or bond resolution for most general obligation bonds.

Industrial Development Bond (IDB) (or Industrial Revenue Bond (IRB)) – Tax-exempt securities sold by a public agency to finance qualifying facilities for private enterprises, such as water and air pollution control, ports, airports, resource recovery plants, and housing. The bonds are usually repaid by revenues from the corporate beneficiary.

Interest Rate Swap – An agreement between two parties to exchange future flows of interest payments. One party agrees to pay the other a fixed rate; the other pays the first party a variable rate usually tied to a short-term index.

Inverted Yield Curve – A market environment when short-term interest rates are higher than long-term rates. A typical yield curve shows lower short-term interest rates and higher long-term rates.

Junior Lien Bonds – Bonds issued with a subordinate claim against pledged revenues. Not associated with general obligation bonds.

Lease Financings – A financing structure in which an issuer enters into a lease for equipment and/or facilities that it typically will acquire at the end of a stipulated period.

Legal Opinion – The written conclusion of a lawyer about a bond’s security, legality, and tax status.

Letter of Credit (LOC) – A form of security that provides liquidity and credit support, primarily for variable rate transactions. A financial institution promises to make cash available under certain conditions for debt service payments on behalf of the issuer or to be drawn during a remarketing or mode reset of variable rate demand obligations.

Level Debt Service – A debt service structure in which total principal and interest payments are approximately equal in each year over the life of the debt.

Limited Tax General Obligation Bonds (LTGOs) – A general obligation bond that is secured by the pledge of the full faith and credit of an issuer, including *ad valorem* tax revenues, all within the property tax limits under the state constitution and state law without a vote. *See also Councilmanic Debt or Nonvoted Debt.*

Line of Credit – A type of debt instrument in which a borrower may draw funds, up to a maximum amount, and repay the principal plus interest, which is usually a variable rate that is set at the time a draw is made. Frequently used for short-term notes and during construction periods.

Mandatory Redemption – A required redemption of bonds or a portion of a maturity of bonds, prior to the stated maturity. Used with term bonds or under extraordinary circumstances such as a default or sale of bond-financed property.

Maturity – The date on which the principal amount of a security is due and payable.

Maximum Annual Debt Service (MADS) – The highest total debt service due in any given year over the life of a bond issue.

Mode or Interest Rate Mode – Provision in bond documents permitting a change in how interest is calculated, permitting changes between fixed rate and variable rate options, under specified circumstances.

Multi-Modal Bonds – A bond issue in which the method of calculating interest may be changed from one interest rate mode to another under specified circumstances.

MSRB – The Municipal Securities Rulemaking Board.

Negotiated Sale – The sale of bonds to an underwriter selected by the issuer before the sale date.

Net Interest Cost (NIC) – Represents the average coupon rate of a bond issue, weighted to reflect the term of the bonds and adjusted for the premium or discount. It does not consider the time value of money, as does true interest cost (TIC). $[NIC = (\text{total coupon interest} + (-) \text{discount (premium)}) / \text{bond years}]$

Net Revenues – Typically defined as gross revenues less operating and maintenance expenses.

Notes – Short-term borrowings, usually maturing in less than three years. Used to cover seasonal cash flow needs or interim financing.

NRMSIR – A nationally recognized municipal securities information repository designated by the SEC.

Official Statement (OS) – A document prepared to provide potential bond purchasers with all material information about a bond issue, the security and sources of repayment for the bonds, the issuer and its financial condition. The SEC requires that an underwriter obtain from the issuer an OS for any publicly marketed bond issue of over \$1 million.

Original Issue Discount (OID) / Original Issue Premium (OIP) – The discount (or premium) below (or above) the stated par amount of a bond that the initial purchaser pays to the issuer of a bond. For example, the *coupon* may be 4.00%, but the initial purchaser may offer to pay a price of 4.05% or 3.95%. The IRS has detailed rules on how bond purchasers must treat OID or OIP for income tax purposes.

Overlapping Debt – The proportionate share of debt issued by overlapping taxing jurisdictions (such as a park district or school district), in addition to an issuer's own direct debt obligations, for which the issuer's taxpayers may also be responsible. Used as a measure by bond rating agencies and potential purchasers to gauge the taxpayers' overall debt burden and their ability to repay.

Bond Basics Glossary

Parity Bonds – More than one series of bonds, which may be issued at different times, but are payable from the same source of pledged funds and hold the same lien position against those funds.

Paying Agent – A bank or trust company appointed by an issuer to receive the money necessary for principal and interest payments from the issuer and distribute those payments to bondholders.

Pay-As-You-Go Basis – A financial policy that states that capital outlays will be paid from current revenues rather than from borrowing.

Pledge – The legal term for the promise of repayment, specifying the sources of repayment and any repayment-related covenants.

Pledged Revenues or Pledged Funds – The money set aside or revenue stream promised to be used solely for the payment of debt service and to provide security for payment of debt service, as specified in the bond documents.

Point – One percent of par value. Because bond prices are quoted as a percentage of \$1,000, a point is worth \$10, regardless of the actual denomination of the security.

Preliminary Official Statement (POS) – A version of the Official Statement that is often used by analysts and potential purchasers to form preliminary assessments of creditworthiness. The POS is “deemed final” by the issuer, and contains all material information about the bond issue except for pricing, yield and maturity information (and details related to pricing, yield and maturity). It contains a “red herring” disclaimer, printed in red ink, prominently displayed along the edge of the cover, stating that orders may not be taken based on the document.

Premium Bonds – A bonds initially sold at a price that is above par, meaning that the issuer receives more in payment than the stated face value of the bonds. The amount of premium is usually described as a percentage above par. (For example, a \$100,000 face value bond might sell for 101% or \$101,000, producing \$1,000 of premium for the issuer.) A purchaser buying premium bonds must consult their tax advisor regarding the tax treatment of premium bonds.

Present Value – The current value of a cash payment or revenue stream to be received in the future, calculated using an assumed rate of inflation or interest that could otherwise be earned, had that cash been received today.

Principal – The amount borrowed on a loan, or the par value (face amount) of a bond. A principal payment is also referred to as a “maturity” of bonds.

Private Activity Bonds – Bonds the proceeds of which will be used in a private trade or business (“private use”) and will be repaid with funds received from a private trade or business (“private payments”). A minimal amount of private use and private payment may not cause an issue of bonds to be treated as private activity bonds. Private activity bonds may not be issued as tax-exempt bonds unless they meet the requirements under the Federal Tax Code for “qualified” private activity bonds, which may include receiving an allocation of volume cap.

Private Placement – An issue of bonds that is sold directly to one or more investors. Many private placements are sold as a single bond or note held by a bank and structured very similarly to a commercial loan. Other private placements may involve sophisticated security structures and may be sold to sophisticated investors. Most private placements may not be sold or remarketed by the initial purchaser to future bondholders.

Qualified 501(c)(3) Bonds – Bonds issued by a nonprofit 501(c)(3) organization that may be treated as tax-exempt under the Federal Tax Code.

Rate Covenant – A provision common to utility (and similar enterprise) revenue bonds, in which the issuer pledges to maintain utility rates (or other income streams that are necessary for bond repayment or for operations and

maintenance of the bond-financed facilities) at the levels that are necessary to meet annual debt service requirements.

Ratings – An evaluation performed by an independent rating service indicating the credit quality of an issue of bonds. Ratings for municipal bonds are not necessarily equivalent to ratings on corporate bonds, and potential investors should understand the bond market before making such comparisons. There are currently three major rating companies that provide ratings on municipal bonds: Moody's, Standard & Poors, and Fitch.

Red Book – Formally known as The Bond Buyer's Municipal Marketplace, this is the standard directory of underwriters, bond counsel, financial advisers, rating agencies, credit enhancement firms, and providers of derivatives and investment products.

Redemption – The exchange by the issuer of cash for outstanding bonds, upon which the bonds are no longer outstanding. Early redemption refers to a redemption prior to the original stated maturity date, pursuant to mandatory or optional redemption provisions. Redemption provisions are also referred to as "call" provisions.

Refunding – A method of refinancing debt by selling a new bond issue to raise cash to for the redemption or defeasance of an outstanding bond issue. Refundings may be referred to as *current refundings* or *advance refundings*.

- *Current Refunding* – A refunding of bonds that are subject to redemption within 90 days of the issuance of the new (refunding) bonds.
- *Advance Refunding* – A refunding of bonds that are not subject to redemption with 90 days of the issuance of the new (refunding) bonds, requiring the establishment of a defeasance trust or escrow for the payment of principal of and interest on the bonds until their first call (redemption) date.

Reimbursement Agreement – An agreement to reimburse a provider of credit enhancement for any funds provided pursuant to that credit enhancement.

Remarketing Agent – A financial institution that agrees to periodically remarket (and thus set a new interest rate for) variable rate demand obligations.

Remarketing Agreement – The agreement with a remarketing agent regarding its responsibilities in remarketing an issue of variable rate demand obligations.

Reserve Requirement – A covenant by an issuer to maintain a debt service reserve fund or account sufficient to meet upcoming debt service requirements in the event that revenues pledged to a bond issue should be insufficient. A reasonably required reserve, under the Federal Tax Code, is equal to the lesser of: maximum annual debt service, 125% of average annual debt service, or 10% of the proceeds of a bond issue.

SEC – The United States Securities and Exchange Commission.

Sinking Fund – A fund established for the deposit of money available for repayment of bonds at or prior to maturity.

SLGS (pronounced "slugs") – Securities issued by the U.S. Treasury, called the State and Local Government Series, that provide a stated rate of interest. They are typically purchased for deposit into a refunding escrow to carry out a refunding of bonds.

Revenue Bonds – Bonds payable solely from a stated revenue stream or revenue source, and not backed by the full faith and credit of the issuer.

TEFRA – Stands for the federal Tax Equity and Fiscal Responsibility Act of 1982. Shorthand for certain public hearing requirements applicable to tax-exempt private activity bonds under the Federal Tax Code.

Bond Basics Glossary

Term Bonds – Bonds that are payable in mandatory redemption amounts prior to the stated maturity date. For example, \$1,000,000 of term bonds maturing in 2020 may be due and payable in mandatory redemption amounts of \$300,000 in 2018, \$300,000 in 2019 and \$400,000 in 2020.

Tax-Exempt Bonds – Bonds whose owners may treat the interest income as exempt from federal income tax. Most municipal bonds are issued as tax-exempt.

Tax and Non-Arbitrage Certificate – A certificate of the issuer stating the issuer's assumptions and expectations that establish the basis for concluding that a bond issue may be treated as tax-exempt. This document describes expectations about the use of proceeds, the rate and which proceeds will be spent, and the restrictions on investment of proceeds. It also describes certain actions that an issuer may need to take in the future to maintain the tax-exempt status of the bond issue.

Taxable Bonds – Bonds whose owners may treat not the interest income as exempt from federal income tax. Municipal issuers may issue taxable bonds for portions of projects that do not otherwise qualify for tax-exemption.

Qualified Management Contract – A contract for management of a bond-financed facility that meets requirements under the Federal Tax Code relating to private activity bonds. Typical management contracts are entered into for management of golf course facilities, restaurants and food service, or parking facilities. A management contract that is not "qualified" risks tainting an entire issue of tax-exempt bonds.

True interest cost (TIC) – A method of calculating interest cost while taking into account the time value of money.

Unlimited Tax General Obligation Bond (UTGO) – An issue of voted general obligation bonds by a Washington issuer, to which the issuer has pledged its full faith credit and taxing power, including a voter-approved excess property tax levy dedicated solely to repayment of the bonds and is not subject to otherwise applicable tax limitations.

Variable Rate – An interest rate that is not fixed at a particular rate at issuance, but may change during the life of the bonds in accordance with a specified index or procedure for establishing a new interest rate.

Variable Rate Demand Obligation (VRDO) – Variable rate bonds that give a bondholder the right to put (sell) their bonds back to a financial institution at certain specified periods, usually at rate reset dates or interest rate mode change dates, allowing bondholders to decide whether to continue to hold the bonds when a new interest rate is established.

Volume Cap – An allocation of private activity bond volume authorized to be issued by a particular bond issuer.

Waterworks Utility - the combined water system of the City, sanitary sewage disposal system of the City and storm and surface water drainage system, and all additions thereto and betterments and extensions thereof at any time made.

Yield To Maturity – The total return on a bond, taking into consideration its coupon, length of maturity, and dollar price.

Zero-Coupon Bonds – Bonds sold at a deep discount, and without a coupon, appreciating to full value at maturity. Also known as capital appreciation bonds or compound interest bonds.



Debt Policy

Department of Finance and Administrative Services

Prepared by Finance Director DeWayne Pitts
Initial Development:

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Purpose and Overview

The Debt Policy for the City of Bainbridge Island is established to help ensure that all debt is issued both prudently and cost effectively. The Debt Policy sets forth comprehensive guidelines for the issuance and management of all financings of the Issuer. Adherence to the policy is essential to ensure that the City maintains a sound debt position and protects the credit quality of its obligations.

Capital planning

The City shall integrate its debt issuance with its Capital Improvement Program (CIP) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying attention to financing priorities, capital outlays and competing projects. Long-term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs.

Authoritative Guidance

Legal Governing Principles

In the issuance and management of debt, the City shall comply with the state constitution and with all other legal requirements imposed by federal, state, and local rules and regulations, as applicable.

State Statutes – The City may contract indebtedness as provided for by [Chapter 35A.40.090 RCW](#). General Obligation indebtedness is subject to the limitations on indebtedness provided for in RCW 39.36.020(2)(b) and Article VIII of the Washington State Constitution. Bonds evidencing such indebtedness shall be issued and sold in accordance with [Chapter 39.46 RCW](#).

Federal Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations including the Internal Revenue Code of 1986, as amended; the Treasury Department regulations there under; and the Securities Acts of 1933 and 1934.

Local Rules and Regulations – The City shall issue and manage debt in accordance with the limitations and constraints imposed by local rules and regulations.

Roles and Responsibilities

The City Council shall:

- Approve all indebtedness;
- Approve debt financing only for capital projects or to refund outstanding debt; debt shall not be issued for operating costs;

RESOLUTION 2020-09 EXHIBIT A

- Approve the Debt Policy;
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt; and
- Determine, in consultation with the City's Financial Advisor, the City's Bond Counsel, the City Attorney's Office, and City Finance Director, the most appropriate instrument for a proposed bond sale.

The Finance Director in consultation with the City Manager, Deputy City Manager and Council shall:

- Assume primary responsibility for debt management;
- Provide for the issuance of debt at the lowest possible cost and risk;
- Determine the available debt capacity;
- Provide for the issuance of debt at appropriate intervals and in reasonable amounts as required to fund approved capital expenditures;
- Recommend to the City Council the manner of sale of debt;
- Monitor opportunities to refund debt and recommend such refunding as appropriate;
- Comply with all Internal Revenue Service (IRS), Securities and Exchange (SEC), and Municipal Securities Rulemaking Board (MSRB) rules and regulations governing the issuance of debt.
- Provide for the timely payment of principal and interest on all debt and ensure that the fiscal agent receives funds for payment of debt service on or before the payment date;
- Provide for and participate in the preparation and review of offering documents;
- Comply with all terms, conditions and disclosure required by the legal documents governing the debt issued;
- Submit to the City Council all recommendations to issue debt;
- Distribute to appropriate repositories information regarding financial condition and affairs at such times and in the form required by law, regulation and general practice, including Rule 15c2-12 regarding continuing disclosure;
- Provide for the distribution of pertinent information to rating agencies; and
- Apply and promote prudent fiscal practices

Ethical Standards Governing Conduct

The members of the City Council will adhere to the requirements of the City's Code of Conduct and Ethics Program as well as [Chapter 42.23 RCW](#). City staff will adhere to the standards of conduct contained in the City's Employee Manual. The City Manager will adhere to the standards of conduct contained in the International City/County Manger's Association (ICMA) Code of Ethics or other standards specified upon appointment by the City Council.

Professional Services

The City shall procure professional services as required to execute financing transactions and to advise on non-transaction related work. Professional services may be provided by Municipal Advisors, Legal Counsel, underwriters, and other service providers such as rating agencies, trustees or escrow agents, verification agents, printers, arbitrage rebate calculation firms, or

bidding agents. The City's Finance Department shall be responsible for the solicitation and selection of professional services that are required to administer the City's debt.

Bond Counsel – With the exception of debt issued by the State on the City's behalf, all debt issued by the City will include a written opinion by bond counsel affirming that the City is authorized to issue the proposed debt. The opinion shall include confirmation that the City has met all city and state constitutional and statutory requirements necessary for issuance, a determination of the proposed debt's federal income tax status, and any other components necessary for the proposed debt.

- Financial Advisor – A Financial Advisor may be used to assist in the issuance of the City's debt. The Financial Advisor will provide the City with the objective advice and analysis on debt issuance. This includes, but is not limited to, monitoring of market opportunities, structuring, and pricing of debt, and preparing official statements of disclosure.
- Underwriters – An Underwriter will be used for all debt issued in a negotiated sale method. The Underwriter is responsible for purchasing negotiated debt and reselling the debt to investors.
- Fiscal Agent – A fiscal agent will be used to provide accurate and timely securities processing and timely payment to bondholders. As provided under RCW 43.80, the City will use the Fiscal Agent selected by the State of Washington.
- Professional Service providers may be selected through a competitive selection process conducted by the Finance Director in consultation with City Attorney's Office. The City Council shall approve the most qualified financial advisor/underwriter and bond counsel.

Debt Structure

Types of Debt Instruments:

The City may utilize several types of municipal debt obligations to finance long-term capital projects. Subject to the approval of City Council, the City is authorized to sell:

Unlimited Tax General Obligation Bonds – The City shall use Unlimited Tax General Obligation Bonds (UTGO), also known as “Voted General Obligation Bonds” as permitted under Article 7, Section 2(b) of the Washington State Constitution and laws of the state of Washington including, but not limited to, [Chapters 39.36, 39.46 RCW](#) and [Chapter 84.52 RCW](#). UTGO Bonds are limited to capital purposes only. Every project proposed for financing through general obligation debt should be accompanied by a full analysis of the future operating and maintenance costs associated with the project. UTGO Bonds are payable from excess tax levies and are subject to the assent of 60% of the voters at an election to be held for that purpose.

Limited Tax General Obligation Bonds – A Limited-Tax General Obligation debt (LTGO), also known as “Non-Voted General Obligation Debt” or “Councilmanic Debt”, requires the City to levy a property tax sufficient to meet its debt service obligations but only up to a statutory limit. The City shall use LTGO Bonds as permitted under Article 8, Section 6 of the Washington State Constitution and [Chapter 39.46 RCW](#) for general capital purposes only. LTGO Bonds are backed by the full faith and credit of the City and is payable from General Fund reserves and taxes collected by the City. LTGO Bonds will only be issued if:

- A project requires funding not available from alternative sources
- Matching fund monies are available which may be lost if not applied for in a timely manner; or,
- Emergency conditions exist

Revenue Bonds – The City shall use Revenue Bonds as permitted under [RCW 39.46.150](#) and [RCW 39.46.160](#) for the purpose of financing construction or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Improvement Plan. No taxing power or general fund pledge is provided as security. Unlike general obligation bonds, revenue bonds are not subject to the City’s statutory debt limitation nor is voter approval required.

Special Assessment/Local Improvement District Bonds – The City shall use Special Assessment Bonds as permitted under [RCW 35A.40.080](#), for the purpose of assuring the greatest degree of public equity in place of general obligation bond as determined by Council. Local Improvement District (LID) Bonds represent debt that is repaid by the property owners who specifically benefit from the capital improvements through annual assessments paid to the City. LID’s are formed by the City Council after a majority of property owners agree to the assessment. No taxing power or general fund pledge is provided as security, and LID Bonds are not subject to statutory debt limitations. The debt is backed by the value of the property within the district and a LID Guaranty Fund, as required by State Law.

Short Term Debt – The City shall use short term debt as permitted under [Chapter 39.50 RCW](#), for the purpose of meeting any lawful purpose of the municipal corporation, including the immediate financing needs of a project for which long term funding has been secured but not yet received. The City may use inter-fund loans rather than outside debt instruments to meet short-term cash flow needs for the project. Interfund loans will be permitted only if an analysis of the affected fund indicates excess funds are available and the use of the funds will not impact the fund’s current operations. All inter-fund loans will be subject to Council approval and will bear interest at prevailing rates.

Leases – The City is authorized to enter into capital leases under [RCW 35.42.200](#), subject to the approval of City Council.

Public Works Trust Fund Loans – The City shall use Public Works Trust Fund Loans as provided under [Chapter 43.155 RCW](#) for the purpose of repairing, replacing or creating domestic

water systems, sanitary sewer systems, storm sewer systems, roads, streets, solid waste/recycling facilities and bridges.

Local Option Capital Asset Lending (LOCAL) Program Debt – The City is authorized to enter into a financing contract with the Office of the State Treasurer under [Chapter 39.94 RCW](#), for the purpose of financing equipment and capital needs through the State Treasurer’s Office subject to existing debt limitations and financing considerations. The LOCAL Program is an expanded version of the state agency lease/purchase program that allows the pooling of funding into larger offerings of securities.

Transaction Specific Policies

Method of Sale – The City shall evaluate the best method of sale for each proposed bond issue.

1. **Competitive Bid Method** – Any competitive sale of the City’s debt will require the approval of City Council. City debt issued on a competitive bid basis will be sold to the bidder proposing the lowest true interest cost to the City.

2. **Negotiated Bid Method** – When a negotiated sale is deemed advisable (in consultation with City Council) the Finance Director shall negotiate the most competitive pricing on debt issues and broker commissions in order to ensure the best value to the City. If debt is sold on a negotiated basis, the negotiations of terms and conditions shall include, but not be limited to, prices, interest rates, underwriting or remarketing fees and commissions.

The City, with the assistance of its Financial Advisor, shall evaluate the terms offered by the underwriting team. Evaluations of prices, interest rates, fees and commissions shall include prevailing terms and conditions in the marketplace for comparable issuers. No debt issue will be sold on a negotiated basis without an independent financial advisor.

3. **Bond Refundings** – The City shall use refunding bonds in accordance with the Refunding Bond Act, [Chapter 39.53 RCW](#). Unless otherwise justified, the City will refinance debt to achieve true savings as market opportunities arise. Refunding debt shall never be used for the purpose of avoiding debt service obligations. A target 5% cost savings (discounted to its present value) over the remainder of the debt must be demonstrated for any “advance refunding”, unless otherwise justified. The City, in consultation with its Financial Advisor, may approve a “current refunding” transaction of an existing debt issue if the refunding demonstrates a positive present value savings over the remaining life of the debt.

4. **Interfund Loans** – With Council approval, the City may issue interfund loans rather than outside debt instruments to meet short-term cash flow needs. Interfund loans will be permitted only if an analysis of the affected funds indicates excess funds are available and the use of the funds will not impact the fund’s current operations. All interfund loans will bear interest based at prevailing rates and have terms consistent with state guidelines for interfund loans.

5. **Special Assessments** – When issuing debt, the City shall strive to use special assessment, revenue, or other self-supporting bonds in lieu of general obligation bonds.

Limitations on Debt Issuance

1. The City shall remain in compliance with all debt limitations. As part of the annual budgeting process, a current summary of outstanding debt and compliance targets is prepared. The City shall observe the following limitations on debt issuance:

- **General Obligation** – Maximum of 2.5% of Assessed Value ([RCW 39.36.020\(2\)\(b\)](#))
 - **Non-Voted:** 1.5% of Assessed Value - (Limited Tax General Obligation (LTGO) Bonds)
 - **Voted:** 2.5% of Assessed Value - (Unlimited Tax General Obligation (UTGO) Bonds)

2. Debt Limit Target: The City will reserve \$30 million of LTGO debt capacity, or 25% of the total legal limit (which statutory limit is 1.5% of total city-wide assessed value), whichever is larger, for emergencies.

3. Net LTGO Debt Service: LTGO debt shall not be issued to the extent it would cause the net debt service that would become payable from the Tax Supported funds to exceed 25% of the total budgeted Tax Supported funds revenues for the current or subsequent year.

4. The City will plan and direct the use of debt so that debt service payments will be a predictable and manageable part of the Operating Budget.

5. When considering new debt, City finance staff will conduct a debt affordability analysis to evaluate the City's ability to support long-term debt. The analysis will review available resources for debt and project the effects utilizing a ten- year recurring revenues and expenditure capacity analysis financial modeling tool. The financial assumptions shall be reasonable and shall take into account appropriately chosen sets of inflation factors and an appropriate set of economic projections. The Administration's chosen assumptions for revenues, expenditure inflation factors and economic measures shall be disclosed to the Council.

Debt Structuring Practices

The following terms shall be applied to the City's debt transactions, as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

- **Maturity** –The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years ([RCW 39.46.110](#)).

- **Debt Service Structure** – Unless otherwise justified, debt service should be structured on a level basis. Refunding bonds should be structured to produce equal savings by fiscal year. If appropriate, debt service reserve funds may be used for revenue bonds.

- **Price Structure** – The City’s long-term debt may include par, discount, and premium bonds. Discount and premium bonds must be demonstrated to be advantageous relative to par bond structures, given market conditions.
- **Call Provisions** – For each transaction, the City shall evaluate the costs and benefits of call provisions. In general, the City shall opt for the shortest possible optional call consistent with optimal pricing.
- **Bond Insurance** – For each transaction, the City shall evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City shall be competitively priced.
- **Tax-exemption** – Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis.
- **Reimbursement resolution** – A reimbursement resolution may be adopted by City Council if the project hard costs are advanced prior to the bond sale.

Compliance Polices

Investment of Proceeds

The City shall comply with all applicable Federal, State, and contractual restrictions regarding the investment of bond proceeds. This includes compliance with restrictions on the types of investment securities allowed, restrictions on the allowable yield of invested funds as well as restrictions on the time period over which some of the proceeds may be invested.

Arbitrage Liability Management

Due to the complexity of arbitrage rebate regulations and the severity of non-compliance penalties, the City shall solicit the advice of bond counsel and other qualified experts about arbitrage rebate calculations. The City shall, when deemed necessary or required, contract with a third party for preparation of the arbitrage rebate calculation.

The City shall maintain an internal system for tracking expenditure of bond proceeds and investment earnings. The expenditure of bond proceeds shall be tracked in the financial system by issue. Investments may be pooled for financial accounting purposes and for investment purposes. When investment of bond proceeds is co-mingled with other investments, the City shall adhere to IRS rules on accounting allocations.

Washington State Department of Commerce and the Bond Users Clearinghouse

The City shall ensure that the Washington State Department of Commerce and the Bond Users Clearinghouse receives municipal bond information for all debt sold as provided by [RCW 39.44.200 – 39.44.240](#) and [WAC 365-130](#).

Legal Covenants

The City shall comply with all covenants and conditions contained in governing law and any legal documents entered into at the time of a bond offering.

Other Policies

Periodic review

The City’s debt policy shall be adopted by City Council. The policy shall be reviewed at least every four years by the Finance Director and modifications shall be submitted to and approved by City Council.

Credit Rating

The City of Bainbridge Island seeks to maintain the highest possible credit ratings for all categories of short and long-term General Obligation debt that can be achieved without compromising delivery of basic City services and achievement of adopted City policy objectives.

The City recognizes that external. economic, natural, or other events may from time-to-time affect the creditworthiness of its debt. Nevertheless, the City Council is committed to ensuring that actions within their control are prudent and consistent with the highest standards of public financial management, and supportive of the creditworthiness objectives defined in this policy.



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 5 Minutes

AGENDA ITEM: (7:45 PM) Resolution No. 2020-11, Establishing Equipment Rental and Revolving Fund Policy - Finance,

SUMMARY: This financial policy item is being presented in conjunction with Item the 6D presentation on financial policies and 6E debt policy for Council consideration.

AGENDA CATEGORY: Resolution

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: I move to forward for approval with the Consent Agenda on July 14, 2020, Resolution No. 2020-11 establishing the City's Equipment Rental and Revolving Fund Policy as presented.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND: Equipment rental and revolving funds, also known as ER&R funds, are established to provide equipment rental services within a local government. This new policy incorporates practical guidance from the State Auditor as well as the Governmental Finance Officers Association that follows state mandated laws around the use of internal service funds and meets various federal and state authoritative guidance.

ATTACHMENTS:

[Resolution No 2020-11 Establishing Equipment Rental and Revolving Fund Policy.docx](#)

[Exhibit A to Resolution No 2020-11 Equipment Rental and Revolving Policy.docx](#)

[Ord 2004-20 Approved.pdf](#)

[Ordinance No. 2017-09 Equipment Rental Fund Update Approved 050917.pdf](#)

FISCAL DETAILS:

Fund Name(s):

Coding:

RESOLUTION NO. 2020-11

A RESOLUTION of the City Council of Bainbridge Island, Washington, Establishing the City’s Equipment Rental and Revolving Fund Policy.

WHEREAS, the City of Bainbridge Island (“City”) is a code city and the City Council (“Council”) is responsible for establishing financial policies for the City; and

WHEREAS, state law, including Chapter 35A.33 RCW, provides guidance for budgets in code cities; and

WHEREAS, state law provisions, including RCW 35.21.088 and RCW 35A.37.010, provide authority to code cities related to equipment rental funds; and

WHEREAS, Ordinance No. 2004-20 established the equipment rental fund; and

WHEREAS, Ordinance No. 2017-09 amended Chapter 3.24 of the Bainbridge Island Municipal Code converting the equipment rental fund to an equipment rental and revolving (“ER&R”) fund; and

WHEREAS, an ER&R fund is a fund through which the City tracks use of its equipment, and sets aside funds for replacement in a planned manner; and

WHEREAS, an ER&R fund provides for predictable budgeting for capital equipment replacement, and supports good fleet management and stable budget expenditures; and

WHEREAS, the ER&R fund as included in the 2019-2020 Adopted Budget is an internal service fund; and

WHEREAS, the establishment of an Equipment Rental and Revolving Fund Policy is an established current financial best practice.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. The Equipment Rental and Revolving Fund Policy as shown in **Exhibit A**, which is attached hereto and incorporated herein by this reference, is hereby adopted.

PASSED by the City Council this ____ day of _____, 2020.

APPROVED by the Mayor this this ____ day of _____, 2020.

By: _____
Leslie Schneider, Mayor

ATTEST/AUTHENTICATE:

By: _____
Christine Brown, CMC, City Clerk

FILED WITH THE CITY CLERK: June 26, 2020
PASSED BY THE CITY COUNCIL: _____, 2020
RESOLUTION NO. 2020-11

Attachment: Exhibit A, "Equipment Rental and Revolving Fund Policy"



Equipment Rental and Revolving Fund Policy Department of Finance and Administrative Services

Prepared by Finance Director DeWayne Pitts and Accounting Manager Karl Shaw
Initial Development: 6/23/2020

Policy

Policy Statement

The Equipment Rental and Revolving (ER&R) Fund is a self-sustaining internal service fund established to pay the timely replacement cost of existing equipment and vehicles that meet the capitalization thresholds set forth in the Capital Asset Policy. It is the policy of the City of Bainbridge Island ER&R fund to charge rental rates sufficient to replace ER&R fund equipment with an additional reserve amount for unforeseen losses or catastrophic events.

Purpose

This policy will help determine ER&R rental rates and a target ER&R fund balance.

Scope

This policy applies to the City's ER&R fund only.

Goal

The City of Bainbridge Island has four core values: stewardship, professionalism, connection, and balance. In order to fulfill the core value of stewardship and meet state-prescribed minimum requirements, it is necessary for the City to maintain equitable ER&R rental rates and sufficient fund balance to pay for equipment replacement to meet the operating needs of all City Departments with an additional replacement reserve available for unforeseen losses or catastrophic events. The rental charges and target fund balance should reflect amounts that are anticipated to assure continued funding of necessary asset replacements but not be allowed to accumulate excessive balances in the fund. In addition, the fund balance should not be allowed to decrease to a level insufficient to meet ongoing capital needs. When the fund balance is not in line with the targeted fund balance, rates will be adjusted to bring the fund balance in line with the targeted fund balance.

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Authoritative Guidance

Governmental Accounting Standards Board (GASB)

GASB is the independent organization that establishes and improves standards of accounting and financial reporting for U.S. state and local governments.¹ While GASB is not a governmental agency and does not have enforcement authority, compliance with GASB is enforced through the Washington State Auditor's annual audit of the City.

Washington State Auditor's Office

The Washington State Auditor's Office prescribes budgeting, accounting, and reporting² for local governments in the State of Washington under the authority of [RCW 43.09.200](#).³ See also, [Washington State Auditor's Office Budgeting, Accounting Reporting System \(BARS\) for Generally Accepted Accounting Cities with a population over 8,000](#).

Legal

[Bainbridge Island Municipal Code Section 3.24](#) and [RCW 35.21.088](#) and [RCW 35A.37.010](#).

Responsibilities

It is the responsibility of the Department of Finance and Administrative Services (Finance) to periodically monitor, and adjust if necessary, the fund balances of all City funds. Therefore, the monitoring of the ER&R fund balance and related rental rates belongs with Finance. The Director of Finance may delegate this responsibility to one or more specific individuals within the department.

General

The ER&R fund balance target should be large enough to replace equipment as necessary to meet operational needs and/or in case of unexpected failure to an expensive piece, or multiple pieces, of equipment. However, the City recognizes that too large a fund balance becomes an inefficient use of taxpayer money. Rental rates should be structured, and adjusted as necessary, to maintain the target fund balance.

Procedures

Target fund balance and rental rates

Estimating the ER&R target fund balance

The possibility of failure of multiple pieces of equipment at or near the same time should be considered when estimating the target fund balance. One easily available measure of equipment replacement cost is the City's six-year Capital Improvement Plan (CIP), which is updated every two

¹ "Facts about GASB," published by the Governmental Accounting Standards Board and available online at www.gasb.org/facts/facts_about_gasb_2009-2010.

² "Budgeting, Accounting, and Reporting System (BARS)" Manual, published by the Washington State Auditor's Office and available online at www.sao.wa.gov.

³ "RCW" refers to the Revised Code of Washington.

Exhibit A to Resolution No. 2020-11

years during the development of the biennial budget and updated during the mid-biennium as necessary. The Director of Finance, or their designee, will consider the CIP when determining the ER&R fund balance target. This target will be reassessed during the biennial budget process and after the CIP is updated during the interim years.

Calculation of the target fund balance

To maintain an appropriate fund balance, the City will calculate the balance using the average of the Fleet and Equipment CIP's six-year replacement costs times two.

Rental rates, adjustments, and precision of the ER&R fund balance target

If the actual ER&R fund balance is too far above or below the target fund balance, the ER&R rental rates will be increased or decreased, as necessary, so that the actual fund balance comes into line with the target. This target is considered approximate and actual fund balance will be allowed to float 25% higher or lower before rates need to be adjusted. Rates may be adjusted sooner if the Director of Finance and the Manager of the Operations and Maintenance (O&M) Division deem it necessary.

Equipment lives

ER&R rental rates will use realistic equipment lives as estimated by the manufacturer and/or the O&M Division Manager, or his designee.

Equipment Replacement

The ER&R fund will only fund replacement of equipment or vehicles accounted for in the ER&R fund's existing asset replacement schedule. New assets not previously listed in the asset replacement schedule, or significant upgrades to existing assets, will need Council if they meet the city procurement policy dollar thresholds and will be paid for by the department and fund requesting the asset. Once the asset is procured, it will be added to the ER&R fund's existing asset replacement cycle and sufficient rent will be charged to replace the asset once it has reached the end of its useful life.

If equipment rental revenue received over the life of an asset is insufficient to cover the equipment replacement, the funding decision for the incremental difference will be made on a case-by-case basis depending on the nature and extent of the difference and the short and long term impact on the ER&R fund balance and future asset replacement schedules.

Rental rates

ER&R rental rates will consider equipment that is replaced earlier or later than anticipated. Other factors may include salvage value and insurance proceeds. Rental rates will include an equipment replacement inflation factor.

ORDINANCE NO. 2004-20

AN ORDINANCE OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, RELATING TO THE CITY'S FUND ACCOUNTING; REPEALING ORDINANCE 68-03; AND AMENDING CHAPTER 3.24 OF THE BAINBRIDGE ISLAND MUNICIPAL CODE.

WHEREAS, the City of Bainbridge Island has long maintained a reserve for capital equipment purchases in its general fund; and

WHEREAS, that reserve is not structured in a manner consistent with RCW 35A.37.010 and RCW 35.21.088, which require the City of Bainbridge Island to create and maintain an equipment rental fund; and

WHEREAS, the City of Bainbridge Island desires to fully comply with its legal requirements; now, therefore

THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DO ORDAIN AS FOLLOWS:

SECTION 1. Ordinance 68-03 is repealed.

SECTION 2. Chapter 3.24 of the Bainbridge Island Municipal Code shall be renamed "Equipment Rental Fund" and shall be amended to read as follows:

**Chapter 3.24
EQUIPMENT RENTAL FUND**

Sections:

- 3.24.010 Created and established.
- 3.24.020 Administration.
- 3.24.030 Transfer of departments.
- 3.24.040 Placement of money.
- 3.24.050 Use of the fund.
- 3.24.060 Disposition of sale proceeds and purchases.
- 3.24.070 Rental charges – Schedule.
- 3.24.080 Accounts and records.
- 3.24.100 Manner of withdrawals and expenditures.
- 3.24.110 Retention of monies.

3.24.010 Created and established.

There is hereby created and established a special fund to be known and designated as the "equipment rental fund", to be used as a revolving fund to be expended for salaries, wages, and operations required for the repair, replacement, purchase, and operation of equipment, and for the purchase of equipment, materials and supplies to be used in the administration and operation of the fund.

3.24.020 Administration.

The equipment rental fund shall be administered by the director of finance and administrative services under the direction of the mayor.

3.24.030 Transfer of departments.

All capital equipment of all offices and departments of the City of Bainbridge Island shall be transferred to the equipment rental fund, without charge.

3.24.040 Placement of money.

Money may be placed in the fund from time to time by the Bainbridge Island city council.

3.24.050 Use of the fund.

The City of Bainbridge Island shall purchase and sell all capital equipment by the use of such fund, subject to the laws governing the purchase and sale of property. Such equipment shall be rented for the use of the various offices and departments of the city and may be rented by the city to other governmental agencies.

3.24.060 Disposition of sale proceeds and purchases.

The proceeds received by the city from the sale or rental of such equipment shall be placed in the equipment rental fund, and the purchase price of any such equipment or rental payments made by the city shall be made from monies available in the fund.

3.24.070 Rental charges – Schedule.

There shall be paid monthly into the equipment rental fund out of the monies available to the department using any such equipment, which has not been purchased by that department for its own use and out of its own funds, reasonable rental charges fixed by the city council of the City of Bainbridge Island by approval of a schedule submitted at regular meetings of the city council by the administrative services director, which schedule shall be sufficient to cover the maintenance, operation and replacement of said equipment as set forth in BIMC 3.24.010 herein, and which shall be revised from time to time to maintain the schedule so as to reflect the current and foreseeable needs of the equipment rental fund.

3.24.080 Accounts and records.

There shall be kept, by those directed by the director of finance and administrative services, such books, accounts and records as are necessary to control and report the financial operations of the equipment rental fund, and shall further subdivide the cash account thereof into two separately designated accounts as follows:

A. Account “A”, which shall be the “current operating account” into which shall be placed those portions of the charges made to the various departments or offices of the city of Bainbridge Island, in accordance with the provisions of BIMC 3.24.070 hereof, which are specifically billed to provide sufficient monies to pay the salaries and wages, materials, overhead and other costs necessary to operate and maintain all property rented thereto. There shall also be placed into Account “A” monies which may from time to time be specifically available thereto by action of the city council.

B. Account "B", which shall be the "equipment reserve account" into which shall be placed those portions of the charges made to the various departments or offices of the city, in accordance with the provisions of BIMC 3.24.070 thereof, which are specifically billed to provide sufficient monies, having first taken into consideration the necessary operating and maintenance costs billed under the preceding subsection A, to pay the costs of purchasing new equipment and replacing used equipment as required to carry out the purpose of the equipment rental fund. There shall also be placed in the Account "B" monies which are derived from the direct sale of any equipment or other capital assets of the fund and any monies made specifically available thereto by action of the city council.

3.24.100 Manner of withdrawals and expenditures.

Any withdrawals or expenditures from the equipment rental fund shall be made only in the following manner:

A. Expenditures from Account "A" shall be made only upon duly approved payrolls and vouchers of the City of Bainbridge Island for the purposes hereinbefore ascribed to said account.

B. Expenditures from Account "B" shall be made only upon duly approved vouchers of the city for the purposes hereinbefore ascribed to said account.

3.24.110 Retention of monies.

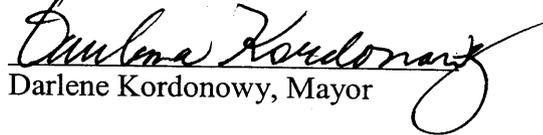
All monies in the equipment rental fund shall be retained there from year to year and shall not be transferred to any other fund or expended for any other purpose.

SECTION 3. The balance of all funds in the City's Reserve for Capital Equipment shall be transferred to the Equipment Rental Fund.

SECTION 4. This Ordinance shall take effect and be in force on and after January 1, 2005, which date is more than five days after its passage, approval and publication as required by law.

PASSED by the City Council this 22nd day of September, 2004.

APPROVED by the Mayor this 23rd day of September, 2004.


Darlene Kordonowy, Mayor

ATTEST/AUTHENTICATE:


Susan P. Kasper, City Clerk

FILED WITH THE CITY CLERK:	July 30, 2004
PASSED BY THE CITY COUNCIL:	September 22, 2004
PUBLISHED:	September 29, 2004
EFFECTIVE DATE:	October 4, 2004
ORDINANCE NO.	2004-20

ORDINANCE NO. 2017-09

AN ORDINANCE of the City of Bainbridge Island, Washington, amending Chapter 3.24 of the Bainbridge Island Municipal Code Relating to the Equipment Rental and Revolving Fund.

WHEREAS, Ordinance No. 2004-20 established the equipment rental fund; and

WHEREAS, the City desires to align the Bainbridge Island Municipal Code with the City’s adopted 2017-2018 biennial budget and current financial best practices and thereby convert the current equipment rental fund to an equipment rental and revolving (“ER&R”) fund; and

WHEREAS, an ER&R fund is a fund through which the City tracks use of its equipment, and sets aside funds for replacement in a planned manner; and

WHEREAS, an ER&R fund provides for predictable budgeting for capital equipment replacement, and supports good fleet management and stable budget expenditures; and

WHEREAS, the ER&R fund as included in the 2017-2018 Adopted Budget is an internal service fund.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND, WASHINGTON, DOES ORDAIN AS FOLLOWS:

SECTION 1. Chapter 3.24 of the Bainbridge Island Municipal Code is amended to read as follows:

**Chapter 3.24
EQUIPMENT RENTAL AND REVOLVING FUND**

Sections:

- 3.24.010 Created and established.
- 3.24.020 Administration.
- 3.24.030 Transfer of departments.
- 3.24.040 Placement of money.
- 3.24.050 Use of the fund.
- 3.24.060 Disposition of sale proceeds and purchases.
- 3.24.070 Rental charges – Schedule.
- 3.24.080 Accounts and records.
- 3.24.100 Manner of withdrawals and expenditures.
- 3.24.110 Retention of moneys.

3.24.010 Created and established.

There is hereby created and established a special fund to be known and designated as the “equipment rental and revolving fund,” to be used as a revolving fund to be expended, as appropriated by the city council, for salaries, wages, and operations required for the repair,

replacement, purchase, and operation of equipment, and for the purchase of equipment, materials, and supplies to be used in the administration and operation of the fund.

3.24.020 Administration.

The equipment rental and revolving fund shall be administered by the director of finance and administrative services ("director") under the direction of the city manager.

3.24.030 Transfer of departments.

All Capital equipment of all offices and departments of the city of Bainbridge Island, as determined by the director, shall be transferred to the equipment rental and revolving fund, without charge.

3.24.040 Placement of money.

Money may be placed in the fund from time to time by the Bainbridge Island city council.

3.24.050 Use of the fund.

The city of Bainbridge Island shall purchase and sell ~~all~~ capital equipment, as determined by the director, by the use of ~~such~~the equipment rental and revolving fund, subject to the laws governing the purchase and sale of property. Such equipment shall be rented for the use of the various offices and departments of the city and may be rented by the city to other governmental agencies.

3.24.060 Disposition of sale proceeds and purchases.

The proceeds received by the city from the sale or rental of such equipment shall be placed in the equipment rental and revolving fund, and the purchase price of any such equipment or rental payments made by the city shall be made from moneys available in the fund.

3.24.070 Rental charges – Schedule.

There shall be paid ~~monthly~~ into the equipment rental and revolving fund out of the moneys available to the department using any such equipment, ~~which has not been purchased by that department for its own use and out of its own funds~~, reasonable rental charges, ~~fixed by the city council of the city of Bainbridge Island by approval of a schedule submitted at regular meetings of the city council by the administrative services director, which schedule rental charges shall be sufficient to cover the maintenance, operation and replacement of said equipment as set forth in BIMC 3.24.010, and which shall be revised from time to time to maintain the schedule so as to reflect the current and foreseeable needs of the equipment rental~~ and revolving fund.

3.24.080 Accounts and records.

There shall be kept, by those directed by the ~~director of finance and administrative services~~, such books, accounts, and records as are necessary to control and report the financial operations of the equipment rental and revolving fund, ~~and shall further subdivide the cash account thereof into two separately designated accounts as follows:~~

~~A. Account A, which shall be the current operating account into which shall be placed those portions of the charges made to the various departments or offices of the city of Bainbridge Island, in accordance with the provisions of BIMC 3.24.070, which are specifically billed to~~

~~provide sufficient moneys to pay the salaries and wages, materials, overhead and other costs necessary to operate and maintain all property rented thereto. There shall also be placed into Account A moneys which may from time to time be specifically available thereto by action of the city council.~~

~~B. Account B, which shall be the equipment reserve account into which shall be placed those portions of the charges made to the various departments or offices of the city, in accordance with the provisions of BIMC 3.24.070, which are specifically billed to provide sufficient moneys, having first taken into consideration the necessary operating and maintenance costs billed under subsection A of this section, to pay the costs of purchasing new equipment and replacing used equipment as required to carry out the purpose of the equipment rental fund. There shall also be placed in the Account B moneys which are derived from the direct sale of any equipment or other capital assets of the fund and any moneys made specifically available thereto by action of the city council.~~

3.24.100 Manner of withdrawals and expenditures.

Any withdrawals or expenditures from the equipment rental and revolving fund shall be made only in the following manner approved by the city council through budget appropriation.:

~~A. Expenditures from Account A shall be made only upon duly approved payrolls and vouchers of the city of Bainbridge Island for the purposes hereinbefore ascribed to said account.~~

~~B. Expenditures from Account B shall be made only upon duly approved vouchers of the city for the purposes hereinbefore ascribed to said account.~~

3.24.110 Retention of moneys.

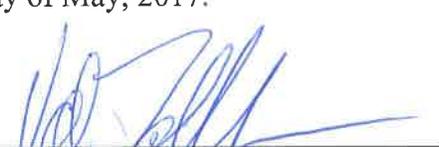
All moneys in the equipment rental and revolving fund shall be retained there from year to year and shall not be transferred to any other fund or expended for any other purpose.

SECTION 2. This ordinance shall take effect and be in force five days from and after its passage and publication as required by law.

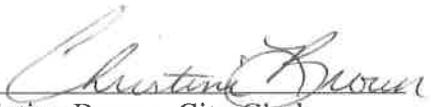
PASSED by the City Council this 9th day of May, 2017.

APPROVED by the Mayor this 9th day of May, 2017.

By: _____


Val Tollefson, Mayor

ATTEST/AUTHENTICATE:

By: 
Christine Brown, City Clerk

FILED WITH THE CITY CLERK:	March 28, 2017
PASSED BY THE CITY COUNCIL:	May 9, 2017
PUBLISHED:	May 12, 2017
EFFECTIVE DATE:	May 17, 2017
ORDINANCE NO.	2017-09



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 20 Minutes

AGENDA ITEM: (7:50 PM) Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Grant Briefing and Grant Acceptance - Finance,

SUMMARY: In June of 2020, the City of Bainbridge Island was awarded \$735,600 from the State of Washington as part of the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act that was passed by Congress and signed into law on March 27, 2020. This agenda item is for the Council to accept the grant award and to discuss options for the use of this funding.

AGENDA CATEGORY: Discussion

PROPOSED BY: Finance & Administrative Services

RECOMMENDED MOTION: I move to accept and ratify the Federal Coronavirus Aid, Relief, and Economic Security Act grant from the Washington State Department of Commerce in the amount of \$735,600 as executed by the Acting City Manager on June 2, 2020.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	No

BACKGROUND: The \$2 trillion Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress and signed into law on March 27, 2020. Washington State awarded \$300 million of the state's CARES funding to local governments, which did not receive direct distributions under the CARES Act. The City of Bainbridge Island will receive \$735,600.

Under the CARES Act, the funds may be used to reimburse local governments in response to the COVID-19 public health emergency during the period of March 1, 2020 through October 31, 2020. This may include expenditures to allow the local government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures in response to second-order effects of the emergency, such as economic support to those suffering from employment or business interruptions due to COVID-19 related business closures. Funds may NOT be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute.

The eligible list of costs is extensive. Additional detail is provided in the attached briefing.

ATTACHMENTS:

[CARES Briefing Presentation for CC 06302020](#)

FISCAL DETAILS: \$735,600 one-time Federal Grant under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The grant period is from March 1, 2020 to October 31, 2020.

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Coronavirus Aid, Relief
and Economic Security
(CARES) Act

June 30, 2020

Overview

- ▶ Tonight's objectives:
 - ▶ Provide summary information and background on the CARES act
 - ▶ Summarize eligible City expenditures
 - ▶ Consider options for use of funds
 - ▶ Consider steps for follow-up

CARES Act (H.R. 748)

- ▶ \$2.2 trillion federal aid package that provides financial aid to families, governments, and businesses impacted by the COVID-19 public health crisis, including:
 - ▶ \$290 billion in direct payments to eligible taxpayers
 - ▶ \$260 billion in expanded unemployment insurance
 - ▶ \$150 billion for state and local governments
 - ▶ \$510 billion in expanded liquidity lending for businesses and local governments
 - ▶ \$377 billion in new loans and grants for small businesses
 - ▶ \$127 billion for hospitals for ventilators and other equipment

Coronavirus Relief Fund

State of Washington awarded \$3 billion

\$785 million or about 27% awarded to Seattle and large counties with populations over 500,000

\$300 million or 10% awarded to smaller counties and cities

Remaining 63% or \$1.9 billion will remain with State

Coronavirus Relief Fund

- ▶ City of Bainbridge Island will receive allocation from \$300 million for small cities and counties
- ▶ Federal Grant Administered through Washington State Department of Commerce
- ▶ Grant period from March 1 to October 31, 2020

Coronavirus Relief Fund in Washington State



Each City awarded \$30 per capita



Bainbridge awarded \$735,600

Use of the Funds

Eligible Cost Test Criteria

1. The expense is connected to the COVID-19 emergency
2. The expense is “necessary”
3. The expense is not filling a shortfall in government revenues
4. The expense is not funded through another budget line item, allotment or allocation as of March 27, 2020
5. The expense wouldn't exist without COVID-19 **OR** would be for a “substantially different” purpose

Examples of Eligible Costs

Facility Improvements, Equipment, Supplies and Cleaning

- ▶ Telework, infrastructure and equipment such as computers and phones
- ▶ Facility improvements such as plexiglass, partitioning and repairs
- ▶ Acquisition of Personal Protective equipment such as masks, gloves, sanitizer, shields etc.

Examples of Eligible Costs Continued

Eligible Personnel & Outside Services

- ▶ Wages and benefits that were not budgeted or were for “substantially different” functions than budgeted. Examples:
 - Wastewater treatment plant operator term limited position (TLT) for COVID
 - COVID Health Specialist TLT
 - Police Overtime related to COVID
 - Operations & Maintenance labor on building and facilities improvements
- ▶ Extra cleaning and custodial services

Examples of Eligible Costs Continued

Eligible Personnel & Outside Services

- ▶ City staff Emergency Operations Center (EOC) wages and benefits
- ▶ City resources (staff time) that were budgeted but were devoted to activities (EOC/emergency response) rather than planned service delivery

Examples of Eligible Costs Continued

Economic Assistance

- ▶ Economic support to community residents such as rental assistance. For example, the City's additional funding for Helpline House's rental assistance program is an eligible expense

Examples of Eligible Costs Continued

Economic Assistance

- ▶ Assistance to other local governments who otherwise would not receive grant funds
- ▶ Grants to small businesses to reimburse the costs of business interruption caused by required closures

City of Bainbridge Island Eligible Costs

Estimated City Expenses - Facility Improvements, Supplies & Equipment (Unbudgeted)

Description	Mar - Oct 2020	
	Estimated Costs	
Equipment (computers, phones, network, other)	\$	140,000
Cleaning and custodial services	\$	85,000
Acquisition of PPE	\$	80,000
Facility improvements	\$	57,000
<i>Subtotal</i>	\$	362,000

City of Bainbridge Island Eligible Costs

Estimated City Expenses - Personnel (Unbudgeted)	
Description	Mar - Oct 2020 Estimated Costs
Non-EOC Wages and Benefits for COVID Response:	
*Waterwater treatment plant back up	
*Police and first responder overtime	
*COVID safety position	\$ 124,000
<i>Subtotal</i>	<i>\$ 124,000</i>

City of Bainbridge Island Eligible Costs

Support for Community Impacts (Unbudgeted)

Description	Mar - Oct 2020 Estimated Costs
Economic support to community residents - Helpline House	\$ 60,000
Subtotal	\$ 60,000

City of Bainbridge Island Eligible Costs

Estimated City Expenses - Personnel & Outside Services (Budgeted)

Description	Mar - Oct 2020 Estimated Costs
EOC Wages & Benefits for COVID Response	\$ 177,000
Public Works COVID facility labor	\$ 91,000
<i>Subtotal</i>	<i>\$ 268,000</i>

City of Bainbridge Island Eligible Costs

TOTAL ELIGIBLE CITY COSTS	
Description	Mar - Oct 2020 Estimated Costs
City Unbudgeted eligible costs	\$ 486,000
Community Unbudgeted eligible costs	\$ 60,000
City Budgeted eligible costs	\$ 268,000
Grand Total	\$ 814,000

Other Considerations

- ▶ Generally in Washington State, Park and Recreation functions are housed within City organization.
- ▶ Most cities receiving grant funds would include parks and recreation eligible costs as part of their reimbursement requests.
- ▶ The City could choose to partner with Parks or other local governments through the City's allocation.

Staff Recommendations

Apply \$486,000 of the \$735,000 allocation to support the City's eligible unplanned and other expenses related to the impacts of COVID-19

Staff Recommendations

Share remaining \$249,000 of the funding through collaboration with local government and other partners and/or small businesses who are not otherwise eligible for grant funding

City of Bainbridge Island Eligible Costs

TOTAL SUGGESTED ALLOCATION		
Description	Amount	%
City Eligible Costs	\$ 486,000	66%
Local Community Partner Share		
<i>Helpline House</i>	\$ 60,000	
<i>Other</i>	\$ 189,000	
<i>Subtotal - Community</i>	\$ 249,000	34%
Grand Total	\$ 735,000	100%

NEXT STEPS

- ❖ Approve motion accepting the CARES Grant
- ❖ Council direction on recommended use of funds
- ❖ Staff implementation of Council decisions
- ❖ Periodic staff reports to Council on CARES spending



QUESTIONS?

DISCUSSION



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 10 Minutes

AGENDA ITEM: (8:10 PM) Feedback on Governor's Order Related to Face Coverings - Councilmembers Hytopoulos, Pollock, Carr,

SUMMARY: Council will provide feedback on the Governor's Order related to face coverings and determine next steps.

AGENDA CATEGORY: Discussion

PROPOSED BY: City Council

RECOMMENDED MOTION: Discussion.

STRATEGIC PRIORITY: Safe City

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

FISCAL DETAILS:

Fund Name(s):

Coding:



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 20 Minutes

AGENDA ITEM: (8:20 PM) Consideration of Revisions to the City's Code of Conduct and Ethics Program,

SUMMARY:

During the May 19, 2020 City Council meeting, the Council expressed a desire to have a brief discussion during the May 26 Council meeting to determine how best to proceed with respect to the City's Code of Conduct and Ethics Program. Unless extended or modified, the program is set to expire on February 1, 2021.

Attached to that agenda item for Council discussion was Councilmember Hytopoulos's suggestions on revisions to the program. The Council had an initial discussion of those suggested revisions on May 26 and then forwarded the item to the June 9 agenda for further discussion. Following discussion on June 9, the Council directed that additional discussion be scheduled on this topic at a future Council meeting.

Attached to this agenda item is a draft of the City's Code of Conduct and Ethics Program that has been further revised by Councilmember Hytopoulos, with input from the City Attorney's Office. For the reader's convenience, Councilmember Hytopoulos prepared a version in track changes to show the proposed revisions and comments, as well as a "clean" copy with the proposed revisions incorporated into the document. Both of those drafts are attached.

This agenda item is to discuss the proposed revisions offered by Councilmember Hytopoulos, with the goal of coming to agreement regarding the revisions to the program so that City staff can bring back at a future meeting a resolution for consideration of approval that would allow the Council to adopt the program as revised.

AGENDA CATEGORY: Discussion

PROPOSED BY: City Council

RECOMMENDED MOTION: Discussion and direction to staff about proposed revisions to the Code of Conduct and Ethics Program.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

Councilmember Hytopoulos has spent significant time and effort reviewing and considering revisions to the City's current Code of Conduct and Ethics Program. The revisions proposed would significantly change the program to more clearly separate into different tracks complaints related to the Code of Conduct (Article I) and complaints related to the Code of Ethics (Article II). At its meeting on June 9, 2020, the City Council expressed interest in this approach and Councilmember Hytopoulos was asked to bring her proposed revisions back to the Council for further consideration. This agenda item is in furtherance of that Council discussion and possible future action.

Since the June 23, 2020 Council meeting, the Deputy City Attorney and Councilmember Hytopoulos have worked further on the draft and one minor revision and three new comments have been added for Council consideration. The three new comments appear with the initials "RS" on pages 14-16 of the redline draft, and the added sentence is in red on page 16 of that draft. The "clean" version includes the new revision as well (on page 13 of the "clean" draft). All of those additions to the previous drafts were made in consultation with Councilmember Hytopoulos.

ATTACHMENTS:

[Redlined Copy KH Proposed Revisions to Res No. 2019-26 Updating the City's Ethics Program Approved 112619 - For 6-30-2020 CM](#)

[Clean Copy KH Proposed Revisions to Res No. 2019-26 Updating the City's Ethics Program Approved 112619 - For 6-30-2020 CM](#)

FISCAL DETAILS:

Fund Name(s):

Coding:

RESOLUTION NO. 2019-26

A RESOLUTION of the City Council of Bainbridge Island, Washington, amending the ethics program for the City of Bainbridge Island in accordance with Chapter 2.07 BIMC.

WHEREAS, Chapter 2.07 BIMC provides that the City Council shall establish, by resolution or ordinance, an ethics program for the City of Bainbridge Island; and

WHEREAS, on May 10, 2006, the City Council passed Resolution No. 2006-25, adopting an ethics program for the City of Bainbridge Island; and

WHEREAS, the City Council has previously amended the ethics program through the passage of Resolution Nos. 2011-07, 2011-13, 2012-11, and 2018-10; and

WHEREAS, in 2019, the City Council thoroughly considered the City's ethics program, including discussions held during the May 28, July 2, July 23, August 6, August 20, September 17, October 22, and November 26, 2019 Council meetings; and

WHEREAS, the Ethics Board has reviewed and provided input to the City Council on proposed changes to the City's ethics program; and

WHEREAS, the City Council desires to update the City's ethics program and to provide a delayed effective date for the revised ethics program to give City staff and the Ethics Board time to update operating rules, forms, and training materials, as needed, to conform with and implement the revised ethics program.

— NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF BAINBRIDGE ISLAND DOES RESOLVE AS FOLLOWS:

Section 1. Repeal and Replacement of Ethics Program. The ethics program adopted by Resolution No. 2018-10 is hereby repealed in its entirety and replaced as shown on **Exhibit A**, which is attached hereto and incorporated herein by this reference as if set forth in full.

Section 2. Direction to Ethics Board. The Ethics Board shall not, without Council approval, consider any complaint, request for advisory opinion, or request for waiver until Section 1 of this resolution takes effect. The Ethics Board is directed to revise its operating rules, forms, and training materials, as needed, to conform with the Code of Conduct and Ethics Program included as **Exhibit A** to this resolution.

Section 3. Effective Date. Section 1 of this resolution shall take effect and be in force on February 1, 2020. Section 2 of this resolution shall take effect and be in force immediately upon passage.

Commented [KH1]: We'll need a new resolution, of course. I am not attempting to revise the original resolution at this time, just the document governing the program.

~~PASSED by the City Council this 26th day of November, 2019.~~

~~APPROVED by the Mayor this 26th day of November, 2019.~~

~~/s/ _____
Kol Medina, Mayor~~

~~ATTEST/AUTHENTICATE:~~

~~/s/ _____
Christine Brown, CMC, City Clerk~~

~~FILED WITH THE CITY CLERK: _____ November 22, 2019~~

~~PASSED BY THE CITY COUNCIL:~~

~~RESOLUTION NO. _____ 2019-26~~

~~Exhibit A: Code of Conduct and Ethics Program~~

Exhibit A
Code of Conduct and Ethics Program

**CITY OF BAINBRIDGE ISLAND
CODE OF CONDUCT AND ETHICS PROGRAM**

Resolution No. ~~2019-26~~2020-xx

Effective Date: ~~February 1, 2020~~ _____

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Commented [KH2]: Parts of the Table of Contents will need to be revised. I have not done that at this time, pending Council’s decisions regarding the proposed changes.

**CITY OF BAINBRIDGE ISLAND
CODE OF CONDUCT AND ETHICS PROGRAM**

All those associated with City government, including Councilmembers and members of City Committees and Commissions, seek to earn and maintain the public’s confidence in the City’s services and the public’s trust in its government. To this end, the decisions and work of those associated with City government must meet the highest ethical standards. It is therefore the purpose of this program to:

1. Articulate the Code of Conduct that will guide the conduct of Councilmembers and members of City Committees and Commissions;
2. Establish a Code of Ethics for Councilmembers and members of City Committees and Commissions;
3. Provide training for Councilmembers and members of City Committees and Commissions on the Code of Conduct and the Code of Ethics;
4. Establish a system that enables individuals, Councilmembers, and members of City Committees and Commissions to seek guidance and assistance regarding possible violations of the Code of Conduct or of the Code of Ethics;
5. Provide **#-processes** to review possible violations of the Code of Conduct and of the Code of Ethics by Councilmembers and members of City Committees and Commissions; and
6. Maintain an Ethics Board to assist with the administration of the program.

This Code of Conduct and Ethics Program is intended to supplement state and federal law. As such, Councilmembers and members of City Committees and Commissions shall comply with all state and federal laws in the performance of their public duties. These laws include, but are not limited to, the following: the United States and Washington Constitutions; Chapter 42.23 RCW; and Chapter 42.17A RCW.

Commented [KH3]: I am proposing that we fully separate the two different processes – for conduct and ethics – in this document.

**ARTICLE I -
CODE OF CONDUCT**

A. Preamble

The City of Bainbridge Island has adopted this Code of Conduct, which consists of the Core Values and **Ethicals Principles** detailed below, to promote and maintain the highest standards of personal and professional conduct among City Councilmembers and members of City Committees and Commissions. The optimal operation of democratic government requires that the City's government be fair and accountable to the people it serves. This Code of Conduct articulated in Article I applies to Councilmembers and members of City Committees and Commissions.

Commented [KH4]: Not only do I believe that "ethical principles" is grammatically better, I think it is more accurate here than "ethics" principles and more clearly distinguishes the code of conduct from the code of ethics.

B. Core Values

1. Service, Helpfulness, Innovation

We are committed to providing service to the people of Bainbridge Island and to each other that is courteous, cost effective, and continuously improving.

2. Integrity

We treat one another with honesty and integrity, recognizing that trust is hard won and easily lost. We pledge to promote balanced, consistent, and lawful policies and directives, in keeping with that integrity and the highest standards of this community.

3. Equality, Fairness, Mutual Respect

We pledge to act with the standard of fairness and impartiality in the application of policies and directives and that of equality and mutual respect with regard to interpersonal conduct.

4. Responsibility, Stewardship, Recognition

We accept our responsibility for the stewardship of public resources, and our accountability for the results of our efforts, and we pledge to give recognition for exemplary work.

C. **Ethicals Principles**

Commented [KH5]: See comment above

1. Obligations to the Public

Following the highest standards of public service, Councilmembers and members of City Committees and Commissions act to promote the public good and preserve the public's trust. In practice, this principle looks like transparency and honesty in all public statements and written communications.

2. Obligations to Others

In order to sustain a culture of ethical integrity, Councilmembers and members of City Committees and Commissions treat each other and the public with respect and are guided by applicable codes of ethics. In practice, this principle looks like:

- a. Councilmembers and members of City Committees and Commissions shall familiarize themselves with the ethical rules governing them (including Chapter 42.23 RCW and this Ethics Program) and obtain periodic education regarding such rules.
- b. Councilmembers and members of City Committees and Commissions shall, in all their interactions, conduct themselves in a manner that demonstrates civility and respect for others.

3. Obligations Regarding the Use of Public Resources

In recognition of the importance of stewardship, Councilmembers and members of City Committees and Commissions use and allocate public monies, property, and other resources in a responsible manner that takes into consideration both present and future needs of the community. In practice, this principle looks like:

- a. Councilmembers and members of City Committees and Commissions shall, to the extent possible, seek guidance regarding the use of public resources from staff and other experts, including legal advice from the City Attorney as appropriate, in order to ensure that public resources are used and conserved for the public good.
- b. Councilmembers and members of City Committees and Commissions shall ensure that paid experts and consultants who provide guidance regarding the use of public resources shall be impartial and free of conflicts of interest.

**ARTICLE II -
CODE OF ETHICS**

Except where specifically stated, the rules articulated in Article II apply to Councilmembers and individuals serving on City Committees and Commissions.

A. Gifts and Compensation

1. Limitations on City-Related Gifts and Outside Compensation

Except as permitted under Subsections (2) and (3) below, no Councilmember or member of a City Committee or Commission, or any member of their immediate families, shall, directly or indirectly, accept any gift (as defined below) for a matter connected with or related to their services or duties with the City of Bainbridge Island or accept any non-City compensation for the performance or non-performance of those services or duties.

2. Exceptions to Gift Limitations

The following are exceptions to the limitation on gifts and may be accepted by those subject to Subsection (1) above:

- a. Unsolicited items of trivial value. "Items of trivial value" means items or services with a value of fifty dollars (\$50.00) or less, such as promotional t-shirts, pens, calendars, books, or other similar items.
- b. Gifts from other City officers, officials, or employees, or their family members on appropriate occasions.
- c. Gifts appropriate to the occasion and reasonable and customary in light of a familial, social, or official relationship of the giver and recipient, such as weddings, funerals, illnesses, holidays, and ground-breaking ceremonies.
- d. Campaign contributions as permitted and reported in accordance with law.
- e. Awards that are publicly presented by a nonprofit organization in recognition for public service if the award is not extraordinary when viewed in light of the position held by the recipient.
- f. Gifts offered while visiting other cities, counties, states, or countries or hosting visitors from other cities, counties, states, or countries, when it would be a breach of protocol to refuse the gift, provided that any such gifts received shall become property of the City.

g. Reasonable and necessary costs to attend a conference or meeting that is directly related to the official or ceremonial duties of the Councilmember or member of a City Committee or Commission, provided that any payment of substantial travel or lodging expenses by any person or entity regulated by the City or doing or seeking to do business with the City must be approved in advance by the Mayor or, if the Mayor is the recipient, by the Deputy Mayor or the Mayor Pro Tem.

3. Immediate Family Gift Exception

It shall not be a violation of this section for a member of a Councilmember's or a member of a City Committee or Commission's immediate family to accept a gift which arises from an independent relationship, if the Councilmember or member of a City Committee or Commission does not significantly benefit from the gift, and it cannot reasonably be inferred that the gift was intended to influence the Councilmember or member of a City Committee or Commission in the performance of their duties.

B. Use of City Property by Councilmembers

1. Except for limited incidental personal use or emergency circumstances, no Councilmember shall request, permit, or use City vehicles, equipment, materials, or property for personal use, personal convenience, or profit.
2. From the time that a Councilmember declares or publicly states that they intend to run for reelection until the conclusion of the respective general election, that Councilmember shall not request or direct that City funds be used to purchase any media (including newspaper, radio, television, social media, or bulk mailing) that contains the name or image of that Councilmember unless the names or images of all City Councilmembers appear in the media being purchased.

C. Confidentiality

Except as required by law, a Councilmember, former Councilmember, or current or former member of a City Committee or Commission shall not disclose or use privileged, confidential, or proprietary information obtained in executive session or otherwise in the course of their duties as a result of their position.

D. Conflict of Interest – General

1. Applications of Conflict of Interest

Except as permitted in Subsections (2) or (3) below, a Councilmember or member of a City Committee or Commission shall not take any direct official action on a matter if they, or a member of their immediate family:

- a. Has any substantial direct or indirect contractual employment related to the matter;

b. Has other significant financial or private interest in that matter (which includes serving on a Board of Directors for any organization but does not, for Councilmembers, include appointing members to the Salary Commission); or

c. Is a party to a contract or the owner of an interest in real or personal property that would be significantly affected by that matter. Taking direct official action on, or regarding, legislation of general application does not “significantly affect” real or personal property within the meaning of this Subsection.

2. Conflict of Interest Exceptions for Councilmembers

Subsection (1) above shall not apply when a Councilmember:

a. Is required to take or participate in an action based upon the rule of necessity;

b. Acts as their own representative before the City Council, Hearing Examiner, or any other City board, commission, or agency, provided that the individual does not also participate in any way in the deliberations or decision of the City Council, Hearing Examiner, or that board, commission, or agency related to that matter;

c. Acquires an interest in bonds or other instruments of indebtedness issued by the City if acquired and held on the same terms available to the general public;

d. Officially participates in the development and adoption of the City's budget; or establishes the pay or benefit plan of City officers, officials, or employees;

e. Makes decisions on any legislation of general application unless these actions directly affect, or appear to affect, the official's or immediate family member's employment; or

f. Serves on the governing body of an organization or entity as part of their official duties as a Councilmember of the City.

3. Conflict of Interest Exceptions for Members of City Committees and Commissions

Subsection (1) above shall not apply to a member of a City Committee or Commission:

a. Who takes direct official action, as a member of a City Committee or Commission to which that member was appointed based on that member's ownership or lease of certain real property or of that member's ownership of a business located in a certain area of the City, that results in a conflict of interest under Subsection (1) above due solely to the fact of that member's ownership or lease of the certain real property or of that member's ownership of the business located in a certain area of the City providing the basis for that member's appointment to the City Committee or Commission; provided that the member fully discloses the basis for the conflict of interest under Subsection (1) during each meeting of the City Committee or Commission in which the conflict of interest under Subsection (1) occurs or may occur;

- b. Who fully disclose the basis for the conflict of interest under Subsection (1) above on the public record of the City Committee or Commission and the Committee or Commission votes to allow the member to participate in the discussion or the vote; or
- c. Is required to take action or participate in an action based upon the rule of necessity.

4. Disclosure for Councilmembers

All Councilmembers are required to comply with the Washington State Public Disclosure Commission requirements for financial disclosure. In addition, all Councilmembers shall publicly disclose their financial interest in any matter that comes before them. All Councilmembers shall annually complete a conflict of interest statement to be submitted to the City Clerk by April 15th.

E. Conflict of Interest – After Leaving Elected City Office

1. For two (2) years after leaving elected City office, no former Councilmember shall obtain employment in which they will take direct or indirect advantage of matters on which they took direct official action during their service with the City. This includes contractual negotiations or solicitation of business unavailable to others.
2. For two (2) years after leaving elected City office, no former Councilmember shall engage in any action or litigation in which the City is involved, on behalf of any other person or entity, when the action or litigation involves an issue on which the person took direct official action while in elected City office.

F. Conflict of Interest – Members of City Committees or Commissions and Employment

While serving on a City Committee or Commission, and for two (2) years after leaving such position, no member of a City Committee or Commission shall obtain employment in which they will take direct or indirect advantage of matters which they, as a member of a City Committee or Commission, recommended to the City Council. This includes applying for positions or contracts with the City when the City Committee or Commission on which the member served recommended funding such position or contract.

G. Conflict of Interest – Family Members of Councilmembers

1. Appointment of Family Members

Unless they obtain a waiver from the Ethics Board, no Councilmember shall appoint or hire a member of their immediate family for any type of employment with the City. This includes, but is not limited to, full time employment, part time employment, permanent employment, temporary employment, and contract employment.

2. Supervision of Family Members

No Councilmember shall supervise or be in a direct line of supervision over a member of their immediate family. If a Councilmember is placed in a direct line of supervision of a member of their immediate family, they shall have three (3) months to come into compliance or to obtain a waiver pursuant to Subsection (3) below.

3. Waivers

Waivers from this section may be sought from the Ethics Board to allow a member of the immediate family to be hired or to be in the direct line of supervision of a member of the immediate family. Procedures to consider such a waiver are set forth in Article III.

H. Conflict of Interest – Contractors

Every major contractor submitting bids to the City shall affirm that neither the contractor nor any agent of the contractor has made any prohibited gift to a Councilmember who is involved in direct official action on the bid or has a relationship to such Councilmember that would create a conflict of interest for that Councilmember under this Code of Conduct and Ethics Program.

I. Conflict of Interest - Individuals Serving on City Committees and Commissions

Individuals serving on City Committees and Commissions shall sign a conflict of interest statement upon appointment and reappointment.

J. Conduct of Public Meetings

1. Meetings involving Councilmembers or City Committees and Commissions should be conducted in a manner that maximizes transparency of relationships among individuals or groups that could affect decision-making.
2. Meetings of the City Council and City Committees and Commissions shall have a standing agenda item for disclosure of possible conflicts of interest. Members are encouraged to disclose relationships with persons and issues on the agenda, including potential conflicts of interests. If necessary, discussion among the members may be undertaken to judge the significance of these relationships and whether a possible conflict of interest exists.

K. Conflict of Interest – Individuals Serving on the Ethics Board

No member of the Ethics Board shall participate in the review of complaints or requests for advisory opinions relating to the conduct of a Councilmember where that member of the Ethics Board is or was a member of a political action committee that supports, supported, opposes, or opposed the election or reelection of the Councilmember in question.

**ARTICLE III -
SUBMISSION AND REVIEW OF CODE OF CONDUCT COMPLAINTS AND CODE OF
ETHICS COMPLAINTS, REQUESTS FOR WAIVERS, AND REQUESTS FOR ADVISORY
OPINIONS**

A. Submission and Review of ~~Ethics~~ Code of Conduct Complaints

1. Any individual may submit to the City Clerk a ~~an ethics~~ complaint alleging violations of the Code of Conduct (Article I) by a Councilmember or a member of a City Committee or Commission.

~~b. The Code of Ethics (Article II) by a Councilmember or a member of a City Committee or Commission; or~~

~~e. The ethics standards contained in the City of Bainbridge Island Employee Manual by a City employee other than the City Manager.~~

2. Each complaint must include the name and address of the complainant, along with a detailed statement of facts, supported by a declaration in compliance with RCW 9A.72.085, on a form supplied by the City Clerk.

3. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a Councilmember or a member of a City Committee or Commission, except for complaints concerning members of the Ethics Board, to the Ethics Board for review in accordance with Subsection A.4. -6, below. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a member of the Ethics Board to the Hearing Examiner, who shall review the complaint in accordance with Subsection B.11.a.-f. below in place of the Ethics Board.

4. Upon receipt of a complaint, the Ethics Board shall make a threshold determination as to whether or not the complaint is reasonably credible and whether or not the facts asserted in the complaint, even if true, would constitute a violation of the Code of Conduct (Article I).

a. If the Ethics Board determines that the complaint lacks reasonable credibility, the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a ~~written notice of threshold determination dismissal~~, to include a brief statement regarding the basis for the dismissal, to the City Clerk. ~~Reconciliation shall not occur regarding a complaint dismissed under this Subsection.~~ The City Clerk shall ~~provide forward~~ the ~~threshold determination notice of dismissal~~ to the complainant and respondent ~~and publish it along with the complaint.~~

b. If the Ethics Board determines that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a ~~written threshold determination~~ a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. ~~Reconciliation shall not occur regarding a complaint dismissed under this Subsection.~~ The City Clerk shall provide the

Commented [KH6]: By separating out into two subsections the submission of code of conduct complaints and code of ethics complaints we are more clearly distinguishing them

Commented [KH7]: A code of conduct complaint is NOT an ethics complaint

Commented [KH8]: Note that all of the text in green is not new, just relocated

Commented [KH9]: I am suggesting the creation of a dismissal form by the Ethics Board for sections A.4.a and b with language approved by the City Attorney

Commented [RS10]: Under the current Code of Conduct and Ethics Program, dismissals of Article I complaints are published online. Under the proposed revisions, such dismissals will not be published online.

Commented [KH11]: If there is going to be a dismissal, why would we publish a "threshold determination" rather than a dismissal with a procedural basis for the dismissal? Surely the harm to the accused person will exceed any educational value of publication of the alleged facts

~~threshold determination notice of dismissal to the complainant and respondent and publish it along with the complaint.~~

c. If the Ethics Board determines that the complaint is reasonably credible and that the facts asserted in the complaint, if true, would constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall provide, following legal review, a written threshold determination to the City Clerk, along with a recommendation as to the appropriateness of mediation for reconciliation or, alternatively, the issuance of an advisory opinion based on the facts and circumstances stated in the complaint. Complaints alleging conduct directed at the complainant individually shall be presumptively referred to mediation. (As an illustrative example, this could include a complaint brought by a resident alleging that a Councilmember violated the Code of Conduct by not treating that resident with civility and respect related to a particular interpersonal transaction.) Complaints alleging conduct not directed at the complainant shall be presumptively referred to the process set forth in A.6 below. (As an illustrative example, this could include a complaint brought by a resident alleging that a Councilmember violated the Code of Conduct by using public resources in a manner that fails to meet the standard of accepting responsibility for the stewardship of public resources). The City Clerk shall provide forward the threshold determination and recommendation to the complainant and respondent and refer the complaint to either the mediation process as described in section A.5 below, or back to the Ethics Board for an advisory opinion as described in A.6 below a trained mediator for reconciliation as described below.

Commented [RS12]: Under the current Code of Conduct and Ethics Program, dismissals of Article I complaints are published online. Under the proposed revisions, such dismissals will not be published online.

Formatted: x_msonormal, Indent: Left: 0", Widow/Orphan control, Hyphenate

Commented [KH13]: This may need follow up training for ethics board. Generally, mediation is very appropriate for a complaint about alleged harm to an individual, but not for a complaint about conduct alleged to harm the public generally. (there are exceptions but not sure they could be addressed through this program without a lot more work)

5. As soon as practicable following receipt of a threshold determination under Article III, Subsection (A)(42)(c), that includes a recommendation for mediation, the City Clerk, or designee, shall schedule the time and place for reconciliation of the complaint.

a. To facilitate timely reconciliation, the City Manager is authorized to, as needed, negotiate, execute, or amend a contract with the Dispute Resolution Center of Kitsap County, or other similar firm or organization, for the provision of trained mediators suitable for facilitating reconciliation to resolve complaints.

b. Reconciliation shall occur at the time and place scheduled. However, if the complainant refuses to participate in reconciliation, then no reconciliation shall be scheduled, and no further action shall be taken on the complaint. If the respondent refuses to participate in reconciliation, then no reconciliation shall be scheduled. In circumstances where the respondent refuses to participate in reconciliation, the City Clerk shall, except for complaints concerning members of the Ethics Board, instead refer the complaint to the Ethics Board for review and issuance of an advisory opinion in accordance with Article III, Subsections A.6.a-g below. For complaints concerning members of the Ethics Board, the City Clerk shall instead refer such complaints to the Hearing Examiner, who shall review the complaint and issue an advisory opinion in accordance with Article III Subsections B.11.a-f, in place of the Ethics Board. If the parties engage in mediation, no further action shall occur under the ethics program.

6. Upon referral back to the Ethics Board of a complaint pursuant to Section A.4.c or A.5.b above, the Chair of the Ethics Board shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.

a. The Ethics Board shall then review the complaint and response, if submitted. The Ethics Board's review shall be limited to the complaint and the response, if submitted. In the course of reviewing a complaint, the Ethics Board may request clarification of the complaint by the complainant or of the response by the respondent; provided that if the Ethics Board obtains clarification of the complaint, the Ethics Board shall give the respondent the opportunity to review the clarification and to provide an additional written response. However, the Ethics Board shall not engage in other fact-finding.

b. If, in reviewing the complaint and response, a question of fact exists, the Ethics Board shall identify the existence of the question of fact in its advisory opinion.

c. After reviewing the matter, the Ethics Board shall, following legal review, issue forward to the City Clerk an advisory opinion, with identifying information as to the complainant and individual(s) names in the complaint deleted, which shall be forwarded to the City Clerk for publication along with the complaint and response, if submitted. The City Clerk shall provide notice to both the complainant and respondent of the issuance publication of the advisory opinion. Upon publication of the advisory opinion, the City Clerk shall provide to the complainant a copy of any response submitted by the respondent.

d. If, during the process of reviewing a complaint alleging a violation of the Code of Conduct (Article I), the Ethics Board determines that an additional violation of the Code of Conduct (Article I) may have occurred or a violation of the Code of Ethics (Article II) may have occurred, then the Ethics Board may choose to note that possibility in its advisory opinion. However, the Ethics Board shall not on its own initiative pursue an investigation of an additional violation of the Code of Conduct (Article I) or a violation of the Code of Ethics (Article II). Nothing in this subsection, however, shall preclude the complainant from subsequently filing other Code of Conduct (Article I) or Code of Ethics (Article II) complaints. without the approval of the City Council. "Additional violation of the Code of Conduct (Article I)" means a violation of the Code of Conduct (Article I) that was not included in the complaint being reviewed.

e. The Ethics Board shall strive to complete its review and issue an advisory opinion within 45 business days from the date that the City Clerk forwarded the request to the Ethics Board. If review takes longer than 45 business days, the Ethics Board in its advisory opinion shall specify the reasons for why additional time was needed.

f. Advisory opinions shall be viewed as educational only. The purpose of such an opinion is to provide an educational opinion to Councilmembers, members of City

Commented [RS14]: Under the current Code of Conduct and Ethics Program, both the Article I complaint and response are published online along with the advisory opinion. Under the proposed revisions, only the advisory opinion would be published online.

Commented [KH15]: If advisory opinions on code of conduct complaints are intended to be "educational only" (see section f below), it should not be necessary that they include the names of the parties involved. I am suggesting that it would be more appropriate to publish only the opinion (w/o the complaint and response) and with identifying information regarding the parties. I believe that this would (1) encourage those with legitimate concerns to come forward without concern for their names being published on the website and (2) be less likely to discourage people from running for office or applying for a committee position out of fear of malicious complaints or an overzealous ethics board. Note that for the first three years of the program, opinions were anonymous, so this is not a new idea.

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Committees and Commissions, and the public on what type of conduct is generally expected from Councilmembers and members of City Committees and Commissions.

~~3. To facilitate timely review under this Ethics Program, each complaint may only allege violations of one of the three standards listed in Subsection (A)(1) above. To the extent that an individual believes multiple standards were violated, the individual may submit multiple complaints.~~

B. Submission and Review of ~~Review of Article I~~ Ethics Complaints

1. Any individual may submit to the City Clerk an ethics complaint alleging violations of one of the following:

a. The Code of Ethics (Article II) by a Councilmember or a member of a City Committee or Commission; or

b. The ethics standards contained in the City of Bainbridge Island Employee Manual by a City employee other than the City Manager.

2. Each complaint must include the name and address of the complainant, along with a detailed statement of facts, supported by a declaration in compliance with RCW 9A.72.085, on a form supplied by the City Clerk.

~~3. To facilitate timely review under this Ethics Program, each complaint may only allege violations of one of the three standards listed in Subsection (A)(1) above. To the extent that an individual believes multiple standards were violated, the individual may submit multiple complaints.~~

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4.3. To facilitate timely review under this Subsection, each complaint may only allege violations of one of the ~~two~~three standards ~~described~~listed in Subsection ~~B.1.(A)(1)~~ above. To the extent that an individual believes ~~both~~multiple standards were violated, the individual may submit multiple complaints (i.e., a complaint related to B.1.a. and a separate complaint related to B.1.b.).

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~~5.1. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a Councilmember or a member of a City Committee or Commission, except for complaints concerning members of the Ethics Board, to the Ethics Board for review in accordance with Subsection (2) below. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a member of the Ethics Board to the Hearing Examiner, who shall review the complaint in accordance with Subsection (2) below in place of the Ethics Board.~~

~~2. Upon receipt of a complaint, the Ethics Board shall make a threshold determination as to~~

~~whether or not the complaint is reasonably credible and whether or not the facts asserted in the complaint, even if true, would constitute a violation of the Code of Conduct (Article I).~~

~~a. If the Ethics Board determines that the complaint lacks reasonable credibility, the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a written threshold determination to the City Clerk. Reconciliation shall not occur regarding a complaint dismissed under this Subsection. The City Clerk shall provide the threshold determination to the complainant and respondent and publish it along with the complaint.~~

~~b. If the Ethics Board determines that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a written threshold determination to the City Clerk. Reconciliation shall not occur regarding a complaint dismissed under this Subsection. The City Clerk shall provide the threshold determination to the complainant and respondent and publish it along with the complaint.~~

~~e. If the Ethics Board determines that the complaint is reasonably credible and that the facts asserted in the complaint, if true, would constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall provide, following legal review, a written threshold determination to the City Clerk. The City Clerk shall provide the threshold determination to the complainant and respondent and refer the complaint to a trained mediator for reconciliation as described below.~~

~~3. As soon as practicable following receipt of a threshold determination under Article III, Subsection (B)(2)(c), the City Clerk, or designee, shall schedule the time and place for reconciliation of the complaint.~~

~~4. To facilitate timely reconciliation, the City Manager is authorized to, as needed, negotiate, execute, or amend a contract with the Dispute Resolution Center of Kitsap County, or other similar firm or organization, for the provision of trained mediators suitable for facilitating reconciliation to resolve complaints.~~

~~5. Reconciliation shall occur at the time and place scheduled. However, if the complainant refuses to participate in reconciliation, then no reconciliation shall be scheduled, and no further action shall be taken on the complaint. If the respondent refuses to participate in reconciliation, then no reconciliation shall be scheduled. In circumstances where the respondent refuses to participate in reconciliation, the City Clerk shall, except for complaints concerning members of the Ethics Board, instead refer the complaint to the Ethics Board for review and issuance of an advisory opinion in accordance with Article III, Subsections (B)(5)(a) – (g). For complaints concerning members of the Ethics Board, the City Clerk shall instead refer such complaints to the Hearing Examiner, who shall review the complaint and issue an advisory opinion in accordance with Article II, Subsections (B)(5)(a) – (g), in place of the Ethics Board.~~

~~a. The Chair of the Ethics Board shall provide the respondent with a reasonable period of~~

~~time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.~~

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~~b. The Ethics Board shall then review the complaint and response, if submitted. The Ethics Board's review shall be limited to the complaint and the response, if submitted. In the course of reviewing a complaint, the Ethics Board may request clarification of the complaint by the complainant or of the response by the respondent; provided that if the Ethics Board obtains clarification of the complaint, the Ethics Board shall give the respondent the opportunity to review the clarification and to provide an additional written response. However, the Ethics Board shall not engage in other fact finding.~~

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~~e. If, in reviewing the complaint and response, a question of fact exists, the Ethics Board shall identify the existence of the question of fact in its advisory opinion.~~

~~d. After reviewing the matter, the Ethics Board shall, following legal review, issue an advisory opinion, which shall be forwarded to the City Clerk for publication along with the complaint and response, if submitted. The City Clerk shall provide notice to both the complainant and respondent of the issuance of the advisory opinion.~~

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~~e. If, during the process of reviewing a complaint alleging a violation of the Code of Conduct (Article I), the Ethics Board determines that an additional violation of the Code of Conduct (Article I) may have occurred or a violation of the Code of Ethics (Article II) may have occurred, then the Ethics Board may choose to note that possibility in its advisory opinion. However, the Ethics Board shall not on its own initiative pursue an investigation of an additional violation of the Code of Conduct (Article I) or a violation of the Code of Ethics (Article II) without the approval of the City Council. "Additional violation of the Code of Conduct (Article I)" means a violation of the Code of Conduct (Article I) that was not included in the complaint being reviewed.~~

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~~f. The Ethics Board shall strive to complete its review and issue an advisory opinion within 45 business days from the date that the City Clerk forwarded the request to the Ethics Board. If review takes longer than 45 business days, the Ethics Board in its advisory opinion shall specify the reasons for why additional time was needed.~~

~~g. Advisory opinions shall be viewed as educational only. The purpose of such an opinion is to provide an educational opinion to Councilmembers, members of City Committees and Commissions, and the public on what type of conduct is generally expected from Councilmembers and members of City Committees and Commissions.~~

~~C. Review of Article II Complaints~~

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~~3. The City Clerk shall refer complaints alleging one or more violations of the Code of Ethics (Article II) by a Councilmember or a member of a City Committee or Commission, except for complaints concerning members of the Ethics Board, to the Ethics Board for review in accordance with Subsections (5)-(9) below. The City Clerk shall refer complaints~~

alleging one or more violations of the Code of Ethics (Article II) by a member of the Ethics Board to the Hearing Examiner for review in accordance with Subsections (10)-(14) below.

~~6.5~~ Upon receipt of a complaint, the Chair of the Ethics Board shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.

~~7.65.~~ The Ethics Board shall review any complaint forwarded to it by the City Clerk and any response submitted by the respondent. The Ethics Board shall not engage in other fact-finding. However, in the course of reviewing a complaint, the Ethics Board may request clarification of the complaint by the complainant or of the response by the respondent.

~~8.76.~~ After reviewing the complaint and the response, if one was submitted, the Ethics Board shall, following legal review, take one or more of the following actions and inform the complainant, the respondent, and the City Clerk accordingly:

- a. ~~Refer the complaint back to the City Clerk if~~ If the Ethics Board, after review of the complaint and any response, determines that the complaint alleges violations of the Code of Conduct (Article I) rather than alleged violations of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent. Nothing in this subsection shall preclude the complainant from subsequently filing a Code of Conduct complaint based upon the same facts.
- b. If the Ethics Board, after review of the complaint and any response, determines that the complaint lacks reasonable credibility, then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.
- c. If the Ethics Board, after review of the complaint and any response, determines that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.
- d. ~~Determine~~ If the Ethics Board, after review of the complaint and any response, determines that that the facts stated in the complaint, even if true, would not constitute a material violation of the Code of Ethics because any possible violation was inadvertent or minor or has been adequately cured, such that further proceedings on the complaint would not serve the purposes of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.

Commented [KH16]: There was no clarity here as to what happened to complaints that were not found to merit review by the HEX other than the Clerk and parties being advised of the board's determination. I am suggesting that there are two options: (1). The Board dismisses, as it would for Code of Conduct cases that it does not believe state a claim or are credible or have been resolved etc., or (2) the Board refers the matter to the HEX for further review.

e. ~~If the Ethics Board learns at any time during its review of the complaint that the complaint for action at a future time if the matter is the subject of litigation it shall hold the complaint for action at a future time.~~

f. ~~If the Ethics Board, after review of the complaint and any response, determines that, based on the submissions of the complainant and the respondent, the facts asserted in the complaint appear credible and appear to constitute a violation of the Code of Ethics (Article II), then the Ethics the Board shall, following legal review, issue such a determination, and forward its determination, along with the complaint and response, to the complainant, respondent, and the City Clerk. The City Clerk shall then forward the Board's determination and associated materials to the Hearing Examiner for review and possible further proceedings in accordance with Article IV. review by the Hearing Examiner is warranted.~~

Commented [JL17]: I added this text for clarity.

~~9.8~~ The Ethics Board shall strive to complete its review within 45 business days from the date that the City Clerk forwarded the complaint to the Ethics Board. If review takes longer than 45 business days, the Ethics Board in its determination shall specify the reasons why additional time was needed.

~~1098.~~ The Ethics Board shall report apparent violations of law to the ~~appropriate authorities, City Attorney.~~

Commented [KH18]: Who are the appropriate authorities? Shouldn't there be review by the city attorney first?

~~1109.~~ Upon receipt of a complaint, the Hearing Examiner shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.

~~1120.~~ The Hearing Examiner shall ~~conduct a threshold~~ review of any complaint forwarded to ~~it-them~~ by the City Clerk and any response submitted by the respondent. The Hearing Examiner shall not engage in other fact-finding ~~during this preliminary review.~~ However, in the course of reviewing a complaint, the Hearing Examiner may request clarification of the complaint by the complainant or of the response by the respondent.

Commented [KH19]: There's not a lot of clarity here regarding the fact that this is a threshold determination by the HEX and that additional process will occur should the HEX feel further review should occur.

~~1231.~~ After reviewing the complaint and the response, if one was submitted, the Hearing Examiner shall take one or more of the following actions and inform the complainant, the respondent, and the City Clerk accordingly:

a. ~~Refer the complaint back to the City Clerk if~~ Determine that the complaint alleges violations of the Code of Conduct (Article I) rather than alleged violations of the Code of Ethics (Article II), ~~dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant, and respondent. Nothing in this subsection shall preclude the complainant from subsequently filing a Code of Conduct complaint based upon the same facts.~~

b. Determine that the complaint lacks reasonable credibility, ~~dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the~~

dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant, and respondent.

c. Determine that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Ethics (Article II), dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant, and respondent.

d. Determine that the facts stated in the complaint, even if true, would not constitute a material violation of the Code of Ethics because any possible violation was inadvertent or minor or has been adequately cured, such that further proceedings on the complaint would not serve the purposes of the Code of Ethics (Article II), dismiss the complaint and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant and respondent.

e. Hold the complaint for action at a future time if the matter is the subject of litigation; or

f. Determine that, based on the submissions of the complainant and the respondent, further proceedings under Article IV are warranted.

1342. The Hearing Examiner shall strive to complete their review within 45 business days from the date that the City Clerk forwarded the complaint to the Hearing Examiner. If review takes longer than 45 business days, the Hearing Examiner in ~~its~~their determination shall specify the reasons why additional time was needed.

1453. If the Hearing Examiner determines that, based on the submissions of the complainant and the respondent, further proceedings under Article IV are warranted, the Hearing Examiner shall forward ~~its~~their determination, along with the complaint and response, to the complainant, respondent, and the City Clerk. The City Clerk will then schedule further proceedings in accordance with Article IV.

C. Review of Complaints Concerning City Employees

1. The City Clerk shall refer complaints concerning City employees to the City Manager.
2. The City Manager shall review any ethics complaint forwarded by the City Clerk and determine the appropriate course of action to address the complaint including, as applicable, authorizing such investigations as may be necessary to determine whether a violation has occurred, consistent with state law as well as relevant policies, procedures, and collective bargaining agreements.
3. Upon making a determination that no violation of ethics rules has occurred, the City Manager shall provide a written response regarding the determination to the complainant.

4. Upon making a determination that a violation of ethics rules has occurred, the City Manager or other appropriate City officer shall take action as guided by state law and relevant policies, procedures, and collective bargaining agreements.

5. In the event of a violation, the City Manager shall provide a response to the complainant outlining the substance of the violation and the action taken, subject to governing rules regarding confidentiality articulated in state law, City policy, and collective bargaining agreements.

6. Apparent violations of law shall be reported to the appropriate authorities, as applicable.

ED. Requests for Advisory Opinions by City Councilmembers or Members of City Committees and Commissions

1. To the extent described below, the following individuals or bodies may submit to the City Clerk a request for an advisory opinion from the Ethics Board:

a. A Councilmember or member of a City Committee or Commission may request an advisory opinion from the Ethics Board as to whether their own behavior has violated or might in the future violate the Code of Conduct (Article I) or the Code of Ethics (Article II).

b. The City Council may request an advisory opinion from the Ethics Board regarding City policies or practices in relation to the Code of Conduct (Article I) or the Code of Ethics (Article II).

c. City Committees and Commissions may request an advisory opinion from the Ethics Board regarding operating rules or practices in relation to the Code of Conduct (Article I) or the Code of Ethics (Article II).

d. A Councilmember may request an advisory opinion from the Ethics Board concerning the applicability of the Code of Ethics (Article II) to hypothetical circumstances and/or situations related to the actions, or potential actions, of a Councilmember or a member of a City Committee or Commission.

2. Requests for advisory opinions must be submitted to the City Clerk on a form supplied by the Ethics Board. The Ethics Board shall, following legal review, submit finalized advisory opinions to the City Clerk for publication.

3. Advisory opinions issued in response to requests made under subsection 1.a. or 1.d. above shall not include identifying information as to the requestor or the individual(s) whose conduct is the subject of the opinion unless otherwise agreed in writing by both the requestor and subject individual(s).

4. The grant of authority in this section is supplemental to, and does not change, the authority granted to the Ethics Board in Section B above.

Commented [KH20]: This is to encourage the seeking of opinions for the benefit of everyone. I have heard councilmembers and committee members say in the past that they would like to seek an opinion re their own actions or the actions of another but do not want to publicly accuse anyone if there is in fact no ethics violation. There was a time when ALL complaints under the program were anonymous in both directions, and I would suggest we have lost something in not allowing this option

F. Waivers

Councilmembers may request a waiver from the Ethics Board of the conflict of interest restrictions related to the hiring of and supervision over family members, as provided by Article II, Section F. Such requests shall be submitted in writing to the City Clerk, who shall refer them to the Ethics Board. Once finalized, the Board shall, following legal review, provide its response to the City Clerk, who shall publish both the request and the Board's response.

G. Effect of Advisory Opinion or Waiver

An individual who receives a waiver, or who acts in reliance on an advisory opinion, shall not later be found to have violated the Code of Conduct (Article I) or the Code of Ethics (Article II) if the individual acts in a manner consistent with that advisory opinion or waiver.

**ARTICLE IV -
HEARING EXAMINER REVIEW
AND POSSIBLE SANCTIONS**

A. Hearing Examiner Review of Article II Complaints

1. The City Clerk shall provide written notification to the complainant and the respondent of the time, date, and place of the hearing before the Hearing Examiner at which the complaint concerning alleged violations of the Code of Ethics (Article II) will be reviewed.

2. Hearings conducted by the Hearing Examiner shall be informal and held in accordance with rules of procedure adopted by the Hearing Examiner, except to the extent that such rules conflict with the terms of this Ethics Program. The respondent may be represented by legal counsel. The City Attorney shall designate special counsel to present the Code of Ethics violations charges and case. The respondent and special counsel may present and cross examine witnesses and give evidence before the Hearing Examiner. The Hearing Examiner may also call witnesses and compel the production of books, records, papers, or other evidence needed. To that end, the Hearing Examiner may issue subpoenas and subpoenas duces tecum at the request of the respondent, special counsel, or their own initiative. All testimony shall be under oath administered by the Hearing Examiner. The Hearing Examiner may adjourn the hearing from time to time in order to allow for the orderly presentation of evidence.

3. The Hearing Examiner or designee shall prepare an official record of the hearing, including all testimony, which shall be recorded by electronic device, and exhibits; provided that the Hearing Examiner or designee shall not be required to transcribe such records unless presented with a request accompanied by payment of the cost of transcription.

4. Within 20 business days after the conclusion of the hearing, the Hearing Examiner shall, based upon a standard of proof of clear and convincing evidence, make findings of fact and conclusions of law. If the Hearing Examiner determines that the alleged Code of Ethics violation(s) have not been proven, the Hearing Examiner shall dismiss the complaint. If the Hearing Examiner determines that one or more Code of Ethics violation(s) are proven, the Hearing Examiner shall forward the matter to the City Council for a determination regarding the appropriate level of sanctions to be imposed for the Code of Ethics (Article II) violations. In either event, a copy of the findings and conclusions shall be forwarded to the City Clerk, for distribution to the City Council, and, by registered mail, to the person who made the complaint and to the respondent at addresses as given by such persons to the Hearing Examiner.

B. Action by City Council upon Hearing Examiner's Findings and Conclusion

1. Within 45 business days of receipt of the Hearing Examiner's findings and conclusions that sustain a Code of Ethics violation, the City Council shall schedule an executive session to consider the findings and conclusions, hear from the respondent, and deliberate upon the appropriate level of civil sanction(s) to be imposed, if any, except to the extent that the respondent requests that they be heard in open public session.
2. The Council may take no formal action or, by majority vote of the Council (not including the respondent, if a Councilmember, who shall not participate in said vote) at an open public meeting, may impose any of the following sanctions in response to a sustained violation of the Code of Ethics:
 - a. Admonition: An admonition shall be a verbal non-public statement made by the Mayor, Deputy Mayor, or Mayor Pro Tem to the Councilmember or member of a City Committee or Commission who has violated the Code.
 - b. Reprimand: A reprimand shall be a letter prepared by the City Council, signed by the Mayor, Deputy Mayor, or Mayor Pro Tem, and directed to the Councilmember or member of a City Committee or Commission who has violated the Code.
 - c. Censure: A censure shall be a written statement administered personally by the Mayor, Deputy Mayor, or Mayor Pro Tem to the Councilmember or member of a City Committee or Commission who has violated the Code violation. The Councilmember or member of a City Committee or Commission shall appear at a time and place directed by the City Council to receive the censure. The censure shall be given publicly and the official who has violated the Code shall not make any statement in support or opposition thereto or in mitigation. A censure shall be deemed administered at the time it is scheduled whether or not the Councilmember or member of a City Committee or Commission appears as required.
 - d. Other sanctions: Any sanction imposed under this Ethics Program is in addition to and not in lieu of any other penalty, sanction, or remedy which may be imposed or sought according to law or equity.
3. The City Clerk shall forward, by registered mail, a copy of the findings, conclusions, and sanctions, if imposed, to the complainant and to the respondent at addresses as given by both persons to the City Clerk. Following approval by the Council, the City Clerk shall publish the written findings, conclusions, and sanctions, if imposed.

**ARTICLE V -
ETHICS BOARD**

A. Creation, Terms, and Appointments

1. Membership of Ethics Board

The Ethics Board consists of seven members appointed in accordance with this section.

2. Qualifications of Board Members

- a. Members of the Board shall represent a diverse set of backgrounds and interests.
- b. At least one member of the Ethics Board shall be a former judicial officer or have expertise in ethics acquired through education or experience.
- c. Members appointed or reappointed after the effective date of Resolution No. 2019-26, updating the Ethics Program, shall not, while serving on the Ethics Board, also simultaneously be employees or officers of the city or individuals appointed to another city committee or commission.

3. Method of Appointment

- a. Members of the Ethics Board shall be nominated by the Mayor and confirmed by the City Council by a supermajority vote of at least five Councilmembers.
- b. The Mayor and City Council shall work cooperatively to ensure that any person who is nominated has the required support of the City Council. Nominations shall be presented at meetings of the City Council in which all seven Councilmembers are present, unless exceptional circumstances exist (e.g., a Council vacancy exists and has not yet been filled, or other good cause).

4. Terms of Appointment

- a. Board members shall be appointed to terms of three years; however, the first two members nominated by the Mayor and confirmed by the City Council shall initially serve one-year terms to achieve staggered ending dates.
- b. If a member is appointed to fill an unexpired term, that member's term shall end at the same time as the term of the person being replaced.
- c. Each member shall continue to serve until a successor has been appointed, unless the member is removed or resigns.

5. Removal of Board Members

- a. The absence of any member of the Board from three (3) consecutive meetings, unless the Board has excused the absence for good and sufficient reasons as determined by the Board, shall constitute a resignation from the Board.
- b. The City Council may remove a member for inappropriate conduct before the expiration of the member's term. Before removing a member, the City Council shall specify the cause for removal and shall give the member the opportunity to make a personal explanation.

6. Compensation

Members of the Ethics Board shall serve without compensation. Members may be reimbursed for reasonable expenses pursuant to the rules of the City and as approved by the City Manager or their designee.

7. Rules

The Ethics Board may, by majority vote, adopt reasonable operating rules consistent with this Ethics Program. The City Council reserves the right to modify such operating rules at its discretion.

8. Consultation with City Attorney

The Ethics Board shall consult with the City Attorney's Office or special counsel appointed by the City Attorney's Office regarding legal issues which may arise in connection with the Board's duties and functions under this Ethics Program.

9. Liaison to the Ethics Board.

A representative of the City Attorney's Office shall attend Ethics Board meetings and serve as the liaison to the Ethics Board. No Councilmember shall serve as a liaison to the Ethics Board.

B. Training Provided by the Ethics Board

The Ethics Board shall perform the following training related duties:

1. At least every two years, the Ethics Board shall prepare and distribute a pamphlet describing the Code of Conduct (Article I) and Code of Ethics (Article II) to all Councilmembers and members of City Committees and Commissions, after review of the pamphlet by the City Attorney's Office. The Ethics Board shall ensure that all new Councilmembers and members of City Committees and Commissions receive a pamphlet on this Code of Ethics.

2. The Ethics Board shall develop and present a training course on the Code of Conduct and the Code of Ethics to be presented annually to all Councilmembers and members of City Committees and Commissions.

C. Training Provided to the Ethics Board

The Ethics Board shall include all requests for training for the coming year in the Board's annual report to the City Council, and the Council will determine what training to approve, if any.

D. Annual Report

By February 15 of each year, the Ethics Board shall submit an annual report to the City Council summarizing its activities during the previous calendar year and work plan for the following year. The report shall include any recommendations for modifying the Code of Conduct and Ethics Program as well as all training requested by the Ethics Board.

**ARTICLE VI -
DEFINITIONS**

For purposes of the Ethics Program, the following definitions shall apply.

“City Committees and Commissions” and “City Committee or Commission” mean all advisory boards, commissions, committees, and task forces created or appointed by the City Council.

“Confidential Information” means (a) specific information, rather than generalized knowledge, that is not available to the general public on request; or (b) information made confidential by law.

“Direct official action” means any of the following:

1. For Councilmembers and members of City Committees and Commissions, taking action, as defined by RCW 42.30.020, in an open public meeting.
2. For Councilmembers and members of City Committees and Commissions, directly, or indirectly through a proxy, doing the following: negotiating or recommending for or against a contract, purchase order, lease, concession, franchise, grant, or other similar instrument in which the City is a party.
3. For Councilmembers and members of City Committees and Commissions, directly, or indirectly through a proxy, doing the following: recommending for or against the approval of a permit, or other similar City approval or authorization, issued by the City. However, direct official action does not include the submittal, to the City, of a permit application by a Councilmember or a member of a City Committee or Commission or the appeal of a denial of such a permit application by the City. Direct official action includes actions taken by a Councilmember or a member of a City Committee or Commission to use or attempt to use their position to obtain special privileges or exemptions in the processing, or review on appeal, of their permit application.
4. For Councilmembers, appointing or terminating employees (i.e., the City Manager) or appointing or removing members of City Committees and Commissions.

Direct official action does not include acts that do not affect the disposition or decision with respect to the matter. Additionally, a Councilmember or member of a City Committee or Commission who recuses herself or himself in lieu of taking action, as defined by RCW 42.30.020, in an open public meeting is not exercising direct official action.

“Direct line of supervision” means the supervisor of an employee and the supervisor of an employee's supervisor.

“Fact-finding” means any action to gather facts or other evidence not submitted by a complainant in a complaint or a clarification to a complaint or by a respondent in a response or a clarification to a response. However, “fact-finding” does not include review by the Ethics Board of official video or audio recordings of meetings of the City Council or of City Committees and Commissions as well as review by the Ethics Board of the official minutes of such meetings.

“Gift” means any favor, reward, or gratuity and any money, good, service, travel, event ticket, lodging, dispensation, or other thing of value that is given, sold, rented, or loaned to a person without reasonable compensation and that is not available to the general public on the same terms and conditions. Any honoraria or payment for participation in an event will be considered a gift.

“Immediate family” means husband, wife, son, daughter, mother, father, grandmother, grandfather, grandchildren, brother, sister, domestic partner, or spouse of the above. The term includes any minor children for whom the person, or their domestic partner, provides day-to-day care and financial support. A "domestic partner" is an unmarried adult, unrelated by blood, with whom an unmarried officer, official, or employee has an exclusive committed relationship, maintains a mutual residence, and shares basic living expenses.

“Legislation of General Application” means any legislative act, including regulations, policies, ordinances, resolutions, and motions, of general application, as opposed to legislative acts that affect only a particular person or individual or a small group of similarly situated persons or individuals.

“Major Contractor” means any person, corporation, company, firm, business, or other entity doing business over \$5,000 with the City under one contract or annually.

“Political Action Committee” means a legal entity, other than a natural person, that raises, spends, receives, or contributes money to support or oppose the election of one or more candidates for elected office at the local, state, or federal levels.

“Question of Fact” means a factual dispute between the complainant and the respondent concerning an issue that is material to a determination as to whether a violation of the Code of Conduct (Article I) exists.

“Reconciliation” means mediation between a complainant and a respondent facilitated by a trained mediator.

“Rule of Necessity” shall be interpreted and defined in accordance with RCW 42.36.090, which provides: In the event of a challenge to a member or members of a decision-making body which would cause a lack of a quorum or would result in a failure to obtain a majority vote as required by law, any such challenged member(s) shall be permitted to fully participate in the proceeding and vote as though the challenge had not occurred, if the member or members publicly disclose the basis for disqualification prior to rendering a decision. Such participation shall not subject the decision to a challenge by reason of violation of the appearance of fairness doctrine.

**ARTICLE VII -
CITY COUNCIL REVIEW OF CODE OF CONDUCT
AND ETHICS PROGRAM**

This Code of Conduct and Ethics Program shall automatically expire, and no longer be in force or effect, 12 months from the effective date of Section 1 of Resolution No. 2019-26, unless it is expressly renewed or otherwise amended by majority vote of the City Council.

Commented [KH21]: If we make the proposed changes, I recommend that there be no expiration date, but instead a planned review in 12 or 24 months. Perhaps direct the Ethics Board to provide an analysis of the efficacy and, fairness of the processes.

**CITY OF BAINBRIDGE ISLAND
CODE OF CONDUCT AND ETHICS PROGRAM**

Resolution No. 2020-xx

Effective Date: _____

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**CITY OF BAINBRIDGE ISLAND
CODE OF CONDUCT AND ETHICS PROGRAM**

All those associated with City government, including Councilmembers and members of City Committees and Commissions, seek to earn and maintain the public's confidence in the City's services and the public's trust in its government. To this end, the decisions and work of those associated with City government must meet the highest ethical standards. It is therefore the purpose of this program to:

1. Articulate the Code of Conduct that will guide the conduct of Councilmembers and members of City Committees and Commissions;
2. Establish a Code of Ethics for Councilmembers and members of City Committees and Commissions;
3. Provide training for Councilmembers and members of City Committees and Commissions on the Code of Conduct and the Code of Ethics;
4. Establish a system that enables individuals, Councilmembers, and members of City Committees and Commissions to seek guidance and assistance regarding possible violations of the Code of Conduct or of the Code of Ethics;
5. Provide processes to review possible violations of the Code of Conduct and of the Code of Ethics by Councilmembers and members of City Committees and Commissions; and
6. Maintain an Ethics Board to assist with the administration of the program.

This Code of Conduct and Ethics Program is intended to supplement state and federal law. As such, Councilmembers and members of City Committees and Commissions shall comply with all state and federal laws in the performance of their public duties. These laws include, but are not limited to, the following: the United States and Washington Constitutions; Chapter 42.23 RCW; and Chapter 42.17A RCW.

**ARTICLE I -
CODE OF CONDUCT**

A. Preamble

The City of Bainbridge Island has adopted this Code of Conduct, which consists of the Core Values and Ethical Principles detailed below, to promote and maintain the highest standards of personal and professional conduct among City Councilmembers and members of City Committees and Commissions. The optimal operation of democratic government requires that the City's government be fair and accountable to the people it serves. This Code of Conduct articulated in Article I applies to Councilmembers and members of City Committees and Commissions.

B. Core Values

1. Service, Helpfulness, Innovation

We are committed to providing service to the people of Bainbridge Island and to each other that is courteous, cost effective, and continuously improving.

2. Integrity

We treat one another with honesty and integrity, recognizing that trust is hard won and easily lost. We pledge to promote balanced, consistent, and lawful policies and directives, in keeping with that integrity and the highest standards of this community.

3. Equality, Fairness, Mutual Respect

We pledge to act with the standard of fairness and impartiality in the application of policies and directives and that of equality and mutual respect with regard to interpersonal conduct.

4. Responsibility, Stewardship, Recognition

We accept our responsibility for the stewardship of public resources, and our accountability for the results of our efforts, and we pledge to give recognition for exemplary work.

C. Ethical Principles

1. Obligations to the Public

Following the highest standards of public service, Councilmembers and members of City Committees and Commissions act to promote the public good and preserve the public's trust. In practice, this principle looks like transparency and honesty in all public statements and written communications.

2. Obligations to Others

In order to sustain a culture of ethical integrity, Councilmembers and members of City Committees and Commissions treat each other and the public with respect and are guided by applicable codes of ethics. In practice, this principle looks like:

- a. Councilmembers and members of City Committees and Commissions shall familiarize themselves with the ethical rules governing them (including Chapter 42.23 RCW and this Ethics Program) and obtain periodic education regarding such rules.
- b. Councilmembers and members of City Committees and Commissions shall, in all their interactions, conduct themselves in a manner that demonstrates civility and respect for others.

3. Obligations Regarding the Use of Public Resources

In recognition of the importance of stewardship, Councilmembers and members of City Committees and Commissions use and allocate public monies, property, and other resources in a responsible manner that takes into consideration both present and future needs of the community. In practice, this principle looks like:

- a. Councilmembers and members of City Committees and Commissions shall, to the extent possible, seek guidance regarding the use of public resources from staff and other experts, including legal advice from the City Attorney as appropriate, in order to ensure that public resources are used and conserved for the public good.
- b. Councilmembers and members of City Committees and Commissions shall ensure that paid experts and consultants who provide guidance regarding the use of public resources shall be impartial and free of conflicts of interest.

**ARTICLE II -
CODE OF ETHICS**

Except where specifically stated, the rules articulated in Article II apply to Councilmembers and individuals serving on City Committees and Commissions.

A. Gifts and Compensation

1. Limitations on City-Related Gifts and Outside Compensation

Except as permitted under Subsections (2) and (3) below, no Councilmember or member of a City Committee or Commission, or any member of their immediate families, shall, directly or indirectly, accept any gift (as defined below) for a matter connected with or related to their services or duties with the City of Bainbridge Island or accept any non-City compensation for the performance or non-performance of those services or duties.

2. Exceptions to Gift Limitations

The following are exceptions to the limitation on gifts and may be accepted by those subject to Subsection (1) above:

- a. Unsolicited items of trivial value. "Items of trivial value" means items or services with a value of fifty dollars (\$50.00) or less, such as promotional t-shirts, pens, calendars, books, or other similar items.
- b. Gifts from other City officers, officials, or employees, or their family members on appropriate occasions.
- c. Gifts appropriate to the occasion and reasonable and customary in light of a familial, social, or official relationship of the giver and recipient, such as weddings, funerals, illnesses, holidays, and ground-breaking ceremonies.
- d. Campaign contributions as permitted and reported in accordance with law.
- e. Awards that are publicly presented by a nonprofit organization in recognition for public service if the award is not extraordinary when viewed in light of the position held by the recipient.
- f. Gifts offered while visiting other cities, counties, states, or countries or hosting visitors from other cities, counties, states, or countries, when it would be a breach of protocol to refuse the gift, provided that any such gifts received shall become property of the City.

g. Reasonable and necessary costs to attend a conference or meeting that is directly related to the official or ceremonial duties of the Councilmember or member of a City Committee or Commission, provided that any payment of substantial travel or lodging expenses by any person or entity regulated by the City or doing or seeking to do business with the City must be approved in advance by the Mayor or, if the Mayor is the recipient, by the Deputy Mayor or the Mayor Pro Tem.

3. Immediate Family Gift Exception

It shall not be a violation of this section for a member of a Councilmember's or a member of a City Committee or Commission's immediate family to accept a gift which arises from an independent relationship, if the Councilmember or member of a City Committee or Commission does not significantly benefit from the gift, and it cannot reasonably be inferred that the gift was intended to influence the Councilmember or member of a City Committee or Commission in the performance of their duties.

B. Use of City Property by Councilmembers

1. Except for limited incidental personal use or emergency circumstances, no Councilmember shall request, permit, or use City vehicles, equipment, materials, or property for personal use, personal convenience, or profit.
2. From the time that a Councilmember declares or publicly states that they intend to run for reelection until the conclusion of the respective general election, that Councilmember shall not request or direct that City funds be used to purchase any media (including newspaper, radio, television, social media, or bulk mailing) that contains the name or image of that Councilmember unless the names or images of all City Councilmembers appear in the media being purchased.

C. Confidentiality

Except as required by law, a Councilmember, former Councilmember, or current or former member of a City Committee or Commission shall not disclose or use privileged, confidential, or proprietary information obtained in executive session or otherwise in the course of their duties as a result of their position.

D. Conflict of Interest – General

1. Applications of Conflict of Interest

Except as permitted in Subsections (2) or (3) below, a Councilmember or member of a City Committee or Commission shall not take any direct official action on a matter if they, or a member of their immediate family:

- a. Has any substantial direct or indirect contractual employment related to the matter;

b. Has other significant financial or private interest in that matter (which includes serving on a Board of Directors for any organization but does not, for Councilmembers, include appointing members to the Salary Commission); or

c. Is a party to a contract or the owner of an interest in real or personal property that would be significantly affected by that matter. Taking direct official action on, or regarding, legislation of general application does not “significantly affect” real or personal property within the meaning of this Subsection.

2. Conflict of Interest Exceptions for Councilmembers

Subsection (1) above shall not apply when a Councilmember:

- a. Is required to take or participate in an action based upon the rule of necessity;
- b. Acts as their own representative before the City Council, Hearing Examiner, or any other City board, commission, or agency, provided that the individual does not also participate in any way in the deliberations or decision of the City Council, Hearing Examiner, or that board, commission, or agency related to that matter;
- c. Acquires an interest in bonds or other instruments of indebtedness issued by the City if acquired and held on the same terms available to the general public;
- d. Officially participates in the development and adoption of the City's budget; or establishes the pay or benefit plan of City officers, officials, or employees;
- e. Makes decisions on any legislation of general application unless these actions directly affect, or appear to affect, the official's or immediate family member's employment; or
- f. Serves on the governing body of an organization or entity as part of their official duties as a Councilmember of the City.

3. Conflict of Interest Exceptions for Members of City Committees and Commissions

Subsection (1) above shall not apply to a member of a City Committee or Commission:

- a. Who takes direct official action, as a member of a City Committee or Commission to which that member was appointed based on that member's ownership or lease of certain real property or of that member's ownership of a business located in a certain area of the City, that results in a conflict of interest under Subsection (1) above due solely to the fact of that member's ownership or lease of the certain real property or of that member's ownership of the business located in a certain area of the City providing the basis for that member's appointment to the City Committee or Commission; provided that the member fully discloses the basis for the conflict of interest under Subsection (1) during each meeting of the City Committee or Commission in which the conflict of interest under Subsection (1) occurs or may occur;

- b. Who fully disclose the basis for the conflict of interest under Subsection (1) above on the public record of the City Committee or Commission and the Committee or Commission votes to allow the member to participate in the discussion or the vote; or
- c. Is required to take action or participate in an action based upon the rule of necessity.

4. Disclosure for Councilmembers

All Councilmembers are required to comply with the Washington State Public Disclosure Commission requirements for financial disclosure. In addition, all Councilmembers shall publicly disclose their financial interest in any matter that comes before them. All Councilmembers shall annually complete a conflict of interest statement to be submitted to the City Clerk by April 15th.

E. Conflict of Interest – After Leaving Elected City Office

1. For two (2) years after leaving elected City office, no former Councilmember shall obtain employment in which they will take direct or indirect advantage of matters on which they took direct official action during their service with the City. This includes contractual negotiations or solicitation of business unavailable to others.
2. For two (2) years after leaving elected City office, no former Councilmember shall engage in any action or litigation in which the City is involved, on behalf of any other person or entity, when the action or litigation involves an issue on which the person took direct official action while in elected City office.

F. Conflict of Interest – Members of City Committees or Commissions and Employment

While serving on a City Committee or Commission, and for two (2) years after leaving such position, no member of a City Committee or Commission shall obtain employment in which they will take direct or indirect advantage of matters which they, as a member of a City Committee or Commission, recommended to the City Council. This includes applying for positions or contracts with the City when the City Committee or Commission on which the member served recommended funding such position or contract.

G. Conflict of Interest – Family Members of Councilmembers

1. Appointment of Family Members

Unless they obtain a waiver from the Ethics Board, no Councilmember shall appoint or hire a member of their immediate family for any type of employment with the City. This includes, but is not limited to, full time employment, part time employment, permanent employment, temporary employment, and contract employment.

2. Supervision of Family Members

No Councilmember shall supervise or be in a direct line of supervision over a member of their immediate family. If a Councilmember is placed in a direct line of supervision of a member of their immediate family, they shall have three (3) months to come into compliance or to obtain a waiver pursuant to Subsection (3) below.

3. Waivers

Waivers from this section may be sought from the Ethics Board to allow a member of the immediate family to be hired or to be in the direct line of supervision of a member of the immediate family. Procedures to consider such a waiver are set forth in Article III.

H. Conflict of Interest – Contractors

Every major contractor submitting bids to the City shall affirm that neither the contractor nor any agent of the contractor has made any prohibited gift to a Councilmember who is involved in direct official action on the bid or has a relationship to such Councilmember that would create a conflict of interest for that Councilmember under this Code of Conduct and Ethics Program.

I. Conflict of Interest - Individuals Serving on City Committees and Commissions

Individuals serving on City Committees and Commissions shall sign a conflict of interest statement upon appointment and reappointment.

J. Conduct of Public Meetings

1. Meetings involving Councilmembers or City Committees and Commissions should be conducted in a manner that maximizes transparency of relationships among individuals or groups that could affect decision-making.
2. Meetings of the City Council and City Committees and Commissions shall have a standing agenda item for disclosure of possible conflicts of interest. Members are encouraged to disclose relationships with persons and issues on the agenda, including potential conflicts of interests. If necessary, discussion among the members may be undertaken to judge the significance of these relationships and whether a possible conflict of interest exists.

K. Conflict of Interest – Individuals Serving on the Ethics Board

No member of the Ethics Board shall participate in the review of complaints or requests for advisory opinions relating to the conduct of a Councilmember where that member of the Ethics Board is or was a member of a political action committee that supports, supported, opposes, or opposed the election or reelection of the Councilmember in question.

**ARTICLE III -
SUBMISSION AND REVIEW OF CODE OF CONDUCT COMPLAINTS AND CODE OF
ETHICS COMPLAINTS, REQUESTS FOR WAIVERS, AND REQUESTS FOR ADVISORY
OPINIONS**

A. Submission and Review of Code of Conduct Complaints

1. Any individual may submit to the City Clerk a complaint alleging violations of the Code of Conduct (Article I) by a Councilmember or a member of a City Committee or Commission.
2. Each complaint must include the name and address of the complainant, along with a detailed statement of facts, supported by a declaration in compliance with RCW 9A.72.085, on a form supplied by the City Clerk.
3. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a Councilmember or a member of a City Committee or Commission, except for complaints concerning members of the Ethics Board, to the Ethics Board for review in accordance with Subsection A.4. -6. below. The City Clerk shall refer complaints alleging one or more violations of the Code of Conduct (Article I) by a member of the Ethics Board to the Hearing Examiner, who shall review the complaint in accordance with Subsection B.11.a.-f. below in place of the Ethics Board.
4. Upon receipt of a complaint, the Ethics Board shall make a threshold determination as to whether or not the complaint is reasonably credible and whether or not the facts asserted in the complaint, even if true, would constitute a violation of the Code of Conduct (Article I).
 - a. If the Ethics Board determines that the complaint lacks reasonable credibility, the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall forward the notice of dismissal to the complainant and respondent
 - b. If the Ethics Board determines that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall dismiss the complaint, take no further action on it, and provide, following legal review, a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.
 - c. If the Ethics Board determines that the complaint is reasonably credible and that the facts asserted in the complaint, if true, would constitute a violation of the Code of Conduct (Article I), then the Ethics Board shall provide, following legal review, a written threshold determination to the City Clerk, along with a recommendation as to the appropriateness of mediation for reconciliation or, alternatively, the issuance of an advisory opinion based on the facts and circumstances stated in the complaint. Complaints alleging conduct directed at the complainant individually shall be

presumptively referred to mediation. (As an illustrative example, this could include a complaint brought by a resident alleging that a Councilmember violated the Code of Conduct by not treating that resident with civility and respect related to a particular interpersonal transaction). Complaints alleging conduct not directed at the complainant shall be presumptively referred to the process set forth in A.6 below. (As an illustrative example, this could include a complaint brought by a resident alleging that a Councilmember violated the Code of Conduct by using public resources in a manner that fails to meet the standard of accepting responsibility for the stewardship of public resources). The City Clerk shall forward the threshold determination and recommendation to the complainant and respondent and refer the complaint to either the mediation process as described in section A.5 below, or back to the Ethics Board for an advisory opinion as described in A.6 below.

5. As soon as practicable following receipt of a threshold determination under Article III, Subsection (A)(4)(c), that includes a recommendation for mediation, the City Clerk, or designee, shall schedule the time and place for reconciliation of the complaint.
 - a. To facilitate timely reconciliation, the City Manager is authorized to, as needed, negotiate, execute, or amend a contract with the Dispute Resolution Center of Kitsap County, or other similar firm or organization, for the provision of trained mediators suitable for facilitating reconciliation to resolve complaints.
 - b. Reconciliation shall occur at the time and place scheduled. However, if the complainant refuses to participate in reconciliation, then no reconciliation shall be scheduled, and no further action shall be taken on the complaint. If the respondent refuses to participate in reconciliation, then no reconciliation shall be scheduled. In circumstances where the respondent refuses to participate in reconciliation, the City Clerk shall, except for complaints concerning members of the Ethics Board, instead refer the complaint to the Ethics Board for review and issuance of an advisory opinion in accordance with Article III, Subsections A.6.a-g below. For complaints concerning members of the Ethics Board, the City Clerk shall instead refer such complaints to the Hearing Examiner, who shall review the complaint and issue an advisory opinion in accordance with Article III Subsections B.11.a-f, in place of the Ethics Board. If the parties engage in mediation, no further action shall occur under the ethics program.
6. Upon referral back to the Ethics Board of a complaint pursuant to Section A.4.c or A.5.b above, the Chair of the Ethics Board shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.
 - a. The Ethics Board shall then review the complaint and response, if submitted. The Ethics Board's review shall be limited to the complaint and the response, if submitted. In the course of reviewing a complaint, the Ethics Board may request clarification of the complaint by the complainant or of the response by the respondent; provided that if the Ethics Board obtains clarification of the complaint, the Ethics Board shall give the respondent the opportunity to review the clarification and to provide an additional written

response. However, the Ethics Board shall not engage in other fact-finding.

- b. If, in reviewing the complaint and response, a question of fact exists, the Ethics Board shall identify the existence of the question of fact in its advisory opinion.
- c. After reviewing the matter, the Ethics Board shall, following legal review, forward to the City Clerk an advisory opinion, with identifying information as to the complainant and individual(s) names in the complaint deleted, for publication. The City Clerk shall provide notice to both the complainant and respondent of the publication of the advisory opinion. Upon publication of the advisory opinion, the City Clerk shall provide to the complainant a copy of any response submitted by the respondent.
- d. If, during the process of reviewing a complaint alleging a violation of the Code of Conduct (Article I), the Ethics Board determines that an additional violation of the Code of Conduct (Article I) may have occurred or a violation of the Code of Ethics (Article II) may have occurred, then the Ethics Board may choose to note that possibility in its advisory opinion. However, the Ethics Board shall not on its own initiative pursue an investigation of an additional violation of the Code of Conduct (Article I) or a violation of the Code of Ethics (Article II). Nothing in this subsection, however, shall preclude the complainant from subsequently filing other Code of Conduct (Article I) or Code of Ethics (Article II) complaints.
- e. The Ethics Board shall strive to complete its review and issue an advisory opinion within 45 business days from the date that the City Clerk forwarded the request to the Ethics Board. If review takes longer than 45 business days, the Ethics Board in its advisory opinion shall specify the reasons for why additional time was needed.
- f. Advisory opinions shall be viewed as educational only. The purpose of such an opinion is to provide an educational opinion to Councilmembers, members of City Committees and Commissions, and the public on what type of conduct is generally expected from Councilmembers and members of City Committees and Commissions.

B. Submission and Review of Ethics Complaints

1. Any individual may submit to the City Clerk an ethics complaint alleging violations of one of the following:
 - a. The Code of Ethics (Article II) by a Councilmember or a member of a City Committee or Commission; or
 - b. The ethics standards contained in the City of Bainbridge Island Employee Manual by a City employee other than the City Manager.
2. Each complaint must include the name and address of the complainant, along with a detailed statement of facts, supported by a declaration in compliance with RCW 9A.72.085, on a form supplied by the City Clerk.

3. To facilitate timely review under this Subsection, each complaint may only allege violations of one of the two standards described in Subsection B.1. above. To the extent that an individual believes both standards were violated, the individual may submit multiple complaints (i.e., a complaint related to B.1.a. and a separate complaint related to B.1.b.).

4. The City Clerk shall refer complaints alleging one or more violations of the Code of Ethics (Article II) by a Councilmember or a member of a City Committee or Commission, except for complaints concerning members of the Ethics Board, to the Ethics Board for review in accordance with Subsections (5)-(9) below. The City Clerk shall refer complaints alleging one or more violations of the Code of Ethics (Article II) by a member of the Ethics Board to the Hearing Examiner for review in accordance with Subsections (10)-(14) below.

5. Upon receipt of a complaint, the Chair of the Ethics Board shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.

6. The Ethics Board shall review any complaint forwarded to it by the City Clerk and any response submitted by the respondent. The Ethics Board shall not engage in other fact-finding. However, in the course of reviewing a complaint, the Ethics Board may request clarification of the complaint by the complainant or of the response by the respondent.

7. After reviewing the complaint and the response, if one was submitted, the Ethics Board shall, following legal review, take one or more of the following actions and inform the complainant, the respondent, and the City Clerk accordingly:

a. If the Ethics Board, after review of the complaint and any response, determines that the complaint alleges violations of the Code of Conduct (Article I) rather than alleged violations of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent. Nothing in this subsection shall preclude the complainant from subsequently filing a Code of Conduct complaint based upon the same facts.

b. If the Ethics Board, after review of the complaint and any response, determines that the complaint lacks reasonable credibility, then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.

c. If the Ethics Board, after review of the complaint and any response, determines that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.

d. If the Ethics Board, after review of the complaint and any response, determines that the facts stated in the complaint, even if true, would not constitute a material violation of the Code of Ethics because any possible violation was inadvertent or minor or has been adequately cured, such that further proceedings on the complaint would not serve the purposes of the Code of Ethics (Article II), then the Ethics Board shall dismiss the complaint and, after legal review, provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the complainant and respondent.

e. If the Ethics Board learns at any time during its review of the complaint that the matter is the subject of litigation it shall hold the complaint for action at a future time.

f. If the Ethics Board, after review of the complaint and any response, determines that the facts asserted in the complaint appear credible and appear to constitute a violation of the Code of Ethics (Article II), then the Ethics Board shall, following legal review, issue such a determination, and forward its determination, along with the complaint and response, to the complainant, respondent, and the City Clerk. The City Clerk shall then forward the Board's determination and associated materials to the Hearing Examiner for review and possible further proceedings in accordance with Article IV.

8. The Ethics Board shall strive to complete its review within 45 business days from the date that the City Clerk forwarded the complaint to the Ethics Board. If review takes longer than 45 business days, the Ethics Board in its determination shall specify the reasons why additional time was needed.

10. The Ethics Board shall report apparent violations of law to the City Attorney.

11. Upon receipt of a complaint, the Hearing Examiner shall provide the respondent with a reasonable period of time to submit a written response to the complaint supported by a declaration in compliance with RCW 9A.72.085.

12. The Hearing Examiner shall conduct a threshold review of any complaint forwarded to them by the City Clerk and any response submitted by the respondent. The Hearing Examiner shall not engage in other fact-finding during this preliminary review. However, in the course of reviewing a complaint, the Hearing Examiner may request clarification of the complaint by the complainant or of the response by the respondent.

13. After reviewing the complaint and the response, if one was submitted, the Hearing Examiner shall take one or more of the following actions and inform the complainant, the respondent, and the City Clerk accordingly:

a. Determine that the complaint alleges violations of the Code of Conduct (Article I) rather than alleged violations of the Code of Ethics (Article II), dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the

Ethics Board, complainant, and respondent. Nothing in this subsection shall preclude the complainant from subsequently filing a Code of Conduct complaint based upon the same facts.

b. Determine that the complaint lacks reasonable credibility, dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant, and respondent.

c. Determine that the facts stated in the complaint, even if true, would not constitute a violation of the Code of Ethics (Article II), dismiss the complaint, and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant, and respondent.

d. Determine that the facts stated in the complaint, even if true, would not constitute a material violation of the Code of Ethics because any possible violation was inadvertent or minor or has been adequately cured, such that further proceedings on the complaint would not serve the purposes of the Code of Ethics (Article II), dismiss the complaint and provide a notice of dismissal, to include a brief statement regarding the basis for the dismissal, to the City Clerk. The City Clerk shall provide the notice of dismissal to the Ethics Board, complainant and respondent.

e. Hold the complaint for action at a future time if the matter is the subject of litigation; or

f. Determine that, based on the submissions of the complainant and the respondent, further proceedings under Article IV are warranted.

14. The Hearing Examiner shall strive to complete their review within 45 business days from the date that the City Clerk forwarded the complaint to the Hearing Examiner. If review takes longer than 45 business days, the Hearing Examiner in their determination shall specify the reasons why additional time was needed.

15. If the Hearing Examiner determines that, based on the submissions of the complainant and the respondent, further proceedings under Article IV are warranted, the Hearing Examiner shall forward their determination, along with the complaint and response, to the complainant, respondent, and the City Clerk. The City Clerk will then schedule further proceedings in accordance with Article IV.

C. Review of Complaints Concerning City Employees

1. The City Clerk shall refer complaints concerning City employees to the City Manager.

2. The City Manager shall review any ethics complaint forwarded by the City Clerk and determine the appropriate course of action to address the complaint including, as applicable, authorizing such investigations as may be necessary to determine whether a

violation has occurred, consistent with state law as well as relevant policies, procedures, and collective bargaining agreements.

3. Upon making a determination that no violation of ethics rules has occurred, the City Manager shall provide a written response regarding the determination to the complainant.

4. Upon making a determination that a violation of ethics rules has occurred, the City Manager or other appropriate City officer shall take action as guided by state law and relevant policies, procedures, and collective bargaining agreements.

5. In the event of a violation, the City Manager shall provide a response to the complainant outlining the substance of the violation and the action taken, subject to governing rules regarding confidentiality articulated in state law, City policy, and collective bargaining agreements.

6. Apparent violations of law shall be reported to the appropriate authorities, as applicable.

D. Requests for Advisory Opinions by City Councilmembers or Members of City Committees or Commissions

1. To the extent described below, the following individuals or bodies may submit to the City Clerk a request for an advisory opinion from the Ethics Board:

a. A Councilmember or member of a City Committee or Commission may request an advisory opinion from the Ethics Board as to whether their own behavior has violated or might in the future violate the Code of Conduct (Article I) or the Code of Ethics (Article II).

b. The City Council may request an advisory opinion from the Ethics Board regarding City policies or practices in relation to the Code of Conduct (Article I) or the Code of Ethics (Article II).

c. City Committees and Commissions may request an advisory opinion from the Ethics Board regarding operating rules or practices in relation to the Code of Conduct (Article I) or the Code of Ethics (Article II).

d. A Councilmember may request an advisory opinion from the Ethics Board concerning the applicability of the Code of Ethics (Article II) to hypothetical circumstances and/or situations related to the actions, or potential actions, of a Councilmember or a member of a City Committee or Commission.

2. Requests for advisory opinions must be submitted to the City Clerk on a form supplied by the Ethics Board. The Ethics Board shall, following legal review, submit finalized advisory opinions to the City Clerk for publication.

3. Advisory opinions issued in response to requests made under subsection 1.a. or 1.d. above shall not include identifying information as to the requestor or the individual(s) whose conduct is the subject of the opinion unless otherwise agreed in writing by both the requestor and subject individual(s).

4. The grant of authority in this section is supplemental to, and does not change, the authority granted to the Ethics Board in Section B above.

F. Waivers

Councilmembers may request a waiver from the Ethics Board of the conflict of interest restrictions related to the hiring of and supervision over family members, as provided by Article II, Section F. Such requests shall be submitted in writing to the City Clerk, who shall refer them to the Ethics Board. Once finalized, the Board shall, following legal review, provide its response to the City Clerk, who shall publish both the request and the Board's response.

G. Effect of Advisory Opinion or Waiver

An individual who receives a waiver, or who acts in reliance on an advisory opinion, shall not later be found to have violated the Code of Conduct (Article I) or the Code of Ethics (Article II) if the individual acts in a manner consistent with that advisory opinion or waiver.

**ARTICLE IV -
HEARING EXAMINER REVIEW
AND POSSIBLE SANCTIONS**

A. Hearing Examiner Review of Article II Complaints

1. The City Clerk shall provide written notification to the complainant and the respondent of the time, date, and place of the hearing before the Hearing Examiner at which the complaint concerning alleged violations of the Code of Ethics (Article II) will be reviewed.

2. Hearings conducted by the Hearing Examiner shall be informal and held in accordance with rules of procedure adopted by the Hearing Examiner, except to the extent that such rules conflict with the terms of this Ethics Program. The respondent may be represented by legal counsel. The City Attorney shall designate special counsel to present the Code of Ethics violations charges and case. The respondent and special counsel may present and cross examine witnesses and give evidence before the Hearing Examiner. The Hearing Examiner may also call witnesses and compel the production of books, records, papers, or other evidence needed. To that end, the Hearing Examiner may issue subpoenas and subpoenas duces tecum at the request of the respondent, special counsel, or their own initiative. All testimony shall be under oath administered by the Hearing Examiner. The Hearing Examiner may adjourn the hearing from time to time in order to allow for the orderly presentation of evidence.

3. The Hearing Examiner or designee shall prepare an official record of the hearing, including all testimony, which shall be recorded by electronic device, and exhibits; provided that the Hearing Examiner or designee shall not be required to transcribe such records unless presented with a request accompanied by payment of the cost of transcription.

4. Within 20 business days after the conclusion of the hearing, the Hearing Examiner shall, based upon a standard of proof of clear and convincing evidence, make findings of fact and conclusions of law. If the Hearing Examiner determines that the alleged Code of Ethics violation(s) have not been proven, the Hearing Examiner shall dismiss the complaint. If the Hearing Examiner determines that one or more Code of Ethics violation(s) are proven, the Hearing Examiner shall forward the matter to the City Council for a determination regarding the appropriate level of sanctions to be imposed for the Code of Ethics (Article II) violations. In either event, a copy of the findings and conclusions shall be forwarded to the City Clerk, for distribution to the City Council, and, by registered mail, to the person who made the complaint and to the respondent at addresses as given by such persons to the Hearing Examiner.

B. Action by City Council upon Hearing Examiner's Findings and Conclusion

1. Within 45 business days of receipt of the Hearing Examiner's findings and conclusions that sustain a Code of Ethics violation, the City Council shall schedule an executive session to consider the findings and conclusions, hear from the respondent, and deliberate upon the appropriate level of civil sanction(s) to be imposed, if any, except to the extent that the respondent requests that they be heard in open public session.
2. The Council may take no formal action or, by majority vote of the Council (not including the respondent, if a Councilmember, who shall not participate in said vote) at an open public meeting, may impose any of the following sanctions in response to a sustained violation of the Code of Ethics:
 - a. Admonition: An admonition shall be a verbal non-public statement made by the Mayor, Deputy Mayor, or Mayor Pro Tem to the Councilmember or member of a City Committee or Commission who has violated the Code.
 - b. Reprimand: A reprimand shall be a letter prepared by the City Council, signed by the Mayor, Deputy Mayor, or Mayor Pro Tem, and directed to the Councilmember or member of a City Committee or Commission who has violated the Code.
 - c. Censure: A censure shall be a written statement administered personally by the Mayor, Deputy Mayor, or Mayor Pro Tem to the Councilmember or member of a City Committee or Commission who has violated the Code violation. The Councilmember or member of a City Committee or Commission shall appear at a time and place directed by the City Council to receive the censure. The censure shall be given publicly and the official who has violated the Code shall not make any statement in support or opposition thereto or in mitigation. A censure shall be deemed administered at the time it is scheduled whether or not the Councilmember or member of a City Committee or Commission appears as required.
 - d. Other sanctions: Any sanction imposed under this Ethics Program is in addition to and not in lieu of any other penalty, sanction, or remedy which may be imposed or sought according to law or equity.
3. The City Clerk shall forward, by registered mail, a copy of the findings, conclusions, and sanctions, if imposed, to the complainant and to the respondent at addresses as given by both persons to the City Clerk. Following approval by the Council, the City Clerk shall publish the written findings, conclusions, and sanctions, if imposed.

**ARTICLE V -
ETHICS BOARD**

A. Creation, Terms, and Appointments

1. Membership of Ethics Board

The Ethics Board consists of seven members appointed in accordance with this section.

2. Qualifications of Board Members

- a. Members of the Board shall represent a diverse set of backgrounds and interests.
- b. At least one member of the Ethics Board shall be a former judicial officer or have expertise in ethics acquired through education or experience.
- c. Members appointed or reappointed after the effective date of Resolution No. 2019-26, updating the Ethics Program, shall not, while serving on the Ethics Board, also simultaneously be employees or officers of the city or individuals appointed to another city committee or commission.

3. Method of Appointment

- a. Members of the Ethics Board shall be nominated by the Mayor and confirmed by the City Council by a supermajority vote of at least five Councilmembers.
- b. The Mayor and City Council shall work cooperatively to ensure that any person who is nominated has the required support of the City Council. Nominations shall be presented at meetings of the City Council in which all seven Councilmembers are present, unless exceptional circumstances exist (e.g., a Council vacancy exists and has not yet been filled, or other good cause).

4. Terms of Appointment

- a. Board members shall be appointed to terms of three years; however, the first two members nominated by the Mayor and confirmed by the City Council shall initially serve one-year terms to achieve staggered ending dates.
- b. If a member is appointed to fill an unexpired term, that member's term shall end at the same time as the term of the person being replaced.
- c. Each member shall continue to serve until a successor has been appointed, unless the member is removed or resigns.

5. Removal of Board Members

- a. The absence of any member of the Board from three (3) consecutive meetings, unless the Board has excused the absence for good and sufficient reasons as determined by the Board, shall constitute a resignation from the Board.
- b. The City Council may remove a member for inappropriate conduct before the expiration of the member's term. Before removing a member, the City Council shall specify the cause for removal and shall give the member the opportunity to make a personal explanation.

6. Compensation

Members of the Ethics Board shall serve without compensation. Members may be reimbursed for reasonable expenses pursuant to the rules of the City and as approved by the City Manager or their designee.

7. Rules

The Ethics Board may, by majority vote, adopt reasonable operating rules consistent with this Ethics Program. The City Council reserves the right to modify such operating rules at its discretion.

8. Consultation with City Attorney

The Ethics Board shall consult with the City Attorney's Office or special counsel appointed by the City Attorney's Office regarding legal issues which may arise in connection with the Board's duties and functions under this Ethics Program.

9. Liaison to the Ethics Board.

A representative of the City Attorney's Office shall attend Ethics Board meetings and serve as the liaison to the Ethics Board. No Councilmember shall serve as a liaison to the Ethics Board.

B. Training Provided by the Ethics Board

The Ethics Board shall perform the following training related duties:

1. At least every two years, the Ethics Board shall prepare and distribute a pamphlet describing the Code of Conduct (Article I) and Code of Ethics (Article II) to all Councilmembers and members of City Committees and Commissions, after review of the pamphlet by the City Attorney's Office. The Ethics Board shall ensure that all new Councilmembers and members of City Committees and Commissions receive a pamphlet on this Code of Ethics.

2. The Ethics Board shall develop and present a training course on the Code of Conduct and the Code of Ethics to be presented annually to all Councilmembers and members of City Committees and Commissions.

C. Training Provided to the Ethics Board

The Ethics Board shall include all requests for training for the coming year in the Board's annual report to the City Council, and the Council will determine what training to approve, if any.

D. Annual Report

By February 15 of each year, the Ethics Board shall submit an annual report to the City Council summarizing its activities during the previous calendar year and work plan for the following year. The report shall include any recommendations for modifying the Code of Conduct and Ethics Program as well as all training requested by the Ethics Board.

**ARTICLE VI -
DEFINITIONS**

For purposes of the Ethics Program, the following definitions shall apply.

“City Committees and Commissions” and “City Committee or Commission” mean all advisory boards, commissions, committees, and task forces created or appointed by the City Council.

“Confidential Information” means (a) specific information, rather than generalized knowledge, that is not available to the general public on request; or (b) information made confidential by law.

“Direct official action” means any of the following:

1. For Councilmembers and members of City Committees and Commissions, taking action, as defined by RCW 42.30.020, in an open public meeting.
2. For Councilmembers and members of City Committees and Commissions, directly, or indirectly through a proxy, doing the following: negotiating or recommending for or against a contract, purchase order, lease, concession, franchise, grant, or other similar instrument in which the City is a party.
3. For Councilmembers and members of City Committees and Commissions, directly, or indirectly through a proxy, doing the following: recommending for or against the approval of a permit, or other similar City approval or authorization, issued by the City. However, direct official action does not include the submittal, to the City, of a permit application by a Councilmember or a member of a City Committee or Commission or the appeal of a denial of such a permit application by the City. Direct official action includes actions taken by a Councilmember or a member of a City Committee or Commission to use or attempt to use their position to obtain special privileges or exemptions in the processing, or review on appeal, of their permit application.
4. For Councilmembers, appointing or terminating employees (i.e., the City Manager) or appointing or removing members of City Committees and Commissions.

Direct official action does not include acts that do not affect the disposition or decision with respect to the matter. Additionally, a Councilmember or member of a City Committee or Commission who recuses herself or himself in lieu of taking action, as defined by RCW 42.30.020, in an open public meeting is not exercising direct official action.

“Direct line of supervision” means the supervisor of an employee and the supervisor of an employee's supervisor.

“Fact-finding” means any action to gather facts or other evidence not submitted by a complainant in a complaint or a clarification to a complaint or by a respondent in a response or a clarification to a response. However, “fact-finding” does not include review by the Ethics Board of official video or audio recordings of meetings of the City Council or of City Committees and Commissions as well as review by the Ethics Board of the official minutes of such meetings.

“Gift” means any favor, reward, or gratuity and any money, good, service, travel, event ticket, lodging, dispensation, or other thing of value that is given, sold, rented, or loaned to a person without reasonable compensation and that is not available to the general public on the same terms and conditions. Any honoraria or payment for participation in an event will be considered a gift.

“Immediate family” means husband, wife, son, daughter, mother, father, grandmother, grandfather, grandchildren, brother, sister, domestic partner, or spouse of the above. The term includes any minor children for whom the person, or their domestic partner, provides day-to-day care and financial support. A "domestic partner" is an unmarried adult, unrelated by blood, with whom an unmarried officer, official, or employee has an exclusive committed relationship, maintains a mutual residence, and shares basic living expenses.

“Legislation of General Application” means any legislative act, including regulations, policies, ordinances, resolutions, and motions, of general application, as opposed to legislative acts that affect only a particular person or individual or a small group of similarly situated persons or individuals.

“Major Contractor” means any person, corporation, company, firm, business, or other entity doing business over \$5,000 with the City under one contract or annually.

“Political Action Committee” means a legal entity, other than a natural person, that raises, spends, receives, or contributes money to support or oppose the election of one or more candidates for elected office at the local, state, or federal levels.

“Question of Fact” means a factual dispute between the complainant and the respondent concerning an issue that is material to a determination as to whether a violation of the Code of Conduct (Article I) exists.

“Reconciliation” means mediation between a complainant and a respondent facilitated by a trained mediator.

“Rule of Necessity” shall be interpreted and defined in accordance with RCW 42.36.090, which provides: In the event of a challenge to a member or members of a decision-making body which would cause a lack of a quorum or would result in a failure to obtain a majority vote as required by law, any such challenged member(s) shall be permitted to fully participate in the proceeding and vote as though the challenge had not occurred, if the member or members publicly disclose the basis for disqualification prior to rendering a decision. Such participation shall not subject the decision to a challenge by reason of violation of the appearance of fairness doctrine.

**ARTICLE VII -
CITY COUNCIL REVIEW OF CODE OF CONDUCT
AND ETHICS PROGRAM**

This Code of Conduct and Ethics Program shall automatically expire, and no longer be in force or effect, 12 months from the effective date of Section 1 of Resolution No. 2019-26, unless it is expressly renewed or otherwise amended by majority vote of the City Council.

Commented [KH2]: If we make the proposed changes, I recommend that there be no expiration date, but instead a planned review in 12 or 24 months. Perhaps direct the Ethics Board to provide an analysis of the efficacy and, fairness of the processes.



CITY OF
BAINBRIDGE ISLAND

Special City Council Meeting Agenda Bill

MEETING DATE: June 30, 2020

ESTIMATED TIME: 15 Minutes

AGENDA ITEM: (8:40 PM) Appointments to the Planning Commission - Mayor Schneider,

SUMMARY: A call for participation was issued for volunteers to serve on the Planning Commission. This agenda item includes completed applications and resumes where provided by the applicant. A series of interviews were conducted. Mayor Schneider recommended the appointments identified in the attached spreadsheet and that those appointments be forwarded to the June 23 business meeting for Council confirmation.

At the June 23 business meeting, the Council discussed the appointment of Kim McCormick Osmond to Position 1 and Ashley Mathews to Position 2 of the Planning Commission. The Council forwarded the appointments to the June 30 special meeting for consideration of approval.

AGENDA CATEGORY: Discussion

PROPOSED BY: Executive

RECOMMENDED MOTION: I move to appoint Kimberly McCormick Osmond to Position 1 and Ashley Mathews to Position 2 of the Planning Commission.

STRATEGIC PRIORITY: Good Governance

FISCAL IMPACT:

Amount:	
Ongoing Cost:	
One-Time Cost:	
Included in Current Budget?	

BACKGROUND:

ATTACHMENTS:

[Planning Commission \(Recommended Appointments\).pdf](#)

[Blossom - Planning Commission \(Redacted\).pdf](#)

[Dykeman - Planning Commission \(Redacted\).pdf](#)

[Gardiner - Planning Commission \(Redacted\).pdf](#)

[Marshall - Planning Commission \(Redacted\).pdf](#)

[McCormick Osmond - Planning Commission \(Redacted\).pdf](#)

[Weise - Planning Commission \(Redacted\).pdf](#)

FISCAL DETAILS:

Fund Name(s):

Coding:

Planning Commission

Interview Team	Recommended Appointments	Applications Received Alphabetically
<p>Mayor Leslie Schneider</p> <p>Council Liaison Kirsten Hytopoulos</p> <p>Chair Bill Chester</p>	<p>Planning Commission (7) Position 1 – Kimberly McCormick Osmond (June 2023) - Reappointment Position 2 – Sarah Blossom (June 2023)</p>	<p>Sarah Blossom Erik Dykeman Michele Gardiner Megan Marshall Kimberly McCormick Osmond Lori Weise</p>

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Friday, April 24, 2020 11:26:51 AM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name Sarah Blossom

Email

Phone

Address

City Bainbridge Island

State WA

Zip 98110

Current Employer Self

Current Position Attorney

I am interested in serving on one of the following City advisory groups (select all that apply): Planning Commission

Experience & Qualifications

Have you served on any City advisory groups in the past? No

If so, please indicate which groups: *Field not completed.*

Please share your qualifications for this appointment (skills, I am a licensed attorney and just finished serving two terms on the City Council. I know our Comprehensive Plan and Municipal Code well. As a Councilmember I served as the liaison to the

activities, training, education) if any:

Planning Commission, Island Center Subarea Steering Committee, Affordable Housing Task Force, Comprehensive Plan Update Steering Committee, Historic Preservation Commission, and Utility Advisory Committee. I also served as the Council's representative on the Kitsap Public Health District for several years. A lot of the work that the Planning Commission will be taking up in the next couple of years began with the City Council while I was a member so I understand the rationale and intention behind the various initiatives. As a member of the Comprehensive Plan Update Steering Committee I was deeply involved in that effort and am probably the only Councilmember or Planning Commissioner that attended every public "listening session" or workshop that was held. Since my term on City Council ended I have continued to follow both the City Council and Planning Commission.

Please share your community interests (groups, committees, organizations) if any:

Field not completed.

Feel free to attach your resume (optional):

Field not completed.

Type the Year

2020

How did you hear about the volunteer opportunity?

Other

Other

Field not completed.

Email not displaying correctly? [View it in your browser.](#)

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Friday, May 1, 2020 3:53:24 PM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name	Erik Dykeman
Email	
Phone	
Address	
City	Bainbridge Island
State	Washington
Zip	98110
Current Employer	Build Group
Current Position	Senior Project Manager
I am interested in serving on one of the following City advisory groups (select all that apply):	Planning Commission
Experience & Qualifications	
Have you served on any City advisory groups in the past?	No
If so, please indicate which groups:	<i>Field not completed.</i>
Please share your qualifications for this appointment (skills,	Elected to Sandown, NH planning board in 2015. Served as Vice Chair of that board in 2017. I work in the construction industry, and have extensive knowledge of zoning regulations, laws

activities, training, education) if any:

concerning construction, and watershed preservation projects. I attended multiple conferences from the EPA in regards to river cleanup acts, protection programs, and environmental impact studies when it comes to pollutants from roadways, construction, and natural or man made structures.

Please share your community interests (groups, committees, organizations) if any:

Love planning, zoning, and urban development. I am involved with the local AGC for Seattle.

Feel free to attach your resume (optional):

Field not completed.

Type the Year

2020

How did you hear about the volunteer opportunity?

Bainbridge Review Newspaper

Other

Field not completed.

Email not displaying correctly? [View it in your browser.](#)

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Saturday, May 2, 2020 2:39:32 PM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name	Michele Gardiner
Email	
Phone	
Address	
City	Bainbridge Island
State	WA
Zip	98110
Current Employer	self employed SG Creative at Pleasant Beach Village
Current Position	Professional Artist, Senior designer of interior & exterior living spaces. Park City historical society, Municipal advisor
I am interested in serving on one of the following City advisory groups (select all that apply):	Climate Change Advisory Committee, Design Review Board , Environmental Technical Advisory Committee, Historic Preservation Commission , Planning Commission
Experience & Qualifications	
Have you served on any City advisory groups in the past?	Yes
If so, please indicate which groups:	Historic Main Street Park City Utah advisor to Park City Main Street & municipal design recommendations
Please share your qualifications for this	I am a 65 year senior interior and exterior designer having designed & managed several high end residential and

appointment (skills, activities, training, education) if any:

commercial projects for 30 years in my home town of Park City, UT.

I owned a large design/retail store at the top of the famous Main Street PC, UT and am proud to have contributed many design concepts, event planning & municipal improvements. I contributed several inovative concepts changing chaotic eyesores into peaceful green outdoor creative spaces. I am also an artist and have loved creating and selling my art to my Bainbridge Island customer and friends. I am happy to assist in that capacity as well.

Please share your community interests (groups, committees, organizations) if any:

Above and beyond design, I am passionate about climate control.

I believe there is one way to build & that is conciously: Unifying builders, owners, neighbors with natural habitats & generous green spaces .

I travel often for one month at a time to many of the world's most beautiful places who were designed by Artisans. These locations are surrounded by expansive parks and stunning botanicals at every opportunity. Those locations were/are also protected by moratorium's.

If we have learned nothing else from the pandemic; could it be humanity will take a step back & accept responsibility to protect mother nature and balance human development within her needs.

The quicker we are able to do that & come together unilaterally they quicker humanity will heal.

Feel free to attach your resume (optional):

Field not completed.

Type the Year

2020

How did you hear about the volunteer opportunity?

City Website

Other

Field not completed.

Email not displaying correctly? [View it in your browser.](#)

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Thursday, May 7, 2020 9:18:27 AM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name	Megan Marshall
Email	
Phone	
Address	
City	Bainbridge Island
State	WA
Zip	98110
Current Employer	Olson Kundig
Current Position	Architect
I am interested in serving on one of the following City advisory groups (select all that apply):	Design Review Board , Planning Commission
Experience & Qualifications	
Have you served on any City advisory groups in the past?	No
If so, please indicate which groups:	N/A
Please share your qualifications for this appointment (skills,	I am an architect currently employed at Olson Kundig, a Seattle-based architecture firm. Prior to Olson Kundig, I worked at Perkins+Will in their Seattle office. I have over nine years of

activities, training, education) if any:

professional experience with a wide range of project types spanning single-family residential, multi-family residential, hospitality, science and technology, healthcare, and campus planning. I have had the opportunity to work on projects sited all over the globe, which has provided me with a unique perspective on how different jurisdictions address the building review process (design, sustainability, accessibility, etc.).

I am passionate about identifying and implementing innovative ways of improving the built environment and its connection with the surrounding community, not only through project work, but also through participation in various committees. I served as co-director of Perkins+Will Seattle's Material Health Lab and was one of the first members of the Perkins+Will Seattle Resiliency Lab. At Olson Kundig I have been involved in creating new standards of design for multi-family and hospitality projects. My involvement in these groups has afforded me unique educational experiences, both as a learner and teacher, while also broadening my skill sets in specialized areas of project work.

I am a licensed architect in the state of Washington and a U.S. Green Building Council Leadership in Energy and Environmental Design, Building Design, and Construction accredited professional (LEED AP BD+C). I hold a Master of Architecture degree from the University of Southern California and a Bachelor of Science degree in architecture from Washington State University.

I grew up on Bainbridge Island and graduated from Bainbridge High School (2004). This community is dear to me, and I would be honored to offer my experience and expertise to help shape the future of the island. I hope to have the opportunity to discuss this opening further with you.

Please share your community interests (groups, committees, organizations) if any:

As I noted in the previous question, this community is dear to me, and I would be honored to offer my experience and expertise to help shape the future of the island. I have worked on a number of professional boards and have volunteered service for youth architecture education programs, but this would be my first time serving on a community-based board. (Please see attached resume.)

Feel free to attach your resume (optional):

Type the Year

2020

How did you hear about the volunteer opportunity?

City Website



MEGAN MARSHALL
AIA, LEED AP BD+C

Licensed Architect, WA

University of Southern California
Los Angeles, CA / 2008 - 2010
Master of Architecture

Washington State University
Pullman, WA / 2004 - 2008
Bachelor of Science, Architecture
Minor in Sociology

AIA Member
USGBC Member

OLSON KUNDIG / SEATTLE, WA / ARCHITECT / 2017-present

As a generalist architect I have experience working on projects large and small. My role is often to serve as the design lead, but I also enjoy jumping deeper into a project to assist in addressing more technical design issues. At Olson Kundig I have worked primarily on multi-family, residential, and hospitality project types.

PROJECT HIGHLIGHTS:

. Project architect on a multi-family project consisting of 8 unique buildings situated on top of an existing garage in West Hollywood, CA. Responsibilities include working with the design principal, developer, and consultants from schematic design thru construction administration.

. Project architect on a large multi-building resort in rural China. Experience working on an international team and with the local architect on a large project on an extremely complex site. Project scope includes schematic design thru construction documents.

. Design and technical support on multiple high-end residential projects located in Seattle, San Francisco, Costa Rica, and Mexico.

. Assisted in the design documentation for multiple commercial buildings and market hall in Walla Walla, WA.

PERKINS + WILL / SEATTLE, WA / ARCHITECT / 2010-2017

I began my career and seven-year tenure at Perkins+will as an intern architect, became a licensed architect in 2015, and then associate in 2016. During this time, I worked primarily on higher-education and science and technology projects.

PROJECT HIGHLIGHTS

. Experience detailing exterior and interior conditions for complex building types including the UW Medicine Phase 3.1 Building in South Lake Union, a multi-building campus for Illumina in San Diego, and the UCSD Center for Novel Therapeutics building in San Diego.

. Assisted in numerous spatial planning studies for science and technology as well as office workspaces

. Creation and coordination of design and documentation for a master plan, as well as coordination of predesign report documents

. Sustainability lead on a LEED-Platinum shell-and-core building and LEED-Silver laboratory building.

MAGRAW ZECHA / POULSBO, WA / GRAPHIC DESIGN / 2010-present

My role at Magraw Zecha began in 2010. I was responsible for creating a new marketing and graphic identity for Magraw Zecha which included a new logo, website, business cards, and marketing materials. I continue to maintain the website and advise on graphic and marketing materials as needed.

The owner of the Magraw Zecha, Scott Magraw, is my father.

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Wednesday, April 15, 2020 12:03:45 PM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name Kimberly McCormick Osmond

Email

Phone

Address

City Bainbridge Island

State Washington

Zip 98110

Current Employer Law Office of Kim McCormick, PLLC

Current Position Attorney

I am interested in Planning Commission
serving on one of the
following City advisory
groups (select all that
apply):

Experience & Qualifications

Have you served on Yes
any City advisory
groups in the past?

If so, please indicate Planning Commission - 2003-2008 and currently, beginning June
which groups: 2017

Please share your As a practicing land use lawyer for the last 30 years, I have both
qualifications for this knowledge and experience in crafting and applying land use
appointment (skills, policies, principles and codes. As a former (2003-2008) and

activities, training, education) if any:

current Planning Commissioner, I have firsthand experience in how the City's development codes are applied and the projects they produce. I have worked with federal, state and local planning bodies and have represented project applicants in front of those bodies, giving me the opportunity to see both sides of the development picture and to understand how development can be proposed and managed in a manner that benefits the community and also protects the environment. I am very interested in continuing my participation on the Planning Commission and look forward to continuing to work on three important priorities: (1) revising specific sections of the Municipal Code that are producing development that is inconsistent with the Comprehensive Plan; (2) placing more emphasis in the Code on sustainable building practices and transportation options that address climate change, renewable energy and climate impact mitigation; and 3) drafting a comprehensive affordable housing ordinance that takes into account the work of the affordable housing task force and ongoing discussions for the Suzuki parcel.

Please share your community interests (groups, committees, organizations) if any:

As a Planning Commissioner from 2003-2008, I had had the opportunity to be involved with the first Island Center Subarea Plan, the Winslow Tomorrow initiative and the Shoreline Master Plan. During my time on the Planning Commission beginning in 2017, we proposed revisions to Code subdivision regulations that were adopted by the City Council and have been actively working on recommendations for revisions to the Code that would produce development regulations that are consistent with the Comprehensive Plan and area master plans. In my view, that work is crucial because the Comprehensive Plan is what makes Bainbridge Island a unique and wonderful place to live and directs development on the island in a manner supported by the community. When Code provisions are inconsistent with the Comprehensive Plan, everyone suffers - project applicants, our planners, the Design Review Board, the Planning Commission and our decisionmakers. We have spent considerable time on this effort during the last 3 years and I would like to contribute to and finish that effort during a second term on the Planning Commission.

Feel free to attach your resume (optional):

Type the Year

2020

How did you hear about the volunteer opportunity?

City Website

Other

Field not completed.



Kimberly McCormick Osmond

Land Use Attorney

Areas of Practice:

Land Use
Environmental
Energy
Endangered Species
Waters and wetlands

Bar Admissions

California 1989, Washington 1997
U.S. Court of Appeal, Ninth Circuit
U.S. Court of Appeal, District of Columbia Circuit
U.S. District Court, Western District of Washington
U.S. District Court, Southern District of California
U.S. District Court, Central District of California
U.S. District Court, Northern District of California

Areas of Expertise

I have been practicing law for 30 years in the areas of land use, environmental law, federal and state environmental permitting, regulatory compliance and litigation. I have handled local land use permitting for residential and commercial projects and have represented clients in a variety of matters, including the siting and permitting of residential development communities; renewable energy projects (solar, wind and geothermal); a desalination project; mining projects; golf courses; a public transportation light-rail system; and an automotive test track. My practice includes compliance counseling involving the Washington State Environmental Protection Act, the Washington Shoreline Management Act, the Washington Growth Management Act, the California Environmental Quality Act, and other Washington and California environmental laws and regulations regarding critical and natural resource areas and protected species.

I also counsel clients on matters involving the federal Endangered Species Act, Clean Air Act, Clean Water Act, Migratory Bird Treaty Act, Bald and Golden Eagle Protection

Act and Federal Land Policy Management Act, and have assisted in the development of a General Conservation Plan for stakeholders in California and in Natural Community Conservation Plans in several California communities.

Experience

Law Office of Kim McCormick, PLLC - 2006 to the present - Sole Partner and Owner

Latham & Watkins, 1989-2005

Associate and Of Counsel in the Environmental, Land Use and Natural Resources Department and co-chair of the firm's Endangered Species Working Group

Education

Law clerk, 1989, the Honorable David R. Thompson, U.S. Court of Appeal for the Ninth Circuit

University of Texas at Austin, 1988

Doctor of Jurisprudence, High Honors

Order of the Coif

Associate Editor, Texas Law Review

University of Texas at Austin, 1977

Bachelor of Journalism

Bachelor of Arts in English

Community Involvement

I moved to Bainbridge Island in 1997 with my husband and daughter, and currently am serving as Vice Chair of the Bainbridge Island Planning Commission. I previously was a Planning Commissioner from 2003 - 2008 and served as Chair in 2006. Major land use matters in which the Planning Commission was involved during my first tenure included Winslow Tomorrow and the first planning initiative for the Island Center Neighborhood Service Center. I am a member and supporter of the Bainbridge Island Land Trust and the Bainbridge Island Museum of Art.

From: noreply@civicplus.com
To: [City Admin](#)
Subject: Online Form Submittal: City Advisory Group Application
Date: Thursday, May 7, 2020 9:28:52 PM

City Advisory Group Application

Step 1

Please complete the form below if you are interested in serving on a committee or commission. Once completed, this form will become part of the City's Volunteer Roster. Please note: once submitted, this application becomes a public record. Your address and contact information will not be shared.

Applicant Name Lori Weise

Email

Phone

Address

City Bainbridge Island

State Washington

Zip 98110

Current Employer Self Employed

Current Position Health Care Planning Consultant

I am interested in Planning Commission
serving on one of the
following City advisory
groups (select all that
apply):

Experience & Qualifications

Have you served on Yes
any City advisory
groups in the past?

If so, please indicate Historic Preservation Commission
which groups:

Please share your I have a masters in Urban Planning from UCLA. I have over 38
qualifications for this years experience as a health and hospital planner executive
appointment (skills, including campus master planning experience, facility planning,

activities, training,
education) if any:

strategic and business planning

Please share your
community interests
(groups, committees,
organizations) if any:

I serve on the board of directors for Congregation Kol Shalom;
Also serving on the Finance Committee of the Bainbridge Island
Land Trust.

Feel free to attach your
resume (optional):

Type the Year

2020

How did you hear
about the volunteer
opportunity?

Other

Other

City Planning Department

Email not displaying correctly? [View it in your browser.](#)

Lori Weise

Principal at Weise Healthcare Consulting
Bainbridge Island, Washington

Summary

Accomplished leader in healthcare strategy and planning leading high impact projects that have driven appropriate growth for organizations.

I have over 35 years experience leading and facilitating strategic planning and business development processes that provide direction to senior management, boards of directors, faculty and group physician practices, research institutes and other related entities. I lead processes to identify and develop market, demand and financial models, advance program and service line development, facilitate physician practice network expansion, and evaluate potential acquisitions.

Experience

Weise Healthcare Consulting

Principal

January 2019 - Present (1 year 5 months)

Greater Seattle Area

Provides healthcare strategic and business planning to healthcare systems and medical groups

Cedars Sinai Health System

Vice President, Strategic Planning and Business Development

November 1998 - December 2018 (20 years 2 months)

Greater Los Angeles Area

Cedars-Sinai is one of the largest non-profit academic medical centers in the US providing high quality clinical and research based programs ranging from primary care to specialized treatments for complex and advanced illnesses.

I developed strategic and business plans providing direction to senior management and the board of directors for the Medical Center, Medical Delivery Network (physician practices), the Davis Research Institute and other Cedars-Sinai related entities. I used a collaborative and data driven proces

Top Skills

Demand and financial forecasting for business plan development

Master facility and space planning and programming

Contract negotiations for legal and business relationships

to drive alignment and consensus among different constituencies including physician and administrative leaders. Our plans helped Cedars-Sinai grow substantially in market and financial strength resulting in net assets increasing 12% over ten years to \$4.2 billion.

The plans we developed have been informed by Cedars-Sinai's vision to continue as a recognized national leader in providing high value healthcare that delivers excellent clinical quality, patient safety and service.

Citrus Valley Health Partners

Director of Planning

January 1993 - December 1998 (6 years)

West Covina, California

Led business and facility planning efforts for a two-hospital community health system located in the San Gabriel Valley

San Antonio Community Hospital

Manager, Planning and Marketing

January 1989 - December 1993 (5 years)

Upland, California

Developed and implemented planning and marketing efforts for a 300 bed community hospital and related ambulatory services in Upland and Rancho Cucamonga, California

American Medical International

Project Manager, Corporate Market Planning Division

January 1985 - December 1991 (7 years)

Greater Los Angeles Area

Developed market and business plans for AMI's numerous community hospitals across the USA

Ernst & Whinney

Senior Analyst

June 1982 - December 1985 (3 years 7 months)

Greater Los Angeles Area

Created market and business plans, financial feasibility studies, certificates of need and client proposals for E & W healthcare consulting clients.

Education

University of California, Los Angeles

Master of Arts - MA, Bachelors of Arts-BA, MA in Urban Planning, specialty

Health Planning · (1975 - 1982)