



City of Tukwila
Finance Committee

- ◆ Verna Seal, Chair
- ◆ Kathy Hougardy
- ◆ Zak Idan

<u>Distribution:</u>	
V. Seal	Mayor Ekberg
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Z. Idan	R. Bianchi
D. Quinn	C. O'Flaherty
K. Kruller	A. Youn
T. McLeod	L. Humphrey
C. Delostrinos Johnson	

AGENDA

MONDAY, NOVEMBER 9, 2020 – 5:30 PM

HAZELNUT CONFERENCE ROOM

(At east entrance of City Hall)

**THIS MEETING WILL NOT BE CONDUCTED AT CITY FACILITIES
 BASED ON THE GOVERNOR'S PROCLAMATION 20-28.**

**THE PHONE NUMBER FOR THE PUBLIC TO LISTEN TO THIS
 MEETING IS: 1-253-292-9750, Access Code 127204010#**

Item	Recommended Action	Page
1. BUSINESS AGENDA		
a. A resolution adopting the 2021 Legislative Agenda. <i>Rachel Bianchi, Deputy City Administrator</i>	a. Forward to 11/16 Regular Meeting.	Pg.1
b. Financial legislation: (1) A resolution adopting Financial Policies. (2) A resolution adopting a Purchasing Policy. (3) An ordinance updating Tukwila Municipal Code Chapter 3.32, "Budget Provisions." <i>Laurel Humphrey, Legislative Analyst</i>	b. Forward to 11/23 C.O.W. and 12/7 Regular Mtg.	Pg.7 Pg.17 Pg.25 Pg.47
c. City Council 2021-2022 travel budget. <i>Laurel Humphrey, Legislative Analyst</i>	c. Committee consideration/ decision.	Pg.57
d. 2020 3rd Quarter cash and investment report. <i>Vicky Carlsen, Finance Director</i>	d. Discussion only.	Pg.65
2. MISCELLANEOUS		

Next Scheduled Meeting: *Monday, November 23, 2020*



The City of Tukwila strives to accommodate individuals with disabilities.

Please contact the City Clerk's Office at **206-433-1800** (TukwilaCityClerk@TukwilaWA.gov) for assistance.



INFORMATIONAL MEMORANDUM

**TO: Community Services and Safety Committee
Finance Committee**

FROM: Rachel Bianchi, Deputy City Administrator

CC: Mayor Ekberg

DATE: October 15, 2020

SUBJECT: 2021 Legislative Agenda

ISSUE

The City of Tukwila develops an annual legislative agenda for use in Olympia during the legislative session.

BACKGROUND

The City's Legislative Agenda provides direction to staff and consensus among the elected officials as to what policy positions are taken on behalf of the City of Tukwila during the legislative session.

RECOMMENDATION

The Community Services and Safety and Finance Committees are being asked to provide comment and feedback, which will be incorporated into the agenda for discussion and Council consideration at the November 16 2020 Regular meeting. The City's lobbyist, David Foster, will provide a legislative update at the November 16 meeting.

ATTACHMENTS

Resolution in draft form
Attachment A – Legislative Agenda

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA,
WASHINGTON, ADOPTING A LEGISLATIVE AGENDA FOR USE
DURING THE 2021 WASHINGTON STATE LEGISLATIVE SESSION.**

WHEREAS, the City Council has agreed to pursue certain legislative issues for 2021; and

WHEREAS, the City Council recognizes this agenda is not all encompassing, in that certain additional items may arise during the legislative session that require support or opposition; and

WHEREAS, a legislative agenda outlines the priority issues that elected officials may discuss when speaking to members of the Washington State Legislature; and

WHEREAS, the City Council agreed to these priorities at the City Council Meeting on November 16, 2020;

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

The Tukwila City Council has identified priorities for the 2021 Washington State Legislative Session that provide a framework for advocacy on behalf of the community. The City of Tukwila 2021 Legislative Agenda is hereby incorporated by reference as Attachment A.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

De'Sean Quinn, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Resolution Number: _____

Office of the City Attorney

Attachment A: City of Tukwila 2021 Legislative Agenda

ATTACHMENT A

DRAFT

City of Tukwila 2021 Legislative Agenda

Transportation & Infrastructure

- Provide funding for critical local infrastructure, including the **Allentown Bridge**, which is **Structurally Deficient and Functionally Obsolete**.
- Create **stable, reliable infrastructure assistance funding** for cities to assist in repairing roads, bridges and other public infrastructure that support economic development.

Housing & Human Services

- Address the housing stability crisis by providing additional tools for rental assistance, foreclosure/eviction prevention and capital construction of affordable housing.
- We strongly encourage the state to **adequately fund human services** programs for the health of the safety net.

Shared Revenue

- Include local governments in any new statewide revenues to ensure the long-term health of municipalities.
- The State must continue its role as a **partner with cities**, including reinstating funding for the Public Works Assistance Account and Community Economic Revitalization Board.
- Ensure funding for **Streamlined Sales Tax Mitigation** payments brought back in the 2019 session remain funded and identify a longer-term funding strategy beyond the 2020/2021 biennium.

Revenue Reform

- Allow cities the **authority and flexibility** to address the fact that growth in the cost of services continue to outstrip revenues.
- The state should **amend the law** that limits annual property tax growth to 1 percent and work with cities to authorize additional funding flexibility and opportunities at the local level.

Education

- Implement **needs-based funding** for allocation of social emotional student support resources and **expand funding for learning opportunities** for summer school students.
- Increase **funding for homeless students** and secondary ELL students.
- Incorporate early learning for low income students as a part of **Basic Education**.

Preserve Lodging Tax Flexibility

- Ensure the definition of “tourist” in Washington State **remains flexible** to allow jurisdictions and Lodging Tax Advisory Committees to distribute lodging tax dollars in a manner that **best serves each individual community**.

Preparing for Our Future

- Enact policies to prepare to **combat climate change**, including adequately budgeting for its effects and providing tools to cities to prepare and address the ramifications of flooding, pollution and other key factors.
- Continue to invest in **workforce education and job training** to ensure Washingtonians have access to high-quality career and technical education opportunities.

Advancing Equity

- Develop and implement a **racial equity toolkit** for legislation, policies and programs to advance racial equity in Washington.
- **Ensure affordable, high-quality broadband internet access is available to all households and businesses to provide educational, entrepreneurial, business and accessibility equity for all Washingtonians to access the internet.**

Police Reform

- **Enact police reforms** identified by the Association of Washington Cities:
 - Develop a statewide standard for use of force that preserves the right of local jurisdictions to enact more restrictive standards based on community input.
 - Create a database to track officers who have been fired for misconduct and make it accessible to departments in their recruitment and hiring processes.
 - Expand grounds for decertification to include use of force violations.
 - Require that officer misconduct investigations be completed, regardless of an officer's resignation.
 - Establish a duty for all law enforcement officers to immediately intervene and report misconduct or illegal activity by a fellow police officer.
 - Require that all officers receive regular support for vicarious trauma and mental well-being, including peer support, mental health counseling, and appropriate mental health screenings. Officers involved in any fatal use of force must undergo a mental health screening prior to returning to duty.



INFORMATIONAL MEMORANDUM

TO: **Finance Committee**
FROM: **Laurel Humphrey, Legislative Analyst**
DATE: **November 3, 2020**
SUBJECT: **Financial Policies Legislation**

ISSUE

At the February 2020 Retreat, Finance Consultant Mike Bailey encouraged the City Council to revisit its financial policies as a crucial part of the role of budgetary oversight. The financial policies of a city represent values and expectations for financial planning, budgeting, accounting, reporting and other management practices. Currently, financial policies for the City of Tukwila exist in a variety of places: across multiple resolutions, the Municipal Code, administrative policies, and the budget document to name a few.

BACKGROUND

In July, staff briefed the Finance Committee on a project that would update certain financial policies to improve organization, consolidate, and address redundancies and conflicts in accordance with best practices. The Committee was supportive of the proposal as outlined below:

Project Goals

- To revamp, consolidate, clarify, cross-reference, eliminate redundancies and conflicts, and capture the City Council's intent and approval.

Mechanisms

- Resolution to repeal 1950 and adopt new reformatted policy document.
- Resolution to update purchasing policy, which is currently an Administrative Policy.
- Ordinance to remove 3.32.030 and 3.32.040 (and possibly other redundancies) from the TMC.

Legislation supporting these goals has been prepared after a thorough cross-departmental and City Attorney review process. This is a significant step that will make future updates easier to manage. Staff recommends regular review and expansion of a few sections in future years.

PROPOSALS

Below is a summary of the proposals and documents attached to this memo.

1. *Table explaining new proposed Financial Policies document*

This attachment walks through the proposed new Financial Policies and indicates which are new, which are modifications from existing policies, and the source of the existing policy. There is also a section explaining policies proposed for deletion.

2. *Resolution adopting Financial Policies and Repealing Resolution Nos. 1919 and 1950*

This resolution and its attachment proposes a new, reformatted financial policy document to replace that adopted by Resolution 1950 and incorporates the current financial reserve policy adopted by Resolution 1919

3. *Resolution adopting a Purchasing Policy*

The City's purchasing policies are currently located in various documents, which is often confusing. The proposal consolidates and reformats the policies in a format that will be a more effective resource for Council and staff.

4. *Ordinance repealing 3.32.030 and 3.32.040*

Staff proposes repealing these sections from the Municipal Code in an effort to consolidate purchasing policies in one source, the new proposed Purchasing Policy. These code provisions cause confusion, and appropriate signing authority and controls are covered in the new proposed Purchasing Policy.

5. *Documents proposed for repeal*

To provide transparency, this section includes the documents being proposed for repeal via the mechanisms described above.

RECOMMENDATION

Staff is seeking Council approval of a resolution adopting financial policies, a resolution adopting a purchasing policy, and an ordinance to remove 3.32.030 and 3.32.040 from the Municipal Code.

ATTACHMENTS

1. Table explaining proposed Financial Policies
2. Proposed Resolution adopting Financial Policies
3. Proposed Resolution adopting Purchasing Policy
4. Proposed Ordinance repealing 3.32.030 and 3.32.040
5. Proposed Repeals
 - a. Resolution 1919
 - b. Resolution 1950
 - c. TMC 3.32.030 and 3.32.040

Number	Policy	Source
Purpose		
1a.	The City of Tukwila is accountable to the public and shall maintain the fiscal integrity of its operating, debt service, and capital budgets while providing an appropriate level of public services within the City's fiscal responsibility.	New
1b.	The City's Financial Policies are intended to provide guidelines for the financial planning and internal financial management of the City.	New
Budgeting		
2a.	The City of Tukwila shall prepare and adopt a biennial budget in accordance with RCW Chapter 35A.34, and Tukwila Municipal Code (TMC) Chapter 3.30. Fiscal years begin January 1 and end December 31.	New
2b.	The budget shall be prepared with a priority-based approach that enables resources to be allocated to the programs and services that provide the greatest value to the community.	New
2c.	The budget must be developed in accordance with the policies and priorities set forth in long-term policy documents including the Equity Policy, Strategic Plan, Comprehensive Plan, City Council and community priorities, and federal and state laws.	New
2d.	Within each budget cycle, the budget should be structurally balanced, which means that ongoing expenditures shall be provided for by anticipated ongoing revenue and one-time revenue should only be used for one-time expenditures unless explicitly authorized by the City Council.	New
2e.	The City shall maintain a six-year Capital Improvement Program and update it with each budget cycle to ensure that all costs, including operation and maintenance, are addressed.	New

2f.	<p><u>As part of each biennial budget process, the City shall prepare six-year expenditure and revenue forecasts for the principal operating and capital funds. Revenues will be estimated on a conservative basis. Increases greater than inflation in the schedule known as the 6-Year Financial Plan—General Fund Revenues and Expenditures will require additional documentation.</u></p>	Modification of existing Policy FP-1
2g.	<p><u>The City Council may informally approve mid-year budget amendments by motion prior to the submission of a comprehensive formal budget amendment at the end of the fiscal year. Budget amendments during the year may be approved by budget motion until the end of the budget year, at which time a formal comprehensive budget amendment is submitted.</u></p>	Modification of existing Policy GF-3
Revenues		
3a.	<p>The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations</p>	New
3b.	<p><u>The City shall develop and maintain a comprehensive schedule of fees and charges, which should be reviewed biennially. The City's various user charges and fees shall be reviewed at least every three years for proposed adjustments based on services provided and comparisons with other jurisdictions.</u></p>	Modification of existing Policy GF-1
3c.	<p><u>The City shall develop and maintain a Revenue Guide that describes major revenue sources available to the City of Tukwila. Major revenue sources will require explanation in the document known as Notes to 6-Year Financial Plan—Revenues, Expenditures and Fund Balance</u></p>	Modification of existing Policy FP-2
3d.	<p>Revenue sources should be reviewed in off-budget years to account for inflation, to stay in line with market, or to ensure cost recovery at a prescribed level depending on the revenue source.</p>	New
Expenditures		
4a.	<p>The City shall maintain expenditure categories according to state statute and administrative regulation known as the State Auditor's Budgeting, Accounting, and Reporting System (BARS).</p>	New
4b.	<p>Operating expenditures within funds must be supported by the operating revenues generated by that fund.</p>	New

4c.	Purchasing will be conducted with appropriate internal controls, observe fair and ethical business practices, and use wise and prudent judgement in the expenditure of public funds	New	
Grants			
5a.	<u>The City shall, whenever practical and advantageous, pursue grant funding. All potential grants shall be examined carefully for matching requirements, and to determine whether programs must be continued with local resources after grant funds are exhausted.</u> <u>The City shall, whenever practical and advantageous, take advantage of grants, loans or other external financial sources. With the exception of capital improvement program grants requiring a local match, staff shall report to and seek the approval of the appropriate Council Committee before finalizing the grant.</u>	Modification of existing policies GF-4 and FP-4	
5b.	Staff shall obtain approval from the appropriate <u>City Council</u> Committee before applying for grants, and the <u>Committee Chair shall report for approval the proposed applications to the full Council.</u> Grant applications shall be made only for projects listed in the six-year Capital Improvement Program. staff shall also get obtain City Council approval from the full Council before accepting grants prior to accepting grant agreements in amounts above the Mayor's signing authority.	Modification of existing CIP Policy 12	
Capital Improvement Program			
6a.	Transportation improvements will be coordinated with related improvements such as utility, landscaping, sidewalks, etc.	Existing CIP Policy 18	
6b.	<u>Whenever feasible, capital improvements shall be coordinated with related improvements of adjacent jurisdictions.</u> Capital improvements shall be coordinated, whenever feasible, with related improvements of other jurisdictions	Existing CIP Policy 11	
6c.	Capital Improvement Program projects shall, whenever possible, take advantage of grants, loans or other financing external to the City. If the proposed grants or mitigation are either not funded or are reduced, <u>the City Council will re-evaluate the respective project will be reevaluated</u> on the basis of its value and priority level placement in the Capital Improvement Program.	Existing CIP Policy 12, modification of existing policy FP-5	

6d.	Residential streets with safety issues, high traffic volumes, high pedestrian activity and poor roadway conditions will be considered the highest priority projects.	Existing CIP Policy 9
6e.	Residential street designs will follow basic designs for arterials, collectors, and local access streets. Designs to accommodate individual properties shall be avoided.	Existing CIP Policy 7
6f.	Design of connecting streets is strongly encouraged. The City strongly encourages design of connecting streets.	Existing CIP Policy 8
6g.	For City-scheduled projects located on residential streets, the City will evaluate for inclusion the costs of undergrounding the overhead utilities that exist within the right-of-way. require the undergrounding of new electrical and communication facilities pursuant to TMC Chapter 11.28.	Modification of existing CIP Policy 4
6h.	Street and road improvement projects on slopes will include roadside plantings wherever feasible to help mitigate the land used for roadway and sidewalk improvements.	Existing CIP Policy 14
6i.	Donation of the property needed for rights-of-way and easements shall be pursued.	Existing CIP Policy 6
6j.	Latecomer agreements, where appropriate, shall be considered an acceptable means of funding capital projects, improvements and replacements, in whole or in part.	Existing CIP Policy 2
6k.	Right-of-way agreements for cable and electrical services should be utilized to discourage excessive wiring throughout the City.	Existing CIP Policy 5
6l.	Current arterial street improvements determined in the six-year CIP may be funded through a Local Improvement District (LID) or financing external to the City. The City may participate using operating revenues, grants or bonds based on health and safety needs or public benefit. The City may participate in the funding by financing the preliminary engineering design and professional service costs associated with planning and creating the LID.	Existing CIP Policy 13
6m.	A majority of citizens <u>property owners</u> on a street may petition the City to set up an LID to pay for residential street improvement projects, sidewalks and undergrounding of utilities. The City will evaluate the possibility of paying for the design, preliminary engineering, construction engineering, and LID formulation. The residents will pay for undergrounding utilities in the street, undergrounding from the street to their residence, the actual construction costs, and any improvements on private property such as rockeries, paved driveways, or roadside plantings.	Existing CIP Policy 10
6n.	Non-transportation capital projects and improvements (f.e. new community center) should be funded by operating revenues, grants or bonds as determined in the six-year Financial Planning Model.	Existing CIP Policy 16

6o.	The first 1/4 cent Real Estate Transfer Tax (REET) shall be dedicated to park and open space land acquisition, and the second 1/4 cent shall be used for arterial streets, along with the parking tax, <u>unless the City Council identifies other priorities consistent with state law distribution of REET funds.</u>	Existing CIP Policy 15
6p.	Street and road improvement projects shall be evaluated for the inclusion of features that support the City's "Walk and Roll Plan" in order to encourage walking, bicycling, and <u>transit use of public transit.</u>	Existing CIP Policy 21
6q.	Policies will be reviewed annually and in concert with the adoption of growth management policies to ensure continuity.	Existing CIP Policy 20
6r.	Transportation impact fees shall be collected so that "growth may pay for growth" and growth-caused improvements may be constructed.	Existing CIP Policy 22
Enterprise Fund		
7a.	Utility fund expenditures shall be fully supported by their own rates, fees, and charges and not subsidized by the General Fund.	New
7b.	Utility rates should be structured to ensure adequate infrastructure development and replacement.	Existing CIP Policy 1
7c.	Each Enterprise Fund shall be reviewed <u>bi-annually to ensure and it must have a rate structure adequate to meet its operations, maintenance, and long-term capital requirements.</u>	Existing Policy FP-8
7d.	Enterprise Fund rate increases shall be small, applied frequently, and staggered to avoid an overly burdensome increase and undue impact in any given year.	Existing Policy FP-9
7e.	Enterprise Fund rate increases of external agencies (i.e. King County secondary wastewater treatment fees) will be passed through to the <u>customer users of the utility.</u>	Existing Policy FP-10
7f.	Infrastructure improvements such as water reuse should consider conservation of resources such as water and electricity.	Existing CIP Policy 3
Debt		
8a.	Appropriate management of debt is an important factor in measuring the City's financial performance and condition.	New. The bulk of the debt policy is in Resolution 1840, so we cross reference it here.

Reserves		New
9a.	Prudent financial management dictates that some portion of funds available to the City be reserved for future use	New
9b.	At the close of each fiscal year, the General Fund unassigned balance shall equal or exceed 18% and the Contingency Fund reserve balance shall equal or exceed 10% of the previous year General Fund revenue, exclusive of significant non-operating, non-recurring revenues such as real estate sales or transfers in from other funds.	Existing policy from Resolution 1919.
9c.	At the close of each fiscal year, the unrestricted balances of the Enterprise Funds shall equal or exceed 20% of the previous year revenue, exclusive of the effects of GASB Statement 68, as well as significant non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.	Existing policy from Resolution 1919.
9d.	Use or draw down of minimum balances shall occur only upon recommendation of City Administration and approval by City Council through a resolution. Should use or draw down occur, the City Administration shall establish a plan, no later than the end of the fiscal year following the year of decline, to restore the fund balance to the prescribed minimum level. The plan shall be presented to and approved by the City Council.	Existing policy from Resolution 1919
9e.	A One-time Revenue Reserve shall be established and maintained in the Contingency Fund. The One-time Revenue Reserve shall be credited annually with 10% of the prior year one-time revenues to the extent General Fund surplus for the year is sufficient to cover the reserve funding. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.	Existing policy from Resolution 1919
9f.	The City shall maintain a reserve in each of its self-insured health care funds in an amount equal to 1.5 times, or 150%, of the actuarially determined IBNR (incurred but not reported) balance. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.	Existing policy from Resolution 1919
Investments		
10a.	The City will strive to maximize the return on its investments with the primary objective of preserving capital in accordance with city policy and prudent investment practices.	New
Minimum Reporting Requirements		
11a.	The Finance Director shall provide a financial status update at least quarterly.	Existing Policy GF-2

11b.	City Administration shall provide the City Council with financial reports that reflect actual performance in various expenditures and revenues	New
11c.	City Administration shall provide the City Council with a quarterly report of all newly-executed contracts, including the amount, responsible department, scope of work, and expiration date. The City Council shall receive an updated list of all contracts every quarter, including the amount, responsible department, scope of work, and expiration date.	Modification of existing Policy GF-6
11d.	<u>Once the annual audit is complete, City Administration shall provide a report to the City Council showing compliance with the Financial Reserve Policy. A report showing compliance with the Financial Reserve Policy shall be provided to the City Council on an annual basis, no later than July 1 of each year.</u>	Modification of existing policy from Resolution 1919

Existing Financial Policies proposed for Deletion

CIP Policy 17	A dedicated facility replacement fund will be used to help pay for future facilities	Fund 306, City Facilities, serves this purpose, and the only current project in it is the PW Shops. The proposed new youth center will be included in the fund. This policy language is proposed for deletion for redundancy and because other funds are not called out or described in this way.
CIP Policy 19	No capital improvement projects located outside the city limits will be approved without specific City Council approval	Staff is not aware of any circumstance where a capital project would be funded and constructed outside of the City.
Policy FP-3	Expenditures for the General Fund operations (schedule known as General Fund Maintenance and Operations Detail) will only include basic inflationary increases at the beginning of the budget preparation process. Proposed increases in program or personnel will require an issues and options paper and Council approval before being added to the operating expenditures estimate.	This is not current budgeting practice. Staff provides a 6-year plan that includes the estimates for inflation and they are conservative. Council has visibility to forecasts and can tell us to change our assumptions if they are uncomfortable with what we have done. This occurred a couple of years ago with sales tax.

<p>Policy FP-4</p>	<p>Project capital grants with local matching requirements can only be applied for and with approval by the appropriate City Council Committee. Grant applications should generally be made only for projects listed in the six-year Capital Improvement Program, although exceptions can be made with approval by the appropriate City Council Committee.</p>	<p>This is redundant to existing policies and covered in the new 5a, 5b, and 6c above.</p>
<p>Policy FP-7</p>	<p>For the purpose of compliance with Tukwila Municipal Code Section 3.32.040, "Unbudgeted Equipment or Fixed Assets," "unbudgeted" shall mean when a department's capital asset line item has insufficient budget for the desired purchase. Capital equipment or fixed asset purchases between \$5,000-\$39,999 are not subject to TMC 3.32.040 and do not require Council Committee approval if there is sufficient budget, unless there is a policy implication.</p>	<p>TMC 3.32.040 is proposed for deletion due to the overhauled Purchasing Policy, which establishes appropriate spending authority and controls.</p>
<p>Policy GF-5</p>	<p>Funds exceeding the Mayor's allocated signature authority shall not be moved between City departments without prior approval of the City Council</p>	<p>This is not something that is done within established processes and controls. Funds and departments are not adjusted unless Council has given authority via a budget amendment.</p>
<p>Policy FP-6</p>	<p>The financing of limited benefit capital improvements (i.e. private development) should be borne by the primary beneficiaries of the improvement. The principle underlying limited benefit is that the property is peculiarly benefited and therefore the owners do not in fact pay anything in excess of what they receive by reason of such improvement.</p>	<p>This is not needed in the Financial Policies document, and is covered in TMC 11.12, Required Improvements for New Buildings and Developments.</p>

**A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
TUKWILA, WASHINGTON, ADOPTING FINANCIAL POLICIES,
AND REPEALING RESOLUTION NOS. 1919 AND 1950.**

WHEREAS, the City Council is committed to the highest standard of financial management; and

WHEREAS, financial policies adopted by the legislative body are a best practice to provide written guidance for how local government officials and staff should approach fiscal issues and core financial areas; and

WHEREAS, financial polices outline a clear vision of how the City of Tukwila will manage its financial resources to provide the best value to the community; and

WHEREAS, periodically updating and revising financial policies are important steps toward ensuring consistent and rational financial management; and

WHEREAS, financial policies have traditionally existed in many different documents and the City Council desires to minimize confusion and eliminate redundancies or conflicts by consolidating financial policy direction to the extent feasible;

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

Section 1. The Financial Policies attached hereto as Exhibit A are adopted.

Section 2. The Financial Policies shall be reviewed on at least a biennial basis and updated as necessary.

Section 3. Repealer. Resolution Nos. 1919 and 1950 are hereby repealed.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

De'Sean Quinn, Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Resolution Number: _____

Office of the City Attorney

Attachment: Exhibit A – Financial Policies

Financial Policies

Section 1. Purpose

- a. The City of Tukwila is accountable to the public and shall maintain the fiscal integrity of its operating, debt service, and capital budgets while providing an appropriate level of public services within the City's fiscal responsibility.
- b. The City's Financial Policies are intended to provide guidelines for the financial planning and internal financial management of the City.

Section 2. Budgeting

Cross references: TMC Chapter 3.30

- a. The City of Tukwila shall prepare and adopt a biennial budget in accordance with RCW Chapter 35A.34, and Tukwila Municipal Code (TMC) Chapter 3.30. Fiscal years begin January 1 and end December 31.
- b. The budget shall be prepared with a priority-based approach that enables resources to be allocated to the programs and services that provide the greatest value to the community.
- c. The budget must be developed in accordance with the policies and priorities set forth in long-term policy documents including the Equity Policy, Strategic Plan, Comprehensive Plan, City Council and community priorities, and federal and state laws.
- d. Within each budget cycle, the budget should be structurally balanced, which means that ongoing expenditures shall be provided for by anticipated ongoing revenue and one-time revenue should only be used for one-time expenditures unless explicitly authorized by the City Council.
- e. The City shall maintain a six-year Capital Improvement Program and update it with each budget cycle to ensure that all costs, including operation and maintenance, are addressed.
- f. As part of each biennial budget process, the City shall prepare six-year expenditure and revenue forecasts for the principal operating and capital funds. Revenues will be estimated on a conservative basis.
- g. The City Council may informally approve mid-year budget amendments by motion prior to the submission of a comprehensive formal budget amendment at the end of the fiscal year.

Section 3. Revenues

Cross references: TMC Title 3

- a. The City will maintain a diversified and stable revenue system to shelter it from short-term fluctuations.
- b. The City shall develop and maintain a comprehensive schedule of fees and charges, which should be reviewed biennially.

Section 3. Revenues (continued)

- c. The City shall develop and maintain a Revenue Guide that describes major revenue sources available to the City of Tukwila.
- d. Revenue sources should be reviewed in off-budget years to account for inflation, to stay in line with market, or to ensure cost recovery at a prescribed level depending on the revenue source.

Section 4. Expenditures

Cross references:

- *Purchasing Policy (Resolution TBD)*
- *Procurement Card Policy (Resolution No. 1750)*
- *Expense Reimbursement Policy (Resolution No. 1874)*

- a. The City shall maintain expenditure categories according to state statute and administrative regulation known as the State Auditor's Budgeting, Accounting, and Reporting System (BARS).
- b. Operating expenditures within funds must be supported by the operating revenues generated by that fund.
- c. Purchasing will be conducted with appropriate internal controls, observe fair and ethical business practices, and use wise and prudent judgement in the expenditure of public funds.

Section 5. Grants

Cross references: Grant Policy/Procedure in progress

- a. All potential grants shall be examined carefully for matching requirements, and to determine whether programs must be continued with local resources after grant funds are exhausted.
- b. Staff shall obtain approval from the appropriate City Council Committee before applying for grants, and staff shall obtain City Council approval prior to accepting grant agreements in amounts above the Mayor's signing authority.

Section 6. Capital Improvement Program (CIP)

- a. Transportation improvements will be coordinated with related improvements such as utility, landscaping, sidewalks, etc.
- b. Whenever feasible, capital improvements shall be coordinated with related improvements of adjacent jurisdictions.
- c. Capital Improvement Program projects shall, whenever possible, take advantage of grants, loans or other financing external to the City. If the proposed grants or mitigation are either not funded or are reduced, the City Council will reevaluate the respective project on the basis of its value and priority level placement in the Capital Improvement Program.

Section 6. Capital Improvement Program (CIP) (continued)

- d. Residential streets with safety issues, high traffic volumes, high pedestrian activity and poor roadway conditions will be considered the highest priority projects.
- e. Residential street designs will follow basic designs for arterials, collectors, and local access streets. Designs to accommodate individual properties shall be avoided.
- f. Design of connecting streets is strongly encouraged.
- g. For City-scheduled projects located on residential streets, the City will require the undergrounding of new electrical and communication facilities pursuant to TMC Chapter 11.28.
- h. Street and road improvement projects on slopes will include roadside plantings wherever feasible to help mitigate the land used for roadway and sidewalk improvements.
- i. Donation of the property needed for rights-of-way and easements shall be pursued.
- j. Latecomer agreements, where appropriate, shall be considered an acceptable means of funding capital projects, improvements and replacements, in whole or in part.
- k. Right-of-way agreements for cable and electrical services should be utilized to discourage excessive wiring throughout the City.
- l. Current arterial street improvements determined in the six-year CIP may be funded through a Local Improvement District (LID) or financing external to the City. The City may participate using operating revenues, grants or bonds based on health and safety needs or public benefit. The City may participate in the funding by financing the preliminary engineering design and professional service costs associated with planning and creating the LID.
- m. A majority of property owners on a street may petition the City to set up an LID to pay for residential street improvement projects, sidewalks and undergrounding of utilities. The City will evaluate the possibility of paying for the design, preliminary engineering, construction engineering, and LID formulation. The residents will pay for undergrounding utilities in the street, undergrounding from the street to their residence, the actual construction costs, and any improvements on private property such as rockeries, paved driveways, or roadside plantings.
- n. Non-transportation capital projects and improvements should be funded by operating revenues, grants or bonds as determined in the six-year Financial Planning Model.
- o. The first 1/4 cent Real Estate Transfer Tax (REET) shall be dedicated to park and open space land acquisition, and the second 1/4 cent shall be used for arterial streets, along with the parking tax, unless the City Council identifies other priorities consistent with state law distribution of REET funds.

Section 6. Capital Improvement Program (CIP) (continued)

- p. Street and road improvement projects shall be evaluated for the inclusion of features that support the City's "Walk and Roll Plan" in order to encourage walking, bicycling, and use of public transit.
- q. Policies will be reviewed annually and in concert with the adoption of growth management policies to ensure continuity.
- r. Transportation impact fees shall be collected so that "growth may pay for growth" and growth-caused improvements may be constructed.

Section 7. Enterprise Funds

- a. Utility fund expenditures shall be fully supported by their own rates, fees, and charges and not subsidized by the General Fund.
- b. Utility rates should be structured to ensure adequate infrastructure development and replacement.
- c. Each Enterprise Fund shall be reviewed bi-annually to ensure a rate structure adequate to meet its operations, maintenance, and long-term capital requirements.
- d. Enterprise Fund rate increases shall be small, applied frequently, and staggered to avoid an overly burdensome increase and undue impact in any given year.
- e. Enterprise Fund rate increases of external agencies will be passed through to the customer.
- f. Infrastructure improvements such as water reuse should consider conservation of resources such as water and electricity.

Section 8. Debt

Cross references: Debt Policy (Resolution No. 1840)

- a. Appropriate management of debt is an important factor in measuring the City's financial performance and condition.

Section 9. Reserves

- a. Prudent financial management dictates that some portion of funds available to the City be reserved for future use.
- b. At the close of each fiscal year, the General Fund unassigned balance shall equal or exceed 18% and the Contingency Fund reserve balance shall equal or exceed 10% of the previous year General Fund revenue, exclusive of significant non-operating, non-recurring revenues such as real estate sales or transfers in from other funds.

Section 9. Reserves (continued)

- c. At the close of each fiscal year, the unrestricted balances of the Enterprise Funds shall equal or exceed 20% of the previous year revenue, exclusive of the effects of GASB Statement 68, as well as significant non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.
- d. Use or draw down of minimum balances shall occur only upon recommendation of City Administration and approval by City Council through a resolution. Should use or draw down occur, the City Administration shall establish a plan, no later than the end of the fiscal year following the year of decline, to restore the fund balance to the prescribed minimum level. The plan shall be presented to and approved by the City Council.
- e. A One-time Revenue Reserve shall be established and maintained in the Contingency Fund. The One-time Revenue Reserve shall be credited annually with 10% of the prior year one-time revenues to the extent General Fund surplus for the year is sufficient to cover the reserve funding. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.
- f. The City shall maintain a reserve in each of its self-insured health care funds in an amount equal to 1.5 times, or 150%, of the actuarially determined IBNR (incurred but not reported) balance. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council resolution.

Section 10. Investments

(Cross references: TMC 3.28, Resolution 1828,

- a. The City will strive to maximize the return on its investments with the primary objective of preserving capital in accordance with city policy and prudent investment practices.

Section 11. Minimum Reporting Requirements

- a. The Finance Director shall provide a financial status update at least quarterly.
- b. City Administration shall provide the City Council with financial reports that reflect actual performance in various expenditures and revenues.
- c. City Administration shall provide the City Council with a quarterly report of all newly-executed contracts, including the amount, responsible department, scope of work, and expiration date.
- d. Once the annual audit is complete, City Administration shall provide a report to the City Council showing compliance with the Financial Reserve Policy.

**A RESOLUTION OF THE CITY COUNCIL OF THE
CITY OF TUKWILA, WASHINGTON, ADOPTING A
PURCHASING POLICY.**

WHEREAS, the City Council is committed to the highest standard of financial management; and

WHEREAS, the expenditures of public funds for the purchase of and contracting for goods, services, supplies, and materials must comply with all applicable state and local requirements; and

WHEREAS, a comprehensive purchasing policy helps ensure that public funds are spent in the most economical and transparent way possible; and

WHEREAS, the City Council desires to minimize confusion and eliminate redundancies or conflicts by consolidating and updating the City's procurement policies;

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

Section 1. The Purchasing Policy attached hereto as Exhibit A is adopted.

Section 2. City of Tukwila Administrative Policies 100-09, 300-002, 300-03, 300-07, 300-11, 900-03, are superceded.

Section 3. The Purchasing Policy shall be reviewed on at least a biennial basis and updated as necessary.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at
a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

De'Sean Quinn Council President

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Resolution Number: _____

Office of the City Attorney

Attachment: Exhibit A – Purchasing Policy

**CITY OF TUKWILA
PURCHASING POLICY**

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1. PROCUREMENT POLICY TABLE

PROJECT TYPE	CITY/TOWN	COMPETITIVE BIDDING REQUIREMENTS			
Public Works Project	Same Requirement for ALL cities	If your project is:	<\$75,500	\$75,500 - \$350,000	>\$350,000
		Type of Bidding Required:	Minimal Competition Process	Small Works Roster	Formal Competitive Bidding
			Agencies may seek quotes directly from individual vendors. No competitive bidding required.	List of qualified contractors who can bid for an eligible project below \$350,000. (RCW 35.04.155).	Requires local agencies to award PW contracts to responsible bidder with lowest responsive bid.
Purchase of goods, equipment, supplies, or materials (not connected with PW project)	Cities under 20,000 population	If your purchase is:	<\$7,500	\$7,500-\$15,000	>\$15,000
		Type of Bidding Required:	Minimal Competition Process	Vendor List	Formal Competitive Bidding
	Cities over 20,000 population		Type of Bidding Required:	State law does not establish any specific bid limits or competitive processes that first-class cities or code cities over 20,000 must follow for purchases. You should establish bid limits and competitive processes in policy.	
Professional Services	Same Requirement for ALL cities	Type of Bidding Required:	All local governments must follow the same qualifications-based selection (QBS) process outlined in RCW 39.80. You must solicit competitive bids and evaluate them based on qualifications, without regard to cost.		
Personal Services	Same Requirement for ALL cities	Type of Bidding Required:	State law does not require any thresholds or processes for personal services contracting. If your project receives any federal funding, must comply with federal competitive requirements.		
Purchased Services	Same Requirement for ALL cities	Type of Bidding Required:	State law does not prescribe any thresholds or processes for purchased services contracting. However, some purchased services may require payment of prevailing wages.		

2. ADMINISTRATION

A. Purpose

This policy is intended to direct the purchase of goods and services at a reasonable cost. An open, fair, and competitive process is to be used whenever reasonable and possible. It is the City's policy to follow state requirements regarding the expenditure of public funds, to provide a fair forum for those interested in bidding on public contracts and to help ensure that public contracts are performed satisfactorily and efficiently at the least cost to the public while avoiding fraud and favoritism.

B. Controlling Laws

The expenditures of public funds for the purchase of and contracting for goods, services, supplies, and materials shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC), in addition to other applicable local and federal laws and regulations. The City Attorney shall be consulted when questions regarding potential conflicts arise.

C. Compliance with Policy

The City's department heads shall implement, monitor, and enforce these policies. In the event of any conflict in procurement requirements or questions about proper procedure or other requirements, the matter shall be referred to the Finance Director. Willful or intentional violations of public procurement requirements may result in personal penalties, financial liabilities, and/or discipline per RCW 39.30.020.

D. Signing Authority and Approval

- 1) Per RCW 35A.11.010, the City's authority to contract, and be contracted with, is vested in the City Council. City Council has delegated authority to the Mayor to execute contracts and contract modifications that meet the criteria of this Policy.
- 2) Any City staff member purchasing goods on behalf of the City without proper authorization may be personally liable to the vendor and the City, and subject to disciplinary action.
- 3) Electronic signatures of authorized City staff may be accepted pursuant to the City's Electronic Signature Policy.
- 4) All work or any purchase authorized with a particular vendor, consultant, or contractor that cumulatively is expected on a particular project to exceed an annual amount of \$20,000 must be in writing, and approved according to the authority provided for within Section 7.

3. DETERMINING TOTAL COST

A. Anticipated Cost

The anticipated annual 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, and other related purchasing requirements apply.

B. Prohibition on “Bid Splitting”

The breaking of any project into units, or accomplishing any project by phases, is prohibited if it is done for the purposes of avoiding compliance with bidding statutes. RCW 35.23.352(1).

To avoid bid splitting:

- 1) Combine all phases of a public work project when estimating cost.
- 2) Combine the total of foreseen identical items purchased at the same time or within a calendar year’s time, in which the cost exceeds competition limits (i.e. office supplies, laundry services, janitorial paper products, etc.)
- 3) Items that are designed, or intended to be used together (i.e., water meters and covers), and the cost exceeds competition limits, should be bid together.

C. Total 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.

Further 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.

Finally, 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.

4. VENDOR RELATIONS

A. Ethics of Procurement

The City is committed to providing a very fair, transparent and equitable process to our purchases. We ask all staff participating in a solicitation and/or award process to be thoughtful of any perceived or actual conflicts of interest. See Tukwila Municipal Code (TMC) Section 2.95.030 (“Code of Ethics for Employees and Appointed Officials”) for more information.

The City seeks to avoid situations that involve conflicts of interests or the appearance of such conflicts based on inappropriate opportunities to influence the solicitation and/or award process. The City uses the measures of how a reasonable person would perceive the situation. A reasonable person standard might consider how the situation would appear if covered by a news story or viewed from the perspective of a public interest group. Common questions to ask are: Could you comfortably explain your actions? Would taxpayers believe you were acting in their best interest?

City staff should refuse gifts, meals and invitations to events such as concerts or sporting events, that could be reasonably perceived as: improperly influencing performance of your official duties; a reward for awarding a contract; or offered or given to influence, find favor, or with a reasonable expectation of creating an obligation to the giver. Vendors are prohibited from offering gifts during the solicitation and ensuing contract award process. Contact the City Attorney for assistance if you encounter unusual situations.

Finally, contact the City Attorney before initiating a contract with a former City employee to determine if doing so would create an actual conflict of interest or the appearance of a conflict of interest.

B. Buy Local

It is the City's policy to take affirmative steps to encourage local businesses to apply to participate in the procurement process. Further, to the extent legally possible, the City will consider the use of those local businesses in order to support and enhance the local economy.

C. Environmental Sustainability

The City is committed to the protection of the environment and has taken steps towards becoming more sustainable. Accordingly, departments are strongly encouraged to purchase recycled and other environmentally preferable products whenever practicable and to encourage this of their contractors. However, nothing in this policy shall be construed as requiring the purchase of products that do not perform adequately or are not available at a reasonable price.

D. Social Equity

To the extent possible, the City shall endeavor to contract with minority-owned businesses and contractors and materials suppliers pursuant to the goals outlined in the City's Equity Policy, which provides guidance to City elected officials, staff, boards and commissions, partners, residents, businesses and guests on how to actively promote equitable access to opportunities and services.

5. GRANTS AND FEDERAL FUNDING

A. General Rule

Not all grant funded projects are covered by this policy because many of the grants have their own procurement requirements. Grant Managers are responsible for grant purchases, but shall consult with Finance Director or designee prior to initiating any grant purchases. Grant managers are responsible for ensuring all grant purchases comply with grant procurement requirements.

B. Purchases of Goods or Service Reimbursable from a Federal Grant

When spending federal funding, the City complies with the Uniform Administrative Requirement, Cost Principals, and Audit Requirements for Federal Awards (Uniform Guidance) published in Title 2 of the Code of Federal Regulations (2 CFR 200), specifically 2 CFR 200.318 through 200.326, which can be accessed [HERE](#). Please note that all grants are different, so one size does not fit all. Some grants simply require you to use your own procurement rules, while others require you to insert their contracting clauses into your contract.

However, some general guidelines from the Uniform Standards are outlined below:

- 1) [Section 200.62](#) of the Uniform Guidance requires and defines internal control over compliance requirements for federal awards to mean a process implemented by the City designed to provide reasonable assurance regarding the achievement of the following objectives for Federal awards:
 - a. Transactions are properly recorded and accounted for, in order to:
 - i. Permit the preparation of reliable financial statements and Federal reports;
 - ii. Maintain accountability over assets; and
 - iii. Demonstrate compliance with Federal statutes, regulations, and the terms and conditions of the Federal award;

- b. Transactions are executed in compliance with:
 - i. Federal statutes, regulations, and the terms and conditions of the Federal award that could have a direct and material effect on a Federal program; and
 - ii. Any other Federal statutes and regulations that are identified in the Compliance Supplement; and
 - iii. Funds, property, and other assets are safeguarded against loss from unauthorized use or disposition.
- 2) [Section 200.320](#) of the Uniform Guidance requires the City to ensure that purchases are procured in accordance with the following guidelines:
- a. **Procurement of \$3,000 and under:** To the extent practicable, the City must distribute these purchases equitably among qualified suppliers. Purchases may be awarded without soliciting competitive quotations if the City considers the price to be reasonable.
 - b. **Procurement between \$3,000 and \$150,000:** Price or rate quotations must be obtained from an adequate number of qualified sources.
 - c. **Procurement above \$150,000:** Sealed Bids or Competitive Proposals or Sole Source:
 - i. **Sealed Bids** – Bids are publicly solicited and a fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price.
 - ii. **Competitive Proposals** – Used when more than one source has submitted an offer, and either a fixed price or cost-reimbursement type contract is awarded. It is generally used when conditions are not appropriate for the use of sealed bids.
- 3) [Appendix II to Part 200](#) – Contract provisions for city contract under federal awards requires the City to verify that all contractors are not suspended or debarred from Federal funding. Prior to executing a federal-aid agreement, the City must verify status with the System for Award Management (SAM) at www.sam.gov/portal/public/sam to determine if the contractor/consultant has been excluded from bidding on a federal aid contract. SAM is the electronic version of the Lists of Parties Excluded from Federal Procurement and Non-Procurement Programs (Lists), which identifies those parties that have been suspended, debarred, otherwise excluded from bidding on federal contracts or consultants that will not be eligible for federal aid reimbursement.
- 4) Pursuant to the Washington Secretary of State Local Government Records Retention Schedule, financial records pertaining to the purchase must be retained in accordance with the applicable Washington State Records Retention schedule. Further, each City Department awarded grant services shall maintain records of all purchases and be responsible for following grant requirements.

6. CONTROLLED COMMODITIES

If the cost of the following item(s) is over \$75.00, purchase of the item requires approval from the Tukwila Technology and Innovation Services Department Director or designee:

- A. Computers and related equipment, fax machines, printers, scanners and copiers, cell phones, telephone equipment, pagers, software or systems.
- B. Anything the Tukwila Technology and Innovation Services Department is requested or required to install, connect, and/or service.

7. TYPES OF PROJECTS AND CONTRACT APPROVAL LEVELS

The following types of projects and contract approval levels are intended to be for projects with previously allocated funds approved by City Council.

A. Public Works:

- 1) **\$20,000 or less** Approved by Public Works Director
- 2) **\$20,001 to \$39,999** Approved by Mayor, provided the project is in the Capital Improvement Program (CIP).
- 3) **\$40,000 or more**..... Approved by City Council

All public works projects must be within the CIP budget. If additional funds are required, the request must be approved by City Council.

B. All other types of purchases (professional services, personal services, purchased services, materials/supplies/equipment):

Professional services provided by a consultant that fall under architecture, engineering, land surveying, or landscape architecture. Contract approval levels:

- 1) **\$20,000 or less**..... Approved by Department Director
- 2) **\$20,001 to \$39,999** Approved by Mayor
- 3) **\$40,000 or more**..... Approved by City Council

Cost modifications that, either singly or combined with all previous modifications, increase the total contract amount from under to over the \$40,000 signature threshold shall be approved by City Council.

8. THRESHOLD COST NEGOTIATION REQUIREMENTS

The following cost thresholds apply for purchases of supplies, equipment, and non-professional services. Non-professional services include routine and continuing functions predominately related to physical activities.

The cost thresholds below **do not** apply to purchase constituting public works or professional services (including architectural or engineering services). Refer to Section 12 for situations involving sole source or emergency purchases.

A. \$10,000 or Less: Direct negotiation

Purchases in this price range may be entered into through direct negotiation. Competition is not required, though departments should still make every effort to receive the best price possible. Documentation on all quotes should be retained.

B. \$10,000 to \$50,000: 3 quotes needed

For purchases in this price range, at least three quotes shall be obtained. Quotes may be obtained by telephone or in writing. Documentation on all quotes will be retained. The documentation will include the date, time, vendor contact name, phone number, email (if applicable), price quoted and any reasons for acceptance or refusal of the quote.

C. \$50,000 or More: Competitive Bids

For purchases in this price range, competitive bids shall be obtained from at least 3 vendors. Bids do not need to be sealed but shall be in writing. See Section 10 on competitive bidding for a detailed description of the procedures to be followed.

9. PUBLIC WORKS PROJECTS

Public works projects are defined by RCW 39.04.010 to include but are not limited to work, construction, alteration, repair, or improvement (other than ordinary maintenance, engineering analysis, and design and other professional services) executed at the City's cost, or which is by law a lien or charge on any property therein. If the City contracts out for maintenance or repairs, the work is a public work for bidding and prevailing wage purposes.

A. Defining Project Costs

The cost of a public works project includes the costs of materials, supplies, equipment, and labor on the construction of that project. It is important to determine the estimated total construction of each project in order to correctly apply bid limit dollar amounts to determine if the public works project must be competitively bid. If the total project amount is over the bid thresholds, then all contracts, no matter the individual dollar amount, must be procured through the bid process. The estimate may be prepared by an outside third party; however, the final cost estimate must be validated by the City.

B. City Labor

The City may use Public Works staff to perform and execute all projects not exceeding \$116,155 (multiple crafts), or not exceeding \$75,000 (single craft). *RCW 35.23.352*. These projects include equipment, material, supplies, and labor costs. However, the City must 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. For any project using City workers that costs in excess of \$25,000, the City must publish a description of the project and its estimated cost in its official newspaper at least 15 days before beginning the work. *RCW 39.04.020*.

C. Bid Requirements

Washington State law 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 \$75,000. The City has established the following additional guidelines for the bidding process:

- 1) **Public Works Projects \$0 to \$500:** No competitive bidding is needed.
- 2) **Public Works Projects \$501 to \$2,500:** Solicit 3 informal quotes by telephone or in writing.
- 3) **Public Works Projects \$2,501 to \$10,000:** Solicit 3 informal quotes by telephone or in writing, preferably from the Small Works Roster.
- 4) **Public Works Projects \$10,001 to \$35,000:** Solicit 3 quotes from the Small Works Roster.
- 5) **Public Works Projects \$35,001 to \$150,000:** Solicit quotes from at least five contractors on the Small Works Roster in a manner that will equitably distribute opportunities.
- 6) **Public Works Projects \$150,001 to \$300,000:** Solicit 5 quotes from Small Works Roster and notify the remaining contractors on the Roster that quotes on the work are being sought.
- 7) **Exceptions.** 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.
- 8) **Public Works Projects More than \$300,000:** Advertise and call for bids using the formal bid process.

All contracts are to be awarded to the lowest responsible bidder. RCW 39.04.350 outlines criteria that a bidder must meet in order to be considered responsible.

D. Small Works Roster

If the public works contract is less than \$350,000, state law authorizes cities to use a small works roster process rather than the general competitive bidding requirements to award public contracts. The City has contracted with MRSC (Municipal Research and Services Center) for the use of a statewide electronic database for small public works contractors, consulting services, and vendors.

E. Limited Public Works Process

The limited public works process is a type of small works roster process that applies only to contracts estimated to cost less than \$50,000. While no advertisement is required, the City must still solicit electronic or written quotations from a minimum of three contractors from the appropriate Small Works Roster. This process is described in RCW 39.04.155(3) and allows the City to waive the payment and performance bond requirements of Chapter 39.08 RCW and the retainage requirements of Chapter 60.28 RCW. However, prevailing wage affidavits and insurance are still required. Consult with the City Attorney for prior approval when waiving both of these requirements.

F. 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.

G. Bid Deposit, Performance Bond, and Payment Bond

The City may require a bid deposit when soliciting competitive quotes or bids. The bid deposit can be in the form of a certified check or bid bond in an amount equal to and not less than 5% of the total bid and shall be specified in the call for bids. All public works contractors shall furnish a performance bond and a payment bond in an amount equal to the total amount of the contract on a form approved by the City Attorney. In lieu of a performance bond on contracts of \$150,000 or less, a contractor may request to have 10% of the contract retained for a period of 30 days after the date of final acceptance. The request will be evaluated and accepted or rejected by the City Attorney.

H. Retainage

Chapter 60.28 RCW outlines the requirements related to retainage. The intent of the retainage is to guarantee that laborers and material suppliers will be protected for payment of any claims arising under the contract and with respect to taxes, increases, penalties or liens related to a public improvement project (RCW 60.28). Retainage may also be used to satisfy tax claims by the Department of Revenue and/or the City, prevailing wage related claims by the Department of Labor and Industries, unemployment compensation related claims by the Employment Security Department, and contract performance claims by the City itself. State law requires the City to withhold up to 5% of the contract price for retainage purposes.

I. Public Works over \$1 Million

RCW 39.30.060 specifies that in order for their bid to be considered responsive, every bidder for a public works contract of over \$1 million must submit (either with their bid or within one hour of the bid submittal time) the names of all subcontractors that will be used for heating, ventilation and air conditioning, plumbing and electrical work.

10. COMPETITIVE BIDDING PROCESS

A. Public Notice

[RCW 35.23.352\(1\)](#) sets out the advertising requirements for the public works bidding process. For all contracts that require bids, notice shall be published in the official newspaper at least 13 days prior to the due date for bids.

B. Bid Specifications

Bid specifications should incorporate a clear and accurate description of the technical requirements for the material, product, or service to be purchased. 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.

C. 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. [RCW 39.04.350](#) outlines criteria that a bidder must meet in order to be considered responsible. 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 Tukwila

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 required 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-in 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.

D. 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. A resolution is the preferred method for rejecting all bids; examples may be found in the City’s Digital Records Center or by contacting the City Clerk’s Office.

E. Bid Submittal

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 for a sealed bid process, 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 telephone inquiry.

F. Bid Security

[RCW 35.23.352\(1\)](#) provides that each bid must be accompanied by a bid proposal deposit in the form of a cashier's check, postal money order, or surety bond to the City Council for at least 5% of the bid amount, including sales tax. The statute adds that "no bid shall be considered unless accompanied by such bid proposal deposit."

G. 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.

11. SERVICE CATEGORIES

There are several different categories of services, so it is important to determine what service you need because that may guide the manner of solicitation.

A. Professional Architectural and Engineering Services

Professional architectural and engineering (A&E) services are services provided by any person, other than an employee of the agency, that fall under the general statutory definitions of:

- Chapter 18.08 RCW (Architects)
- Chapter 18.43 RCW (Engineers and Land Surveyors)
- Chapter 18.96 RCW (Landscape Architects)

1) *Purchase of A&E services.*

By law, A&E consultants are first selected based upon their qualifications as opposed to price. See Chapter 39.80 RCW. This statute says that a city may not consider price in the selection process for professional A&E services. Rather, the City must select the most qualified firm and then negotiate a price for the work contemplated.

There are two ways to select an A&E consultant:

- Use a Request for Proposal (RFP). This requires the City to draft a written scope of the project and list the criteria used to select the consultant from the City's MRSC architectural, landscape architectural, and engineering service roster pursuant to the process in Chapter 39.80 RCW.
- Use a Request for Qualifications (RFQ). This requires following the formal RFQ process in Chapter 39.80 RCW.

Once consultants have submitted their proposals or qualifications, as applicable, the City will negotiate a contract with the most qualified firm at a price the City deems fair and reasonable. In making its determination, the City will take into account 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.

2) **Publication.**

RCW 39.80.030 requires that the City shall publish in advance the City's requirement for professional services. The City may comply with this section by: (1) publishing an announcement on each occasion when professional services provided by a consultant are required by the City; or (2) announcing generally to the public its projected requirements for any category or type of professional service to create a Consultant Roster. Advertising for the Consultant Roster must be done at least once a year by MRSC on the City's behalf. The MRSC Consultant Roster will distinguish between professional architectural and engineering services as defined in RCW 39.80.020 and other consulting services. Firms or persons providing consulting services shall be added to the appropriate Roster at any time they submit a written request and necessary records. The City reserves the right to publish an announcement on each occasion when professional services or other consulting services are required.

B. Personal Services

Personal services are those provided by independent consultants that require specialized knowledge, advanced education, and/or professional licensing to provide intellectual service. This includes but is not limited to accountants, attorneys, strategic planners, studies/analysis, and trainings.

Purchases of Personal Services. Personal services can be purchased in a variety of ways. The City can send a written solicitation to qualified firms or individuals describing the needed services. This solicitation should request prices, schedules, and qualifications. If helpful, utilize the MRSC Consultant Roster. Alternatively, develop a formal RFP and advertise for the services desired.

C. Purchased Services

Purchased services include those provided by vendors for routine, necessary and continuing functions of the City. These services are usually repetitive, routine, or mechanical in nature, support the agency's day-to-day operations, involve the completion of specific tasks or projects, and involve minimal decision-making. There are a number of purchased services, however, that hover over that thin gray line between purchased services and public works contracting. For example, the Department of Labor and Industries considers some service contracts, such as HVAC maintenance or road striping, to be public works projects and subject to public bidding requirements. If a particular contract is very near the gray line, the conservative approach is to consider it a public works contract.

Purchases of Purchased Services. Similar to personal services, purchased services can be procured in a variety of ways. The City can obtain quotes, or use a formal bid, or an RFP. If obtaining quotes, include request for price, schedules, and qualifications. Evaluate proposals received and determine the lowest responsive bidder.

12. MATERIALS, SUPPLIES, EQUIPMENT (UNRELATED TO PUBLIC WORKS, SERVICES, A&E)

Distinguishing between public works and materials, supplies, and equipment not used in public works is important because different bidding requirements apply to each. Some "materials, supplies, and equipment" not used in connection with a public works project or improvement are fairly easy to identify (rubber bands, fire trucks, copy machines), as well as many "services." Refer to the Procurement Policy Table in Section 1 of this policy, and ask questions if you are uncertain.

13. EXCEPTIONS TO THE COMPETITIVE PROCESS

State law provides for exceptions to the bidding requirements outlined in above sections. These exceptions only waive the competitive bidding requirements, not the contractual requirements, approvals, or insurance requirements. City staff may not use personal preference as the basis for claiming a single source of supply.

Exceptions to the competitive bidding requirements include:

- Purchases that are clearly and legitimately limited to a single source of supply such as:
 - Licensed or patented good or service
 - Items that are uniquely compatible with existing equipment, inventory, systems, programs or services
 - Meets City standards (i.e. water meters)
 - Factory-authorized warranty services

A resolution is the preferred method for sole source purchases; examples may be found in the City's Digital Records Center or by contacting the City Clerk's Office.

- Purchases involving special facilities or market conditions
 - Item is of special design, shape or manufacture that matches or fits with existing equipment, inventory, systems
 - Item will be sold before the City can conduct the bid process when over bid thresholds

- Purchases in an emergency (see TMC Chapter 2.57, "Emergency Management")

A resolution is the preferred method for declaring an emergency as a prerequisite to purchases during an emergency; examples may be found in the City's Digital Records Center or by contacting the City Clerk's Office.

- Inter-Governmental Cooperative Purchases
- Purchases of insurance or bonds
- Pollution control facilities and some neighborhood "self-help" projects may be exempt from bidding requirements
- Cities may hire the state or county to do road projects without going out for bids
- Real property. Acquisition of real property is exempt from the competitive bidding requirements of this policy. Upon approval of the City Council, the City Administrator may proceed to acquire real property through negotiation. Such negotiations shall be based upon an independent fee appraisal of the property.

14. DISPOSAL OF SURPLUS PROPERTY

A. Policy Statement

City assets in excess of \$500 that are no longer useable, are no longer of value to the City, or are surplus to the City's needs may not be removed from City ownership, sold, or in any other way disposed without a declaration by resolution of the City Council. Similarly, items in excess of \$100 that are no longer useable, are no longer of value to the City, or are surplus to the City's needs may not be removed from City ownership, sold, or in any other way disposed without approval by the Mayor or City Administrator. All items of \$100 or less may be disposed in accordance with the direction of department directors.

B. Definitions

City Asset means any tangible item purchased with City funds valued in excess of \$100.

TIS Asset means computers and related equipment, fax machines, printers, scanners and copiers, cell phones, telephone equipment, pagers, software or systems, and anything the Tukwila Technology and Innovation Services Department is requested or required to install, connect, or service.

C. Procedures

1) *Disposal of City property valued less than \$499 shall follow this process:*

- When a City department determines an item of this value is surplus to its needs, the department shall notify the Mayor's Office and all other City departments of the item's availability, seeking first to reassign its use to another City department. TIS Assets shall be exempt from this notification requirement to City departments other than the Mayor's Office.

- If no other departments are interested in the item, it may be disposed in the method seen most prudent by the department director. The director should first notify the Mayor's Office and Finance Department of the intended method of disposal prior to finalizing the process for disposal.

2) *Disposal of City property valued at \$500 or more shall follow this process:*

- **Reassignment of Assets.** When a City department makes a determination that a City or TIS Asset with a value of \$500 or more is surplus to its needs, the department shall notify the Mayor's Office. The Mayor's Office shall assess whether the City Asset can be reassigned within another City department where it can be of use or value. TIS Assets shall be exempt from the requirement to be reassigned to other City departments.

- **Minimum Requirements.** If it is not possible to reassign the City Asset or the item is a TIS Asset, the Mayor's Office shall prepare the asset for a declaration of surplus by the City Council. Each asset requiring a declaration of surplus must have a value assigned and a recommended method of disposal.

- **Methods of Disposal.** The primary method of disposal to the general public is by sale. Recognized methods of sale include direct sale, sealed bid, trade-in or auction. Other methods of disposal to the general public must be clearly detailed in writing and must have the consent of the City Council.

- **Transfer to Another Public Agency.** The City Council may transfer a surplus asset to another public agency upon written request and a determination that it is in the public interest to do so. Such request shall specify the asset and the inability of the other public agency to otherwise afford to buy it. The City Council may elect to trade assets, authorize the Mayor to negotiate payment or transfer the asset without compensation.

A resolution is the preferred method for surplussing of City property; examples may be found in the City's Digital Records Center or by contacting the City Clerk's Office.

3) ***Additional Requirements:***

- **Assets over \$50,000.** If the value of the asset is estimated to be more than \$50,000, and if the sale or conveyance is to another governmental entity, the provisions of RCW Section 39.33.020 shall apply. This includes several requirements, including a public hearing and certain notice provisions.
- **Utility Assets.** If the asset was originally purchased for utility purposes, the provisions of RCW Section 35.94.040 shall apply. This includes several requirements, including a resolute and public hearing.
- **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 Tukwila when used for a trade-in. Trade-ins must be negotiated, documented at "Fair Market Value" by the Department Director, and declared surplus ahead of time by the City. Fair Market Value can be determined by finding comparable units that have been sold at online auctions.
- **Other:** If the asset proposed as surplus is evidence released by the Court, seized assets or unclaimed property, the Mayor's Office shall review the appropriate statutes prior to asking the City Council to declare it surplus.

4) ***Final Determination of Value***

When disposal is made to the general public through direct sale, sealed bid or auction, final determination of value shall be the highest responsible bid or offer.

5) ***Prohibited Benefit***

It is recognized that City Council members and Mayor are prohibited by state law from benefiting from the disposal of public assets of the City. Great care should be taken to assure that a perception of benefit to employees and others doing business with the City does not occur.

6) ***Delegation of Authority***

The City Council may elect to delegate the task of declaring items surplus to the Mayor by amending or adding to this policy and identifying the conditions thereof within this policy. If such a delegation is made, the prohibition of benefiting from the disposal of public assets is extended to the Mayor and his/her immediate staff.

15. ADDITIONAL CONSIDERATIONS

A. Certificates of Insurance

The contractor or consultant must provide the City with a Certificate of Insurance, naming the City as a primary and noncontributory additional insured with an additional attached endorsement. Insurance requirements are determined by WCIA (Washington Cities Insurance Authority) and the City Attorney.

B. State Contractor’s License

It is unlawful for the City to hire anyone to perform public work on our property that does not have a valid State of Washington Contractor’s License. If someone is not properly licensed, DO NOT HIRE THEM. You may look up a contractor to determine if they have a valid Contractor’s License at via the Washington State Department of Labor and Industry’s website: <https://lni.wa.gov/licensing-permits/contractors/hiring-a-contractor/verify-contractor-tradesperson-business>

C. City Business License

A City of Tukwila business license may be required for any person or business working inside the city limits. See TMC Title 5, “Business Licenses and Regulations” for specifics.

16. REFERENCES

Revised Code of Washington (RCW) 39.80 (Contracts for Architectural and Engineering Services)

RCW 39.04 (Public Works)

RCW 39.34 (Interlocal Cooperation Act)

RCW 35A.40 (Fiscal Provisions applicable to Code Cities), 35.23 (Second Class Cities)

Municipal Research Services Center (MRSC) publication: “City Bidding Book—Washington State”

Federal Office of Management and Budget (OMB) Uniform Guidance CFRs: Title 2 CFR 200. et al

City of Tukwila Grants Policy (TBD)

Procurement Card (Pcard) User Manual

City of Tukwila Administrative Policy - Equity Policy

City of Tukwila Administrative Policy 400-05 – Processing of Contracts/Agreements

City of Tukwila Capital Improvement Program Policies and Procedures

17. GLOSSARY

Amendment – Written modification or addition to a purchase order or contract authorized by the appropriate authority.

Bid – The executed document submitted by a bidder in response to a notice inviting bids, a proposal, or a request for qualifications.

Bid Bond – A bond or deposit submitted with a bid, for a sum not less than 5% of the bid amount (including sales tax). Designed to help ensure that a bid has been made in good faith and that the bidder will enter into a contract if a bid is accepted.

Bidder – A person or legal entity who submits a bid in response to a solicitation.

Competitive Bidding – The submission of prices by individuals or firms competing for a contract, privilege, or right to supply merchandise or services.

Contract – A verbal or written, legally binding mutual promise between at least two parties.

Designee – A duly authorized and appointed representative of an employee that holds a superior position to the person appointed to represent him or her.

Emergency – Unforeseen circumstances beyond the City’s control that present a real, immediate threat to the proper performance of essential functions, or that will likely result in material loss to property, bodily injury, or loss of life if immediate action is not taken.

“Equitably distribute” – Means the City may not favor certain contractors on the appropriate Small Works Roster over other contractors on the appropriate Small Works Roster who perform similar services.

Lowest (Responsive and) Responsible Bidder – The bidder submitting the lowest price that is also capable of performing the proposed contract. See also “responsive bidder” and “responsible bidder.”

Non-Professional Services or Purchased Services – Services provided by vendors for routine, necessary and continuing functions of a local agency, relative to a physical activity. Examples include, but are not limited to:

- Courier services
- Janitorial services
- Disposal services
- Vehicle inspection, repair or up-fitting
- Office furnishing installation
- HVAC system maintenance

Ordinary Maintenance – Work not performed by contract and that is performed on a regular basis (daily, weekly, monthly – but not less than once per year) to service, check or replace items that are not broken. Also defined as work not performed by contract that is not regularly scheduled, but is required to maintain an asset so that repair does not become necessary.

Prevailing Wages – The hourly wages, usual benefits, and overtime paid in the largest city in each county to the majority of workers, laborers, and mechanics. Prevailing wages are established by the Washington State Department of Labor and Industries for each trade and occupation employed in the performance of public work. They are established separately for each county, and are reflective of local wage conditions.

Professional Services – Services which provide professional or technical expertise to accomplish a specific study, project, task, or other work statement. Examples include, but are not limited to:

- Architectural, engineering or design services
- Accounting and auditing
- Bond or insurance brokerage
- Consulting services
- Legal services
- Real estate appraisals or title abstracts
- Relocation assistance
- Surveying
- Soils analysis or core testing
- Water quality monitoring

Public Work – All work, construction, alteration, repair, or improvement other than ordinary maintenance, executed at the cost of the City, or which is by law a lien or charge on any property therein.

Quotation – A statement of price, terms of sale, and description of goods or services offered by a prospective seller to a prospective purchaser, usually for purchases below the amount requiring formal bidding. For professional service contracts, quotes would typically include the qualifications of the provider and may or may not include pricing information depending on the situation.

Request for Proposal (RFP) – All documents, whether attached or incorporated by reference, utilized for soliciting competitive proposals. The RFP procedure permits negotiation of proposals and prices, as distinguished from competitive bidding and a notice inviting bids. The procedure allows changes to be made after proposals are opened and contemplates that the nature of the proposals and/or prices offered will be negotiated prior to award.

Request for Qualification (RFQ) – A document generally used for obtaining a summary of qualification from prospective providers of professional services.

Responsible Bidder – A person or legal entity who has the capability in all respects to perform in full the contract requirements, and the integrity and reliability which will assure good faith performance.

Responsive Bidder – A person or legal entity who has submitted a bid conforming in all material respects to the terms and conditions, specifications and other requirements in a request for bids.

Sealed Bid – A bid which has been submitted in a sealed envelope to prevent its contents from being revealed before the deadline for the submission of all bids.

Sole Source – An award for a purchase to the only reasonably known capable vendor due to the unique nature of the requirement, the vendor, or market conditions.

Specifications – A description of what the purchaser seeks to buy or accomplish – and consequently what a bidder must be responsive to in order to be considered for award of a contract. May be a description of the physical or functional characteristics, or the nature of a supply or service. May also include a description of any requirements for inspecting, testing, or preparing a supply or service item for delivery.

Surplus property – Any tangible, personal property owned by the City that is no longer needed or usable, presently or in the foreseeable future.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, REPEALING ORDINANCE NO. 2245 §1 (PART), AS CODIFIED AT TUKWILA MUNICIPAL CODE SECTIONS 3.32.030, “BIDS,” AND 3.32.040, “UNBUDGETED EQUIPMENT OR FIXED ASSET ITEMS;” PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the process for unbudgeted equipment or fixed asset items was originally adopted in 2002 and the City Council routinely reviews processes and procedures to validate their efficacy; and

WHEREAS, the expenditure of public funds for the purchase of and contracting for goods, services, supplies, and materials shall comply with all applicable state law requirements as set forth in the Revised Code of Washington (RCW) and the Washington Administrative Code (WAC); and

WHEREAS, a comprehensive overhaul of the City’s Purchasing Policy has recently been completed by a cross-departmental team including the City Attorney’s Office; and

WHEREAS, appropriate controls, including City Council authority, are captured in this revised Purchasing Policy, which is intended to be the authoritative source for the expenditure of public funds in the City of Tukwila and separately adopted by the City Council by resolution; and

WHEREAS, elimination of Sections 3.32.030 and 3.32.040 from the Tukwila Municipal Code will clarify the consolidation of direction in the revised Purchasing Policy;

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, HEREBY ORDAINS AS FOLLOWS:

Section 1. Repealer. Ordinance No. 2245 §1 (part), as codified at Tukwila Municipal Code (TMC) Sections 3.32.030, “Bids,” and 3.32.040, “Unbudgeted Equipment or Fixed Asset Items,” is hereby repealed, thereby eliminating TMC Sections 3.32.030 and 3.32.040.

Section 2. Corrections by City Clerk or Code Reviser Authorized. Upon approval of the City Attorney, the City Clerk and the code reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations; or ordinance numbering and section/subsection numbering.

Section 3. Severability. If any section, subsection, paragraph, sentence, clause or phrase of this ordinance or its application to any person or situation should be held to be invalid or unconstitutional for any reason by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of the remaining portions of this ordinance or its application to any other person or situation.

Section 4. Effective Date. This ordinance or a summary thereof shall be published in the official newspaper of the City and shall take effect and be in full force five days after passage and publication as provided by law.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this _____ day of _____, 2020.

ATTEST/AUTHENTICATED:

Christy O'Flaherty, MMC, City Clerk

Allan Ekberg, Mayor

APPROVED AS TO FORM BY:

Filed with the City Clerk: _____
Passed by the City Council: _____
Published: _____
Effective Date: _____
Ordinance Number: _____

Office of the City Attorney



City of Tukwila

Washington

Resolution No. 1919

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, REVISING THE PREVIOUSLY ADOPTED FINANCIAL RESERVE POLICY TO ELIMINATE THE EFFECTS OF GASB 68 FOR PURPOSES OF CALCULATING THE UNRESTRICTED BALANCES OF THE ENTERPRISE FUNDS; AND REPEALING RESOLUTION NO. 1861.

WHEREAS, for the well-being and sustainability of the community, its residents, and businesses, it is important that the City of Tukwila be prepared to respond to any and all situations that could result in a risk and/or crisis to the City's finances including, but not limited to, revenue shortfalls and unanticipated expenditures; and

WHEREAS, it is the responsibility of the City Council of the City of Tukwila to provide policy direction for the City's biennial budget through the passage of motions and ordinances, adoption of resolutions, and final approval of said budget; and

WHEREAS, a financial reserve policy establishes, attains, and restores minimum fund balances, including self-insured health care reserve funds, and specifies review and reporting of such; and

WHEREAS, beginning in 2015 the City was required to implement Governmental Accounting Standards Board Statement 68 (GASB 68) related to accounting and reporting for pension plans; and

WHEREAS, it is the responsibility of the City to report the effects of GASB 68 in the Comprehensive Annual Financial Report (CAFR), even though the effects are not a current liability of the City; and

WHEREAS, the City desires to eliminate the effects of GASB 68 for purposes of calculating the unrestricted balances of the Enterprise Funds;

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

Section 1. Minimum Fund Balances.

A. At the close of each fiscal year, the General Fund unassigned balance shall equal or exceed 18% and the Contingency Fund reserve balance shall equal or exceed 10% of the previous year General Fund revenue, exclusive of significant non-

operating, non-recurring revenues such as real estate sales or transfers in from other funds.

B. At the close of each fiscal year, the unrestricted balances of the Enterprise Funds shall equal or exceed 20% of the previous year revenue, exclusive of the effects of GASB Statement 68, as well as significant non-operating, non-recurring revenues such as real estate sales, transfers in from other funds or debt proceeds.

C. Use or draw down of minimum balances shall occur only upon recommendation of City Administration and approval by City Council through a resolution. Should use or draw down occur, the City Administration shall establish a plan, no later than the end of the fiscal year following the year of decline, to restore the fund balance to the prescribed minimum level. The plan shall be presented to and approved by the City Council.

Section 2. One-time Revenue Reserve. A One-time Revenue Reserve shall be established and maintained in the Contingency Fund. The One-time Revenue Reserve shall be credited annually with 10% of the prior year one-time revenues to the extent General Fund surplus for the year is sufficient to cover the reserve funding. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council through a resolution.

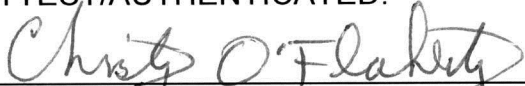
Section 3. Self-insured Health Care Funds. The City shall maintain a reserve in each of its self-insured health care funds in an amount equal to 1.5 times, or 150%, of the actuarially determined IBNR (incurred but not reported) balance. Use of the reserve shall occur only upon recommendation by City Administration and approval by City Council through a resolution.

Section 4. A report showing compliance with the Financial Reserve Policy shall be provided to the City Council on an annual basis, no later than July 1 of each year.

Section 5. Repealer. Resolution No. 1861 is hereby repealed.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this 20TH day of November, 2017.

ATTEST/AUTHENTICATED:


Christy O'Flaherty, MMC, City Clerk


Dennis Robertson, Council President

APPROVED AS TO FORM BY:


Rachel B. Turpin, City Attorney

Filed with the City Clerk: 11-15-17
Passed by the City Council: 11-20-17
Resolution Number: 1919



City of Tukwila

Washington

Resolution No. 1950

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, ADOPTING UPDATED POLICIES RELATED TO THE FINANCIAL PLANNING MODEL AND OTHER GENERAL FINANCIAL POLICIES; AND REPEALING RESOLUTION NO. 1897.

WHEREAS, the City Council and Mayor are committed to high standards of financial management; and

WHEREAS, adopting and periodically updating and revising financial policies are important steps toward ensuring consistent and rational financial management; and

WHEREAS, policies related to the Financial Planning Model and other general financial policies are essential components of an overall financial management policy;

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

Section 1. Financial policies related to the Financial Planning Model and policies of a general nature, as evidenced in Exhibit A, are adopted.

Section 2. The financial policies related to the Financial Planning Model and other general financial policies shall be reviewed on a regular basis and updated as necessary.

Section 3. Repealer. Resolution No. 1897 is hereby repealed.

PASSED BY THE CITY COUNCIL OF THE CITY OF TUKWILA, WASHINGTON, at a Regular Meeting thereof this 19TH day of November, 2018.

ATTEST/AUTHENTICATED:



Christy O'Flaherty, MMC, City Clerk



Verna Seal, Council President

APPROVED AS TO FORM BY:



Rachel B. Turpin, City Attorney

Filed with the City Clerk: 11-14-18
Passed by the City Council: 11-19-18
Resolution Number: 1950

Attachment:

Exhibit A – Financial Planning Model Policies and Other General Financial Policies

City of Tukwila

Financial Planning Model Policies

The six-year “Financial Planning Model and Capital Improvement Program” is the primary financial policy document. It represents the culmination of all financial policies.

Revenues

Policy FP-1: Revenues will be estimated on a conservative basis. Increases greater than inflation in the schedule known as the 6-Year Financial Plan – General Fund Revenues and Expenditures will require additional documentation.

Policy FP-2: Major revenue sources will require explanation in the document known as Notes to 6-Year Financial Plan - Revenues, Expenditures and Fund Balance.

Operating Expenditures

Policy FP-3: Expenditures for the General Fund operations (schedule known as General Fund Maintenance and Operations Detail will only include basic inflationary increases at the beginning of the budget preparation process. Proposed increases in programs or personnel will require an issues and options paper and Council approval before being added to the operating expenditures estimate.

Capital Expenditures

Policy FP-4: Project capital grants with local matching requirements can only be applied for with approval by the appropriate City Council Committee. Grant applications should generally be made only for projects listed in the six-year Capital Improvement Program, although exceptions can be made with approval by the appropriate City Council Committee.

Policy FP-5: If the proposed grants or mitigation are either not funded or are reduced, the respective project will be reevaluated on the basis of its value and priority level placement in the Capital Improvement Program.

Policy FP-6: The financing of limited benefit capital improvements (i.e. private development) should be borne by the primary beneficiaries of the improvement. The principle underlying limited benefit is that the property is peculiarly benefited and therefore the owners do not in fact pay anything in excess of what they receive by reason of such improvement.

Policy FP-7: For the purpose of compliance with Tukwila Municipal Code Section 3.32.040, “Unbudgeted Equipment or Fixed Assets,” “unbudgeted” shall mean when a department’s capital asset line item has insufficient budget for the desired purchase. Capital equipment or fixed asset purchases between \$5,000 - \$39,999 are not subject to TMC 3.32.040 and do not require Council Committee approval if there is sufficient budget, unless there is a policy implication.

Enterprise Funds

Policy FP-8: Each Enterprise Fund shall be reviewed annually and it must have a rate structure adequate to meet its operations and maintenance and long-term capital requirements.

Policy FP-9: Enterprise Fund rate increases shall be small, applied frequently, and staggered to avoid an overly burdensome increase and undue impact in any given year.

Policy FP-10: Enterprise Fund rate increases of external agencies (i.e. King County secondary wastewater treatment fees) will be passed through to the users of the utility.

Other General Financial Policies

Policy GF-1: The City’s various user charges and fees shall be reviewed at least every three years for proposed adjustments based on services provided and comparisons with other jurisdictions.

Policy GF-2: The Finance Director shall provide a financial status update at least quarterly.

Policy GF-3: Budget amendments during the year may be approved by budget motion until the end of the budget year, at which time a formal comprehensive budget amendment is submitted.

Policy GF-4: The City shall, whenever practical and advantageous, take advantage of grants, loans, or other external financial sources. With the exception of capital improvement program grants requiring a local match, staff shall report to and seek the approval of the appropriate Council Committee before finalizing the grant.

Policy GF-5: Funds exceeding the Mayor’s allocated signature authority shall not be moved between City departments without prior approval of the City Council.

Policy GF-6: The City Council shall receive an updated list of all contracts every quarter, including the amount, responsible department, scope of work, and expiration date.

**CHAPTER 3.30
BUDGET PROCESS**

Sections:

- 3.30.010 Establishment of a Two-Year Fiscal Biennium Budget
- 3.30.020 Mid-Biennial Review

3.30.010 Establishment of a Two-Year Fiscal Biennium Budget

The City Council approved the establishment of a two-year biennium budget for the City of Tukwila, beginning January 1, 2009. The 2009-2010 Biennial Budget and all subsequent budgets are adopted under the provisions of RCW Chapter 35A.34.

(Ord. 2205 §1, 2009)

3.30.020 Mid-Biennial review

Pursuant to RCW Chapter 35A.34, the City Council shall provide for a mid-biennial review, and modification shall occur no sooner than eight months after the start, nor later than the conclusion of the first year of the biennium. The Mayor shall prepare a proposed budget modification and shall provide for publication of notice of hearings consistent with publication of notices for adoption of other City ordinances. Such proposal shall be submitted to the City Council and shall be a public record and be available to the public. A public hearing shall be advertised at least once and shall be held at a City Council meeting no later than the first Monday in December and may be considered from time to time. At such a hearing or thereafter, the Council may consider a proposed ordinance to carry out such modifications, which such ordinance shall be subject to other provisions of RCW Chapter 35A.34.

(Ord. 2205 §2, 2009)

**CHAPTER 3.32
BUDGET PROVISIONS**

Sections:

- 3.32.010 Transfers
- 3.32.020 Salary Increase
- 3.32.030 Bids
- 3.32.040 Unbudgeted Equipment or Fixed Asset Items
- 3.32.050 Emergency Procurement

3.32.010 Transfers

Pursuant to RCW 35A.33.120, transfers within a department or division of the separate funds of the annual budget shall be by formal motion of the City Council.

(Ord. 2245 §1, 2009; Ord. 1817 §1, 1997)

3.32.020 Salary Increase

No salary shall be increased above the amount provided therefor in the annual budget and specified in the adopted salary plan of the City. Salaries may be increased subsequent to salary plan changes formally approved by the City Council.

(Ord. 2245 §1, 2009; Ord. 1817 §1, 1997)

3.32.030 Bids

When provided for in the annual budget, the Mayor is authorized to call for bids on public works projects or procure goods or professional services when the project or procurement, including change orders or amendments, does not exceed \$40,000.

(Ord. 2245 §1, 2009; Ord. 1817 §1, 1997)

3.32.040 Unbudgeted Equipment or Fixed Asset Items

Any unbudgeted capital equipment or fixed asset item, including components or services of items, shall be approved by the Mayor and three affirmative votes of the respective Council committee assigned to the requesting department. "Fixed asset" items are defined as costing at least \$5,000 and having a useful life of at least two years.

(Ord. 2245 §1, 2009; Ord. 2010 §1, 2002; Ord. 1817 §1, 1997)

3.32.050 Emergency Procurement

The Mayor or City Administrator is hereby authorized to waive competitive bidding requirements in the event of an emergency, as defined by RCW 39.04.280(3). Such an emergency will be declared in writing by the Mayor or City Administrator. The City Council will meet within two weeks following the award of the contract to consider adoption of a resolution certifying that the emergency situation existed and for approval of the procurement.

(Ord. 2245 §1, 2009)



INFORMATIONAL MEMORANDUM

TO: **Finance Committee**

FROM: **Laurel Humphrey, Legislative Analyst**

DATE: **October 29, 2020**

SUBJECT: **City Council Travel Budget, 2021-2022**

Issue

Staff is asking the Finance Committee to make a recommendation to the City Council on a travel budget for 2021-2022.

Background

Because of the financial downturn associated with the coronavirus pandemic, City staff prepared proposed department budgets for 2021-2022 reflecting significant cuts. The City Council’s department budget is small with few areas available for reduction. The Council travel budget is assigned to all seven Councilmembers and the Legislative Analyst, and includes the annual retreat, local meetings, and state and national conferences (mileage/airfare, food, lodging). In 2016 and 2019, the City Council contributed funding for the Teens for Tukwila participation in the National League of Cities Congressional Cities Conference.

The City Council has traditionally prioritized travel expenses for local, regional and national associations and legislator meetings to ensure that Tukwila’s priorities are represented and addressed at all levels of government. Below is a table showing historical use of the travel budget.

Year	Budget	Actual
2013	\$25,000	\$16,209
2014	\$30,000	\$26,980
2015	\$40,000	\$27,761
2016	\$40,000	\$30,988
2017	\$40,000	\$28,326
2018	\$40,000	\$26,950
2019	\$30,000	\$29,758
2020	\$30,000	\$8,000*

*projected

To help achieve the City's targeted overall budget reduction, staff proposed a 50% travel reduction for the 2021-2022 biennium (15,000 per year or \$30,000 total). Because the pandemic is ongoing, it is likely that travel opportunities will continue to be minimal in 2021. This year, organizations quickly responded to the pandemic by offering trainings and networking in virtual formats, which is likely to continue.

The City Council could consider differing amounts for 2021 and 2022 to reflect this, such as \$5,000 in 2021 and \$25,000 in 2022 to achieve the same overall savings, or some different ratio or total amount. It is important to remember that if revenues return to previous levels, the budget could be restored via a later amendment.

Whether the City Council proceeds with a 50% reduction or some other amount, decisions about travel spending – for the retreat, for staff, allotment per Councilmember, or spending decisions while on travel status – should be considered.

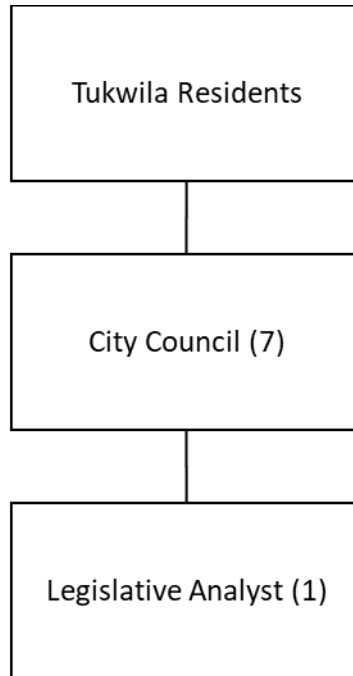
Recommendation

Staff is seeking the Committee's recommendation to take back to the full Council for consideration along with the overall budget package.

Attachments

Draft 2019-2020 City Council Budget
City Council travel policy

City Council



DEPARTMENT: City Council (01)
FUND: General
RESPONSIBLE MANAGER: Council President

FUND NUMBER: 000

Description

The City Council is the legislative branch of the City government and is responsible for establishing policy through the passage of legislation, adoption of the biennial budget, approval of comprehensive plans and capital improvement programs, and other responsibilities as set forth by state law. Councilmembers also represent the City in regional intergovernmental affairs as well as through communications with state and federal legislators. Tukwila has a seven-member City Council, each elected at-large and serving a four-year term.

2019-2020 Accomplishments

- ◆ Participated on over 25 external and regional boards, committees, and commissions per year.
- ◆ Joined with other cities and King County in the South King Housing & Homelessness Partnership.
- ◆ Reaffirmed commitment to Tukwila as a diverse, tolerant, and inclusive community and established an annual recognition of Juneteenth.
- ◆ Responded to COVID-19 impacts through authorization of cost saving measures, interim policies, and transition to virtual meetings in accordance with State requirements.

2021-2022 Outcome Goals

- ◆ Set policies and support programs that are in alignment with the City's mission, vision and strategic goals. **Strategic Goal 4.**
- ◆ Optimize the committee process to monitor and discuss the implementation of strategic goals, budget priorities, and work plan items. **Strategic Goal 4.**
- ◆ Foster a welcoming and inclusive environment for civic engagement. **Strategic Goal 5.**
- ◆ Maximize opportunities to engage diverse cultures within Tukwila. **Strategic Goal 5.**
- ◆ Continue to review, improve and document Council processes and methods. **Strategic Goal 4.**

2021-2022 Indicators of Success

- ◆ City legislation, policies, and budget are adopted as appropriate and reflective of strategic goals.
- ◆ All Councilmembers regularly participate in community and City sponsored events.
- ◆ Effective participation on external and regional boards, committees, and commissions.
- ◆ Council meetings are efficient, effective, and reflect responsiveness to the community.

Program Change Discussion

The Council’s budget adjustments are primarily in the areas of Professional Services & travel. The Council’s PMQA consultant scope of work is reducing due to the Public Safety Plan construction progress. Cuts to travel are also proposed due to an expectation that trainings and conferences will be impacted by COVID-19 next year.

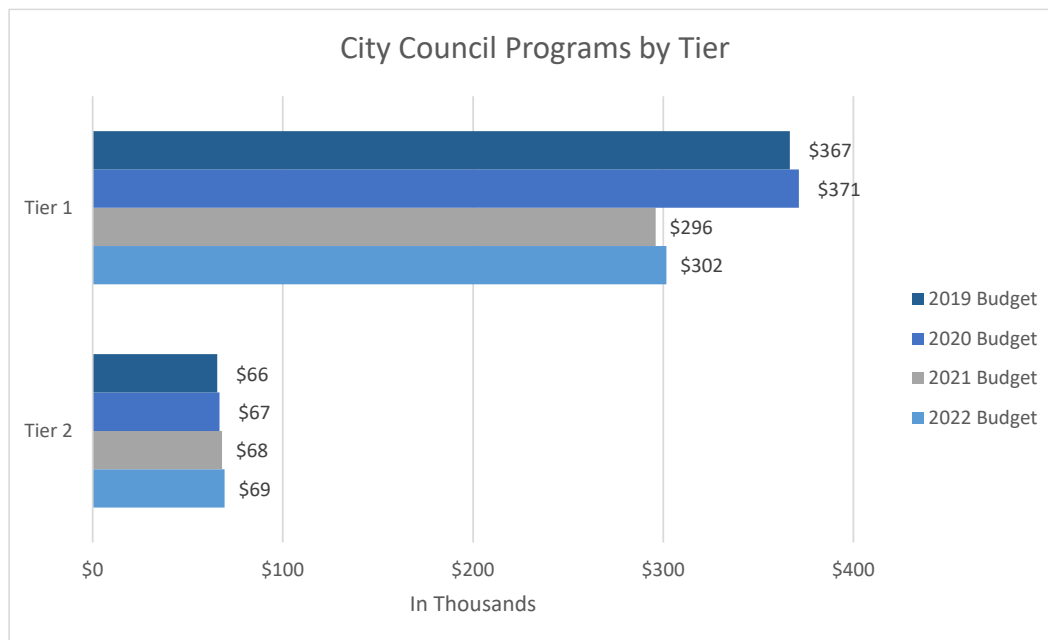
Department Detail

Staffing and Expenditure by Program

PROGRAMS	PRIOR BUDGET			PROPOSED BUDGET				
	FTE	2020	% of Total Budget	FTE	2021	% of Total Budget	2022	% of Total Budget
Legislative Oversight	2.45	198,485	45.3%	2.45	129,902	35.7%	132,131	35.7%
Governmental Affairs and Appointments	1.95	92,579	21.1%	1.95	84,013	23.1%	85,586	23.1%
Budget Oversight	2.00	80,256	18.3%	2.00	81,780	22.5%	83,508	22.5%
Community Engagement and Events	1.60	66,705	15.2%	1.60	67,924	18.7%	69,306	18.7%
PROGRAM TOTALS	8.00	438,025	100%	8.0	363,618	100%	370,531	100%

Programs by Tier

Programs are scored amongst four tiers with Tier 1 being the most directly connected and supportive of the City’s strategic goals. Programs identified by Council fall into the top two tiers with 81% of the budget allocated to the top tier.



Program Descriptions

- ◆ Legislative Oversight: Study information and attend meetings to provide policy direction for City services.
- ◆ Governmental Affairs and Appointments: Liaise with other government entities. Includes travel and registrations to regional, state, and national boards.
- ◆ Budget Oversight: Study information and attend meetings to provide budget authority and fiscal policy direction for City services.
- ◆ Community Engagement and Events: Constituent relations, participation in local groups, and facilitation of special events.

Expenditure Summary

City Council								
Expenditures By Type	Actual			Budget			Percent Change	
	2018	2019	Projected	2020	2021	2022	2022-2023	2023-2024
			2020					
Salaries & Wages	\$ 205,968	\$ 210,885	\$ 206,280	\$ 212,760	\$ 213,562	\$ 215,715	0.38%	1.01%
Personnel Benefits	90,505	95,228	103,592	100,512	105,056	109,816	4.52%	4.53%
Supplies	1,863	2,629	1,353	3,500	2,000	2,000	-42.86%	0.00%
Services	75,784	73,161	25,400	123,000	43,000	43,000	-65.04%	0.00%
Department Total	\$ 374,120	\$ 381,903	\$ 336,625	\$ 439,772	\$ 363,618	\$ 370,531	-17.32%	1.90%

General Ledger Code Details

Expenditure

GL Account Code	Account Description	Actual		Projected 2020	Budget		
		2018	2019		2020	2021	2022
000.01.511.600.11.00	SALARIES	205,968	210,885	206,280	212,760	213,562	215,715
000.01.511.600.21.00	FICA	16,186	16,599	16,299	17,024	16,337	16,502
000.01.511.600.23.00	PERS	12,867	13,601	13,100	13,686	12,604	11,348
000.01.511.600.24.00	INDUSTRIAL INSURANCE	2,337	2,411	2,660	2,966	2,706	2,706
000.01.511.600.24.50	PAID FAMILY & MEDICAL LEAVE PREMIUMS	13	313	306	-	316	319
000.01.511.600.25.00	MEDICAL,DENTAL,LIFE,OPTICAL	812	847	12,619	894	878	949
000.01.511.600.25.97	SELF-INSURED MEDICAL & DENTAL	58,290	61,457	58,608	65,942	72,215	77,992
000.01.511.600.31.00	OFFICE & OPERATING SUPPLIES	1,280	1,660	1,200	2,000	2,000	2,000
000.01.511.600.31.43	OFFICE & OPERATING SUPPLIES-MEETING	584	968	153	1,000	-	-
000.01.511.600.31.44	OFFICE & OPER SUPPLIES-TRAINING SPLY	-	-	-	500	-	-
000.01.511.600.41.00	PROFESSIONAL SERVICES	38,707	29,893	12,000	76,500	16,500	16,500
000.01.511.600.42.00	COMMUNICATION	4,482	4,113	4,500	6,000	6,000	6,000
000.01.511.600.43.00	TRAVEL	26,950	29,758	8,000	30,000	15,000	15,000
000.01.511.600.49.00	MISCELLANEOUS	-	-	-	500	500	500
000.01.511.600.49.44	MISC-TRAINING REGISTRATION	5,645	9,397	900	10,000	5,000	5,000
Totals		374,120	381,903	336,625	439,772	363,618	370,531



**TUKWILA CITY COUNCIL
OPERATING POLICY**

Number: CC-POL-06

Page 1 of 2

TITLE: COUNCILMEMBER TRAVEL

PURPOSE:

Councilmembers are encouraged to be actively involved in city, county, state, regional and national organizations that affect Tukwila, its residents, and its businesses. Education, lobbying, professional responsibilities, (e.g. policy boards, offices, and committees), public relations, and relationship-building with other agencies are examples of activities for which travel funds can be used. While the entire Council approves the travel budget, it is up to individual Councilmembers to decide how best to use their own travel allotment.

REFERENCES:

N/A

STATEMENT OF POLICY AND/OR PROCEDURES:

I. Travel Budgets

- A. Budgets for Council travel will be set during the biennial budget process and adjusted during the second year, if necessary.
- B. Review of the preceding year's travel may serve as a guide in allocating travel for the following year.
- C. The Council will consider the City's financial situation in setting its annual travel budget.

II. Travel Decisions

- A. Beginning each year, after funds for local meetings, the Council retreat, and meals are subtracted, each Councilmember will be allotted an equal share of the remaining Council travel budget for use during the remainder of the year. That amount shall be communicated to all Councilmembers as soon as available.
- B. Any Councilmember's travel funds which are not planned to be used in that year may be returned to the shared travel fund for use by other Councilmembers.
- C. Upon returning from a class or conference, Councilmembers will prepare an oral or written report for the Council. If more than one Councilmember attends, a consolidated report may be presented.
- D. Sister City related travel is not budgeted separately and will be funded from the individual Councilmember's travel allocation.
- E. The entire Council, by majority, will make the final decision on use of funds if issues arise.

III. Travel Expenses

- A. The City will pay for airfare, ground transportation, registration, hotel, and meals when a Councilmember is on official travel.
- B. The City will not assume costs for a spouse, partner or guest.
- C. A daily record of expenses for lodging, meals, transportation, and incidental expenses should be maintained, with receipts attached to the record. An itemized bill should be kept for meals. The record and receipts will be submitted to the Finance Department and processed in accordance with current procedures.

IV. Travel Arrangements

- A. City Council travel will be coordinated through the Council Analyst, who will monitor the travel budget as well as make travel arrangements if desired by the Councilmember.
- B. Intention for out-of-state travel should be communicated to the Council President.
- C. Significant effort will be made to secure the best value for airfare and lodgings.

V. Miscellaneous

- A. When a City vehicle is available, it may be reserved by Councilmembers for appropriate business-related travel.
- B. If a Councilmember uses his or her personal vehicle for City-related travel, mileage will be reimbursed according to IRS rules.

END

Title: **COUNCILMEMBER TRAVEL**

Effective Date:
December 3, 2013

Supercedes:
N/A

Approved by the City Council on the 2nd day
of December, 2013

City Attorney:

Council President:



INFORMATIONAL MEMORANDUM

TO: Finance Committee
 FROM: Vicky Carlsen, Finance Director
 BY: Aaron Williams, Fiscal Coordinator
 CC: Mayor Ekberg
 DATE: October 26, 2020
 SUBJECT: 2020 3rd Quarter Cash & Investment Report

ISSUE

The Quarterly Cash & Investment Report is provided to the Finance Committee in accordance with the City's Investment Policy.

SUMMARY OF INVESTMENT POLICY

It is the policy of the City of Tukwila to invest public funds in a manner that will provide maximum security with the highest investment return while meeting the daily cash flow demands of the City while conforming to all state and local statutes governing the investment of public funds.

INVESTMENT HOLDINGS

As of September 30, 2020, the portfolio totaled \$75.6 million comprised of \$71.6 million in cash and cash equivalents and \$4.0 million in longer term investments. The attached "Cash and Investment Report" provides additional details on the cash and investment holdings of the City.

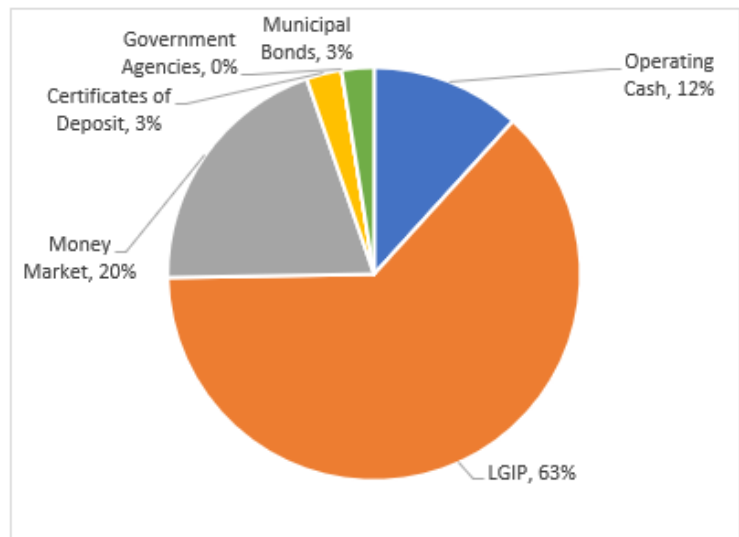
Below is a comparison of the current portfolio allocation compared to the prior year-end.

Portfolio Allocation 09/30/2020

Operating Cash	8,879,196	12%
LGIP	47,672,055	63%
Money Market	15,112,614	20%
Certificates of Deposit	2,091,424	3%
Government Agencies	-	0%
Municipal Bonds	1,915,057	3%
	<u>75,670,345</u>	

Portfolio Allocation 12/31/2019

Operating Cash	13,000,083	11%
LGIP	83,231,470	70%
Money Market	14,999,032	13%
Certificates of Deposit	2,045,201	2%
Government Agencies	4,000,918	3%
Municipal Bonds	2,264,572	2%
	<u>119,541,276</u>	



INVESTMENT ACTIVITY

Through nine months of 2020 the City received \$554 thousand in interest earnings from the LGIP and Money Market accounts. Most of those interest earnings (68%) came from the first quarter, prior to the interest rate cuts. Third quarter interest earnings were \$48.8 thousand.

Longer term investments held by the City paid interest totaling \$26.6 thousand during the third quarter and \$2.64 million in investments matured or were called. No new bond investments were made during this period. Due to the ongoing pandemic significantly reducing revenues, longer term investments are not currently being pursued in order to maintain liquidity.

RETURN ON INVESTMENTS

The current portfolio yield at the end of the third quarter was 0.46%, Washington State LGIP and the Columbia Bank money market accounts were earning 0.21% and 0.34%, respectively.

Longer term investment holdings have an average return of 2.99%.

POLICY COMPLIANCE AND LIQUIDITY ANALYSIS

The portfolio profile is well within the range of all investment policy parameters. During 2020 we will maintain liquidity to meet the cash flow needs of Public Safety Plan construction. See “*Policy Compliance & Liquidity Analysis*” attachment for additional detail.

The portfolio benchmark is the 2-year treasury rate, which is closely tied to the changes in the Federal Reserve Fed Funds Rate. This rate steadily climbed until late 2018 when several Federal Funds Rate cuts moved the 2-yr treasury note to just above 1.5% at year end 2019. In response to the COVID-19 pandemic, there were significant cuts to the Fed Funds Rate bringing it near 0.13% currently. The chart below illustrates the return over the past 5 years.

The investment portfolio will continue to be managed to take advantage of investment opportunities as they arise while maintaining adequate liquidity to meet obligations.

RECOMMENDATION

Presentation is for information only.

ATTACHMENTS

2020-Q3 Cash and Investment Report
Policy Compliance & Liquidity Analysis

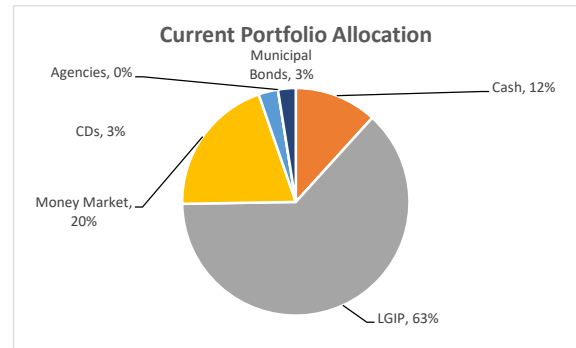


CITY OF TUKWILA
Cash and Investment Details
CASH & INVESTMENT REPORT
September 30, 2020

Agency / Issuer	Rating Moody's	Investment Type	Purchase Date	Maturity Date	(a) Term Yrs.	Par Value	Book Balance	(c) Yield to Maturity	(d) Annualized Return
CASH & CASH EQUIVALENTS									
US Bank Operating Cash		Depository	various	(b)	-	8,879,196	8,879,196	0.20%	17,758 (e)
Washington State Treasurer		LGIP Investment Pool	various	(b)	-	47,672,055	47,672,055	0.21%	98,109 (f)
Columbia Bank		Money Market	various	(b)	-	15,112,614	15,112,614	0.34%	51,383 (f)
Total Cash & Cash Equivalents						71,663,865	71,663,865	0.23%	167,250
INVESTMENTS									
Certificates of Deposits									
Sound Community Bank		Certificate of Deposit	3/4/2019	3/4/2021	0.4	2,091,424	2,091,424	2.97%	62,115
TOTAL CERTIFICATES OF DEPOSIT						2,091,424	2,091,424	2.97%	62,115
Taxable Municipal Bonds									
Douglas County Washington Sch Dist.	Aaa	UTGO	12/2010	12/1/2020	0.2	400,000	406,504	4.80%	19,200
Port Tacoma WA GO LTD Txbl Ref	Aa2	LTGO Refunding	09/2017	12/1/2020	0.2	510,000	513,198	2.50%	12,750
Multnomah County OR GO LTD	Aaa	Revenue Bonds	08/2017	6/1/2021	0.7	500,000	494,355	2.28%	- (g)
Burien WA GO LTD Bld Am Bnds	Aa2	LTGO	12/2017	12/1/2025	5.2	500,000	501,000	5.13%	25,625 (h)
TOTAL MUNICIPAL BONDS						1,910,000	1,915,057	3.01%	57,575
Total Investments						4,001,424	4,006,480	2.99%	119,690
Interest earned from matured/called investments									60,388
TOTAL CASH, CASH EQUIVALENTS & INVESTMENTS						75,665,289	75,670,345	0.46%	347,329

↑
Current Portfolio Yield

- (a) On Callable bonds, term is calculated to final maturity even though call date may occur first; term of liquid investments is one day; on sinking fund bonds, average maturity is used to calculate term.
- (b) No fixed maturity, funds are available within one day.
- (c) Yield to Maturity represents average rate for the year for various investment vehicles.
- (d) Annualized Return represents actual earnings for the fiscal year for bonds.
- (e) Represents earning credit from US Bank. City earned interest up to the amount of fees.
- (f) Represents rate in effect for period ending this report.
- (g) Zero coupon bonds, pays no interest until matured.
- (h) bond callable as of 6/1/20



CITY OF TUKWILA
Policy Compliance & Liquidity Analysis
CASH & INVESTMENT REPORT
September 30, 2020

	Portfolio Amount	As of Report Date		
		Available Within 1 Year	Available Within 5 Years	Available in 5 - 10 Years
Liquidity Analysis & Maturity Diversification				
Funds immediately available - US Bank, State LGIP, Money market	\$ 71,663,865	\$ 71,663,865	\$ 71,663,865	
Fixed Maturity Investments, maturing in:				
0-90 days after Report Date	910,000			
91-180 days after Report Date	2,091,424			
181-270 days after Report Date	500,000			
271-360 days after Report Date	-			
Investments maturing in 1 year or less	2019 3,501,424	3,501,424	3,501,424	
Investments maturing in 1-2 years	2020 -		-	
Investments maturing in 2-3 years	2021 -		-	
Investments maturing in 3-4 years	2022 -		-	
Investments maturing in 5-10 years	2023 500,000			500,000
Investments maturing in more than 1 year and less than 10 years.	500,000			
TOTALS	\$ 75,665,289	\$ 75,165,289	\$ 75,165,289	\$ 500,000
		99%	99%	1%

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
Financial Institution Diversification				
US Bank	\$ 8,879,196	11.7%	50.0%	Yes
Columbia Bank	15,112,614	20.0%	50.0%	Yes
Sound Community Bank	2,091,424	2.8%	50.0%	Yes
Investments in Financial Institutions	26,083,234	34.5%		
Investments in US Government and other non-financial institutions	49,582,055	65.5%		
Total	<u>\$ 75,665,289</u>	<u>100.0%</u>		

	Portfolio Amount	% of Total	POLICY MAXIMUM	Policy Met?
Investment Mix				
Depository	8,879,196	11.7%	insured by PDPC	Yes
State Investment Pool	47,672,055	63.0%	75.0%	Yes
Money market	15,112,614	20.0%	insured by PDPC	Yes
Certificate of Deposit	2,091,424	2.8%	insured by PDPC	Yes
US Agency	-	0.0%	75.0%	Yes
Municipal Bonds	1,910,000	2.5%	no limit specified in policy	Yes
Total	<u>75,665,289</u>	<u>100.0%</u>		

Weighted Average Maturities:		Performance Analysis	
	Years		
Certificates of deposit	0.4	Current portfolio yield	0.46%
Agencies	0.0		
Municipal bonds	1.5		
Total Investments	0.9	Benchmarks:	
POLICY MAXIMUM	3.5	2 year treasury	0.13%
Policy Met?	Yes	Local Govt Invst Pool	0.37%

Note: Cash and cash equivalents are available within one day and are *not* factored into the Total Investments weighted average maturity.

