



City of Tukwila  
***Finance and Governance  
Committee***

- ◇ Armen Papyan, Chair
- ◇ Dennis Martinez
- ◇ Verna Seal

Distribution:

A. Papyan  
D. Martinez  
V. Seal  
T. Sharp  
J. McConnell

Mayor McLeod  
M. Wine  
A. Youn  
L. Humphrey

## AGENDA

**MONDAY, MARCH 24, 2025 – 5:30 PM**

**ON-SITE PRESENCE:**

**TUKWILA CITY HALL  
HAZELNUT CONFERENCE ROOM  
6200 SOUTHCENTER BOULEVARD**

**REMOTE PARTICIPATION FOR THE PUBLIC:**

**1-253-292-9750, ACCESS CODE: 441656166#**  
**Click here to: [Join Microsoft Teams Meeting](#)**  
**For Technical Support: 1-206-433-7155**

Item	Recommended Action	Page
<b>1. BUSINESS AGENDA</b>		
a. Puget Sound Regional Fire Authority (PSRFA): Lease Agreements and Deeds <i>Kari Sand, City Attorney</i>	a. Forward to 4/14 C.O.W. Meeting Agenda & 4/21 Regular Meeting	<b>Pg.1</b>
b. Dell Lease Agreement – Police Department Rugged Tablets <i>Mike Marcum, Technical Operations Supervisor</i>	b. Forward to 4/7 Regular Meeting Consent Agenda	<b>Pg. 41</b>
c. Introduction to Minimum Wage Program <i>Julie Hatley, Senior Fiscal Coordinator</i>	c. Discussion Only	<b>Pg. 43</b>
d. 2024 Year-End Financial Report <i>Tony Cullerton, Deputy Finance Director</i>	d. Discussion Only	<b>Pg. 47</b>
e. City Investment & Debt Policies <i>Tony Cullerton, Deputy Finance Director</i>	e. Discussion Only	<b>Pg. 71</b>
<b>2. MISCELLANEOUS</b>		
• Status update on Business and Occupation Tax review <i>Aaron BeMiller, Finance Director</i>		

**Next Scheduled Meeting: April 28, 2025**



The City of Tukwila strives to accommodate individuals with disabilities.  
Please contact the City Clerk's Office at **206-433-1800** ([TukwilaCityClerk@TukwilaWA.gov](mailto:TukwilaCityClerk@TukwilaWA.gov)) for assistance.





## **INFORMATIONAL MEMORANDUM**

TO: **Finance and Governance Committee**

FROM: **Kari L. Sand, Tukwila City Attorney**

CC: **Thomas McLeod**

DATE: **March 24, 2025**

SUBJECT: **Transfer of City Fire Stations 52 and 53, and leases of Fire Stations 51 and 54, to the Puget Sound Regional Fire Authority and City leaseback of various rooms at Fire Station 52**

### **ISSUE**

Whether City Council should approve: (1) proposed leases with the Puget Sound Regional Fire Authority ("RFA") for Fire Stations 51 and 54; (2) proposed deed transfers of Fire Stations 52 and 53 to the RFA; and (3) proposed City leaseback of various rooms at Fire Station 52 pursuant to the voter-approved 2023 RFA Annexation Plan.

### **BACKGROUND**

In August 2023, Tukwila voters approved annexing into the RFA. Pursuant to the voter-approved 2023 RFA Plan, the City is now required to lease Fire Stations 51 and 54 to the RFA, to sell Fire Stations 52 and 53 to the RFA, and leaseback to the City various rooms at Fire Station 52, subject to certain terms and conditions.

### **DISCUSSION**

City Administration and the City Attorney's Office has drafted the proposed leases and deeds consistent with the voter-approved 2023 RFA Plan. On March 19, 2025, the RFA Governing Board approved the proposed leases and deeds. The key terms to the leases and deeds are as follows:

- **Fire Station 51 and Fire Station 54 Leases**
  - 50-year lease term for Fire Station 51; 15-year lease term for Fire Station 54
  - RFA will pay the City \$1.00 per year in rent for each property
  - RFA will pay for all utilities, maintenance, repairs, improvements, and landscaping
  - RFA will indemnify, defend, and hold the City harmless for all damages/injuries occurring on properties unless they were caused by the City
  - RFA will pay for, and maintain, insurance on the properties
- **Fire Station 52 and 53 Deeds**
  - Both Fire Stations will be sold to RFA for \$1.00 each
  - If the RFA stops using the properties to deploy RFA response units, the properties automatically revert back to the City
- **Fire Station 52 Leaseback to the City**
  - City will lease three (3) rooms at Fire Station 52 for purposes of Emergency Operations Center ("EOC") storage closet (Rm. 212), for training (Rm. 210), and for HAM radio storage (Rm. 213). Room 210 will be the City's back-up EOC and shall be permitted for use as a public meeting space for up to 20 hours per week.

### **FINANCIAL IMPACT**

- Fire Station 51 will be leased to the RFA for a 50-year term at a rate of \$1.00 per year. The RFA will pay all maintenance and utilities serving the Fire Station.

- Fire Station 52 will be sold to the RFA for \$1.00.
- Fire Station 53 will be sold to the RFA for \$1.00.
- Fire Station 54 will be leased to the RFA for a 15-year term at a rate of \$1.00 per year. The RFA will pay all maintenance and utilities serving the Fire Station.
- The City's leaseback of various rooms at Fire Station 52 for 50-year terms at a rate of \$1.00 per year that will renew automatically unless sooner terminated.

**RECOMMENDATION**

The Committee is being asked to forward this matter to the April 14, 2025 Committee of the Whole Meeting.

**ATTACHMENTS**

- A. Proposed Lease for Fire Station 51
- B. Proposed Bargain and Sale Deed for Fire Station 52
- C. Proposed City Leaseback of various rooms at Fire Station 52
- D. Proposed Bargain and Sale Deed for Fire Station 53
- E. Proposed Lease for Fire Station 54

**LEASE AGREEMENT  
BETWEEN THE CITY TUKWILA AND  
PUGET SOUND REGIONAL FIRE AUTHORITY**

**FIRE STATION 51**

THIS LEASE AGREEMENT (hereinafter “Lease”) is between the CITY OF TUKWILA, a municipal corporation of the State of Washington (“City”), and PUGET SOUND REGIONAL FIRE AUTHORITY, a Washington municipal corporation (“RFA”) (collectively referred to as “the Parties”).

**RECITALS**

1. The City owns real property legally described in **Exhibit A** attached and incorporated herein and located at 17951 Southcenter Parkway, Tukwila, Washington 98188 (the “Property”) (Parcel #s 3523049008 & 3523049040 (shown as vacant)).
2. The City currently leases a portion of the Property to RFA for use as a fire station, which will expire on December 31, 2024, in accordance with the Parties’ amended Interlocal Agreement for Consolidation for Fire Services.
3. According to Section 7.c.1.a.i of the 2023 Puget Sound Regional Fire Authority Plan, the City is required to “retain ownership of the real property on which [Fire] Station 51 is located and shall lease [Fire] Station 51 to the RFA for 50-year terms at the rate of \$1 per year. As conditions of the lease, the RFA shall assume 100% of the maintenance costs and shall use [Fire] Station 51 to deploy response units, subject to any other interests in the property.”

**AGREEMENT**

NOW, THEREFORE, the City and RFA agree as follows:

**1. PREMISES.**

- 1.1. **Lease of Premises.** The City leases to the RFA, and the RFA leases from the City, the Premises upon the terms specified in this Lease.
- 1.2. **As-Is.** The above-described Property and all improvements thereto, except for the vacant portion of the Property depicted and described in **Exhibit B**, comprise the “Premises” that are subject to this Lease Agreement. The City is providing the Premises in “as-is” condition for the RFA’s use. The City makes no representation regarding the condition of the Premises or improvements located on the same.

## **2. USE.**

- 2.1. **Permitted Use.** The RFA shall use the Premises for the deployment of RFA response units (the “Permitted Use”) and for no other purpose unrelated to the delivery of fire protection and emergency medical services.
- 2.2. **Liens and Encumbrances.** The RFA shall keep the Premises free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Premises.

## **3. TERM.**

- 3.1. **Term Defined.** The term of this Lease shall be for fifty (50) years (“Initial Term”), which shall commence retroactively to January 1, 2025 (“Commencement Date”). This Agreement will continue for the Initial Term and will automatically renew for additional fifty-year terms, subject to the right of either party to terminate this Agreement.
- 3.2. **End of Term.** Upon the expiration or termination of the Term, as applicable, the RFA shall surrender the Premises to the City in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.
- 3.3. **Hold Over.** If the RFA remains in possession of the Premises after termination of this Lease, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice.

## **4. LEASE PAYMENT.**

- 4.1. **Rent.** The RFA shall pay to the City the annual rent of One Dollar and No/100 Cents (\$1.00) (“Rent”). The first installment shall be due and payable on or before Commencement Date, and subsequent installments shall be due and payable on or before the 1st day of each year thereafter.

## **5. UTILITIES AND OTHER EXPENSES.**

- 5.1. **Utilities.** The RFA will be responsible for all utilities serving the Premises. This includes payment of all fees that may be charged to the RFA or City, related to the Premises or use thereof, such as stormwater fees and property fees charged by the King County Assessor.

## **6. MAINTENANCE AND LANDSCAPING.**

- 6.1. **Maintenance.** The RFA shall at its sole cost and expense, keep and maintain in good order and in clean, attractive, and safe condition the Premises. The RFA shall also pay 100% of the repair and replacement costs of the Premises. If any additions, repairs, alterations, maintenance, replacement, or changes to the Premises are required by any public authority, the RFA shall, at its sole cost and expense, make the same. All additions, repairs, alterations, replacements, or changes to the Premises shall be made in accordance with Section 7. Any damage or repairs that are the result of the City’s

negligent or intentional acts shall be the sole responsibility of the City. Upon termination of this Lease, the RFA shall return to the Property to the City in the same condition as it was received with reasonable wear and tear excepted.

- 6.2. **Landscaping.** The RFA shall regularly maintain all landscaped areas on the Premises so that they present a neat and attractive appearance to the reasonable satisfaction of the City. This includes, but is not limited to, regular watering, pruning, weeding and repair of the landscaped areas. The RFA shall replace all plant materials which are damaged or killed during the term of this Lease of the same type, unless a suitable alternative is approved by the City.

## **7. TENANT IMPROVEMENTS.**

- 7.1. **Construction.** The RFA shall not construct, alter, replace, remove or make major repairs of any improvements on the Premises without the prior written consent of the City. Prior to any construction, alteration, replacement, removal, or major repair of any improvements on the Premises, the RFA shall submit to the City plans and specifications that describe the proposed activity. Construction shall not commence until the City has approved the plans and specifications in writing. The City shall have thirty (30) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for the City's written consent shall be treated as waived, unless the City notifies the RFA otherwise within the thirty (30) days. Upon completion of construction, the RFA shall promptly provide the City with as-built plans and specifications. The City's consent and approval shall not be required for any routine maintenance or repair of improvements made by the RFA pursuant to its obligation to maintain the Premises in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Premises. The provisions of this section do not obviate any permit requirements that may apply to the proposed activity.
- 7.2. **Ownership of Improvements.** On the termination of the Lease, all RFA-initiated improvements shall become the property of the City without payment by the City.
- 7.3. **Unauthorized Improvements.** Improvements made on the Premises without the City's prior consent pursuant to subsection 7.1 or which are not in conformance with the plans submitted to and approved by the City ("Unauthorized Improvements") shall immediately become property of the City, unless the City elects otherwise. Regardless of ownership of Unauthorized Improvements, the City may, at its option, require the RFA to sever, remove, and dispose of them. If the RFA fails to remove an Unauthorized Improvement upon request, the City may remove it and charge the RFA for the cost of removal and disposal.

## **8. INDEMNIFICATION.**

- 8.1. The RFA agrees that it will protect, save, defend, hold harmless and indemnify the City, its officials, employees, volunteers and agents from any and all demands, claims, suits, actions, judgments, or liabilities for injury or death of any person, or for loss or damage to property, arising as a result of accidents, injuries, or other occurrences on the Premises or on City's Property, occasioned by either the negligent or willful conduct of the RFA, its agents or any person or entity holding under the RFA or any person or entity on the Premises or on the City's property as a result of RFA's activity, regardless of who the injured party may be. Notwithstanding the foregoing, the City shall, to the extent permitted by law, indemnify and hold the RFA harmless for any and all demands, claims, judgments, or liability for loss or damage arising from the City's negligent, reckless and/or willful acts (including those of the City's employees, officials, or agents).

It is further specifically and expressly understood that the indemnification provided herein constitutes the RFA's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the RFA and City. The provisions of this section shall survive the expiration or termination of this Lease.

## **9. ENVIRONMENTAL LIABILITY/RISK ALLOCATION.**

- 9.1. **Definition.** "Hazardous Substance" means any substance which now or in the future becomes regulated or defined as Hazardous Substance or Hazardous Waste under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 et seq., and Washington's Model Toxics Control Act ("MTCA"), RCW 70.10SD.010 et seq.
- 9.2. **Use of Hazardous Substances.** The RFA covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Premises, except in accordance with all applicable laws.
- 9.3. **Current Conditions, Duty of Utmost Care, and Duty to Investigate**
- 9.3.1. The City makes no representations about the condition of the Premises. With regard to any Hazardous Substances that may exist in, on, under, or above the Premises, the City disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to the RFA.
- 9.3.2. The RFA shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Premises as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Premises during the Term of this Lease, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions occurring as a result



of the RFA's use or occupancy of the Premises. The obligation to exercise utmost care under this subsection 9.3 includes, but is not limited to, the following requirements:

**9.4. Notification and Reporting.**

9.4.1. The RFA shall immediately notify the City if the RFA becomes aware of any of the following:

- a) A release or threatened release of Hazardous Substances in, on, under, or above the Premises, any adjoining Premises, or any other Premises subject to use by the RFA occurring as a result of the RFA's use or occupancy of the leased Premises in violation of federal and state laws;
- b) Any problem or liability related to, or derived from, the presence of any Hazardous Substances in, on, under, or above the Premises, any adjoining property, or any other property occurring as a result of the RFA's use or occupancy of the Premises;
- c) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Premises, any adjoining property, or any other property subject to use by the RFA in conjunction with its use or occupancy of the Premises;
- d) Any lien or action with respect to any of the foregoing; or,
- e) Any notification from the Environmental Protection Agency, Department of Ecology, or King County that remediation or removal of Hazardous Substances is or may be required at the Premises.

9.4.2. Upon request, the RFA shall provide the City with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Premises, and which were prepared for the RFA and submitted to any federal, state, or local authorities pursuant to any federal, state, or local permit, license, or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State hydraulics permit, any State Water Quality certification, or any Substantial Development Permit.

**9.5. Indemnification.**

9.5.1. The RFA shall fully indemnify, defend, and hold the City harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of, or are in any way related to:

- a) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance or Hazardous Waste by the RFA, its contractors, agents, employees, guests, invitees, or affiliates in, on,

under, or above the Premises, any adjoining property, or any other property occurring as a result of the RFAs use or occupancy of the Premises, during the Term of this Lease;

- b) The release or threatened release of any Hazardous Substance or Hazardous Waste, or the exacerbation of any Hazardous Substance or Hazardous Waste contamination, in, on, under, or above the Premises, any adjoining property, or any other property subject to use by the RFA in conjunction with its use of the Premises, which release, threatened release, or exacerbation occurs or occurred during the term of this Lease and as a result of:
  - i. Any act or omission of the RFA, its contractors, agents, employees, guests, invitees, or affiliates; or,
  - ii. Any foreseeable act or omission of a third party unless the RFA exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.

9.5.2. In addition to the indemnifications provided in subsection 9.5.1, the RFA shall fully indemnify the City for any and all damages, liabilities, costs, or expenses (including attorneys' fees and disbursements) that arise out of or are in any way related to the RFA's breach of the obligations of subsection 9.3.2. This obligation is not intended to duplicate the indemnity provided in subsection 9.5.1 and applies only to damages, liabilities, costs, or expenses that are associated with a breach of subsection 9.3.2 and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances or Hazardous Wastes.

9.5.3. The City shall notify the RFA in writing of any third-party claim with reasonable promptness, and the RFA shall have the right to compromise or defend any such claim, provided that such compromise or defense of such claim does not negate the RFA's obligation to indemnify and hold the City harmless.

9.5.4. The City shall release, indemnify, and hold the RFA harmless from any and all liabilities, obligations, judgments, demands, damages, causes of action, claims, costs, and expenses, including but not limited to all reasonable attorney's fees and costs of suit, arising out of or in connection with any contamination from hazardous waste or an environmental condition on the Premises caused solely by the City, its agents and representatives.

9.6. **Cleanup.** If a release of Hazardous Substances or Hazardous Wastes occurs in, on, under, or above the Premises, arising out of any action, inaction, or event described or referred to in subsection 9.5, above, the RFA shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances or Hazardous Wastes. Cleanup actions shall include, without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. RFA's obligation to undertake a cleanup under this subsection

9.6 shall be limited to those instances where the Hazardous Substances or Hazardous Wastes exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. The RFA shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or referred to in subsection 9.5, above.

9.7. Sampling by the City, Reimbursement, and Split Samples.

- 9.7.1 The City may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Premises at any time to determine the existence, scope, or effects of Hazardous Substances or Hazardous Wastes on the Premises, any adjoining property, any other property subject to use by the RFA in conjunction with its use of the Premises, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in subsection 9.5, above in violation of federal or state law, the RFA shall promptly reimburse the City for all costs associated with such Tests.
- 9.7.2 The City's ability to seek reimbursement for any Tests under this subsection shall be conditioned upon the City providing the RFA written notice of its intent to conduct any Tests at least fifteen (15) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case the City shall only be required to give such notice as is reasonably practical.

**10. ASSIGNMENT AND SUBLETTING.**

- 10.1. The RFA shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of the RFA's interest in this Lease or the Premises without the City's prior written consent which may not be unreasonably withheld by the City. In the event of such consent, each permitted transferee shall assume all obligations under this Lease. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of RFA. The consolidation of the RFA with another entity or the formation of a regional fire authority in which the RFA is a participating jurisdiction shall not constitute an assignment under this Lease. The City's consent shall not be required for a sublease of the premises to another governmental entity providing services that directly support and benefit the operation of the regional RFA.

**11. INSURANCE.** For the term of this Lease and any extension thereof:

- 11.1. The RFA shall procure and maintain, for the benefit of the RFA and the City, an insurance policy on the Premises in the amount of the replacement cost, for damage from fire; earthquake; and other perils. The proceeds payable on a claim against said insurance policy for damage shall be used to repair damage to the building so insured. However, if both the RFA and the City agree not to repair or replace said building, or if the RFA elects to terminate this Lease as provided in subsection 12.1, all such available insurance proceeds shall be retained by the City and all salvage resulting from any risk covered by the RFA's insurance shall also belong to the City.

- 11.2. The RFA shall be responsible for maintaining its own fire and hazard insurance on RFA-owned personal property and leasehold improvements placed within and on the Premises by the RFA.
- 11.3. The RFA shall procure and maintain, insurance against claims for injuries to persons or damage to property which may arise from or in connection with this Lease by the RFA, its agents, representatives, employees, or subcontractors.

**12. DAMAGE OR DESTRUCTION DUE TO CASUALTY.** The Parties recognize that some or all use of the Property or Premises may be interfered with or prevented because of fire, earthquake, flood, storm, landslide, act of war, vandalism, theft or other extraordinary casualty (“Casualty”).

- 12.1. **Material Damage.** If the Premises are damaged or destroyed by fire or any Casualty the parties shall meet and determine how long the repair and restoration will take within thirty (30) days after the date of such damage. After that determination has been made, RFA shall have a period of thirty (30) days to terminate the Lease by giving written notice to the City.
- 12.2. **Repair after Damage.** If the RFA does not give notice of the RFA’s election to terminate as provided in subsection 12.1, then the RFA shall, subject to the provisions of this Section, and provided sufficient insurance proceeds are available, repair such damage so that the Premises are restored to a condition of similar quality, character, and utility for the RFA’s purposes. To assist with said repair work, the City shall provide the RFA with any and all insurance proceeds it has received, or is entitled to receive, from the insurance policy referenced in subsection 11.1. However, in no event shall the City be obligated to provide the RFA with more money for repair work than is provided by insurance proceeds in subsection 11.1.

### **13. DEFAULT AND REMEDIES.**

- 13.1. **Acts Constituting Default.** The RFA shall be in default of this Lease on the occurrence of any of the following:
  - 13.1.1 Failure to pay expenses when due;
  - 13.1.2 Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
  - 13.1.3 Failure to comply with any other provision of this Lease;
  - 13.1.4 Failure to cure a default pursuant to Section 13.2 below;
  - 13.1.5 Proceedings are commenced by or against the RFA under any bankruptcy act or for the appointment of a trustee or receiver of RFAs’ Premises; or
  - 13.1.6 The RFA vacates or abandons the Premises.
- 13.2. **Failure to Cure.** A default shall become an event of default (“Event of Default”) if the RFA fails to cure, or take positive steps to cure, the default within 30 days after the City provides the RFA with written notice of default, which specifies the nature of the default.
- 13.3. **City's Remedies Upon Default.** Upon an Event of Default, the City may terminate this

Lease and remove the RFA by summary proceedings or otherwise. The City's reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless the City gives a written notice of termination to the RFA or termination is decreed by legal proceedings.

**14. ENTRY BY THE CITY.** The City shall have the right to enter the Premises at any reasonable hour to inspect for compliance with the terms of this Lease upon twenty-four (24) hours' written notice. The City and/or its agents shall comply with all of the RFA's work safety rules and restrictions.

**15. NOTICE.** Any notices required or permitted under this Lease may be personally delivered, delivered by certified mail, return receipt requested, to the addresses listed on the signature page or to such other places as the parties may direct in writing from time to time. A notice shall be deemed given and delivered upon personal delivery or three (3) days after being mailed as set forth above, whichever is applicable.

**16. MISCELLANEOUS.**

16.1. **Authority.** The City and the RFA represent that each person signing on this Lease on its behalf is authorized to do so.

16.2. **Successors and Assigns.** This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.3. **Headings.** The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

16.4. **Waiver.** The waiver by the City of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. The City's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

16.5. **Cumulative Remedies.** The rights and remedies of the City under this Lease are cumulative and in addition to all other rights and remedies afforded to the City by law or equity or otherwise.

16.6. **Time is of the Essence.** TIME IS OF THE ESSENCE as to each and every provision of this Lease.

16.7. **Invalidity.** If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.

16.8. **Applicable Law and Venue.** This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the

Superior Court for King County, Washington.

- 16.9. **Modification.** Any modification of this Lease must be in writing and signed by the parties. The City shall not be bound by any oral representations or statements.
- 16.10. **Quiet Enjoyment.** The City covenants and agrees that the RFA, upon performing the terms and conditions of the Lease, may peacefully hold and enjoy the Premises during said term without any interruption by the City, its successors or assigns, or any person or company lawfully claiming by or through it.
- 16.11. **Recording of Short Form Lease.** Neither the City nor the RFA may record this Lease without the other's prior approval, but the Parties will at any time at the request of either party promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of this Lease, setting forth a description of the Premises, the terms of this lease and other provisions hereof, except the rental and other provisions as either party may request, which may be recorded.
- 16.12. **Duplicate Originals.** This Lease Agreement may be executed in duplicate originals.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below and is effective as of January 1, 2025.

**PUGET SOUND REGIONAL  
FIRE AUTHORITY**

**CITY OF TUKWILA**

By: \_\_\_\_\_  
Chief

By: \_\_\_\_\_  
Mayor

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

**APPROVED AS TO FORM:**

**ATTEST:**

\_\_\_\_\_  
RFA Attorney

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**NOTICES TO BE SENT TO:**

[Addresses listed on next page]

Puget Sound Fire Administration  
20811 84th Ave S  
Kent, WA 98032

City of Tukwila Mayor's Office  
6200 Southcenter Blvd  
Tukwila, WA 98188

**EXHIBIT A**  
**TUKWILA STATION 51 LEASE**  
**ABBREVIATED LEGAL DESCRIPTION**

NEW PARCEL "C" DESCRIBED AND DELINEATED IN CITY OF TUKWILA BOUNDARY LINE ADJUSTMENT NO. L 13-005 RECORDING NO. 20130227900005 (BEING A PORTION OF NE QTR NW QTR STR 35-23-04); TGW ADJOINING PORTION OF N HALF OF S 178<sup>TH</sup> ST VACATED BY CITY OF TUKWILA ORDINANCE NO. 2400 RECORDING NO. 20160120000736; TGW ADJOINING PORTION OF SOUTHCENTER PARKWAY VACATED BY CITY OF TUKWILA ORDINANCE NO. 2240; and

NEW PARCEL "B" DESCRIBED AND DELINEATED IN CITY OF TUKWILA BOUNDARY LINE ADJUSTMENT NO L 13-005 RECORDING NO 20130227900005 (BEING A PORTION OF NE QTR NW QTR AND SE QTR NW QTR STR 35-23-04); TGW ADJOINING PORTION OF S HALF OF S 178TH ST VACATED BY CITY OF TUKWILA ORDINANCE NO 2400 RECORDING NO 20160120000736

Also known as King County Parcel Nos. 352304-9008 and 352304-9040 (shown as vacant), located at 17951 Southcenter Pkwy.



**EXHIBIT B**  
**TUKWILA STATION 51 LEASE**  
**UNDEVELOPED PORTION OF PROPERTY**



Undeveloped portion of King County Tax Parcel #3523049008, highlighted in yellow above, running approximately 190 feet along the border with King County Tax Parcel #3523049107, then running approximately 125 feet in a southeasterly direction along Southcenter Parkway, then running westerly approximately 240 feet from Southcenter Parkway, and then running northeasterly approximately 125 feet to the border with King County Tax Parcel #3523049107.

After Recording Mail To:

Kari L. Sand  
Ogden Murphy Wallace, P.L.L.C.  
701 5<sup>th</sup> Avenue, Suite 5600  
Seattle, Washington 98104

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**BARGAIN & SALE DEED**

DATE: **[DATE]**  
GRANTOR: **City of Tukwila**  
GRANTEE: **Puget Sound Regional Fire Authority**  
ABBREVIATED  
LEGAL:  
ASSESSOR'S **359700-0320**  
TAX PARCEL NO:  
ADDRESS: **15447 65TH AVE S**

**THE GRANTOR CITY OF TUKWILA, a Washington municipal corporation** for and in consideration of **One Dollar (\$1.00), and other good and valuable consideration**, in hand paid, bargains, sells, and conveys to the **GRANTEE, Puget Sound Regional Fire Authority, a Washington municipal corporation**, the following real estate, situated in the County of King, state of Washington, legally described as follows:

**INTERURBAN ADD TO SEATTLE LOT 17 LESS PORTION LY NLY OF FOLLOWING DESCRIBED LINE - BEGIN SW CORNER OF LOT 17 TH NORTH 210 FEET TH N 89-47-00 E TO WLY MARGIN OF 65 TH AVE S LESS POR DAF - POR OF LOT 17 DAF - BAAP OF C/L OF RENTON-THREE TREE PT NO 2649 & W LN OF SEC 23- 23- 04 SD PT BEING ENG STA 135+29.92 FR WCH SW COR OF SD SEC 23 BEARS S 0-11-42 E 2044.06 FT TH S 84-51-48 E 1647.24 FT TH ON A CRV TO RGT HAVING A RAD OF 955. 37 FT 360 FT TH S 63-15-48 E 359.18 FT TH ON A CRV TO LFT RAD OF 5729.65 FT 370 FT TH S 66-57-48 E 1162. 53 FT TH ON A CRV TO LFT HAVING A RAD OF 716.34 FT 442.40 FT TH N 77-38-42 E 201. 68 FT TH LEAVING SD C/L OF SD RD & RUNNING N 00-14-00 E 272.03 FT TH S 00-14-00 W 87.94 FT M/L TO NWLY MGN OF VAC MACADAM RD TH S 49-00-00 W ALG SD NWLY MGN 106.38 FT TH N 00-14-**

00 E 312.55 FT M/L TO S LN OF LOT 17 IN SD PLAT & TPOB TH CONT N 00-14-00 E 150 FT TH S 88-24-47 E PLW NLY LN OF SD LOT 17 170 FT M/L TO SWLY MGN OF 65TH AVE S TH SELY ALG SD MGN TO SE COR OF SD LOT 17 TH N 89-09-00 W ALG S LN OF LOT 17 TO TPOB LESS POR LYING WITHIN M. W. ADD LESS RD

In the event the Grantee ceases to use the above-described real estate to deploy Puget Sound Regional Fire Authority response units, the same shall revert to the Grantor.

This conveyance is subject to covenants, conditions, restrictions, and easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2025.

**GRANTOR:**

CITY OF TUKWILA  
a Washington municipal corporation

By: \_\_\_\_\_  
Name: Thomas McLeod  
Title: Mayor

[illegible]

I certify that I know or have satisfactory evidence Thomas McLeod is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Tukwila, a Washington municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated:

---

Type/Print Name of Notary.  
Notary Public in and for the State of Washington, residing  
at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_.

**LEASE AGREEMENT  
BETWEEN THE CITY TUKWILA AND  
PUGET SOUND REGIONAL FIRE AUTHORITY**

**FIRE STATION 52**

**ROOMS 210, 212, AND 213**

THIS LEASE AGREEMENT (hereinafter “Lease”) is between the CITY OF TUKWILA, a municipal corporation of the State of Washington (“City”), and PUGET SOUND REGIONAL FIRE AUTHORITY, a Washington municipal corporation (“RFA”) (collectively referred to as “the Parties”).

**RECITALS**

1. On January 1, 2025, the City transferred the real property legally described in **Exhibit A** attached and incorporated herein and located at 15447 65<sup>th</sup> Avenue South Tukwila, Washington 98188 (the “Property”) (Parcel #3597000320) to the RFA.
2. Pursuant to Section 7.c.1.a.ii of the 2023 Puget Sound Regional Fire Authority Plan, the City retains the right to access and use certain areas of the Property.

**AGREEMENT**

NOW, THEREFORE, the City and RFA agree as follows:

**1. PREMISES.**

- 1.1. **Description of Premises.** The following areas of the above-described Property and all improvements thereto collectively comprise the “Premises” that are the subject to this Lease Agreement:
  - 1.1.1. The 212 EOC Storage closet (“212 EOC Storage Closet”);
  - 1.1.2. The 210 Training Room (“210 Training Room”); and
  - 1.1.3. The 213 HAM closet (“213 HAM Closet”).
- 1.2. **Lease of Premises.** The City leases to the RFA, and the RFA leases from the City, the Premises upon the terms specified in this Lease.
- 1.3. **As-Is.** The RFA is providing the Premises in “as-is” condition for the City’s use. The RFA makes no representation regarding the condition of the Premises or improvements located on the same.

## **2. USE.**

### **2.1. Permitted Use.**

- 2.1.1. **212 EOC Storage Closet.** The City shall be permitted reasonable access and use of the 212 EOC Storage for any lawful purpose.
- 2.1.2. **210 Training Room.** The City shall be permitted access and use of the 210 Training Room as the City's backup Emergency Operations Center on all days and at all hours without notice to the RFA in the event of an emergency and until termination of the emergency event. The City shall also be permitted reasonable access and use of the 210 Training Room as a public meeting space up to twenty (20) hours per calendar week, provided RFA staff is on-site to facilitate such use.
- 2.1.3. **213 HAM Closet.** The City shall be permitted reasonable access and use of the 213 HAM Closet for storage of ham radios and related equipment.

- 2.2. **Liens and Encumbrances.** The City shall keep the Premises free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Premises.

## **3. TERM.**

- 3.1. **Term Defined.** The term of this Lease shall be for 50 years ("Initial Term"), which shall commence retroactively to January 1, 2025 ("Commencement Date"). This Agreement will continue for the Initial Term and will automatically renew for additional 50-year terms, subject to the City's right to terminate this Agreement in Section 3.4.
- 3.2. **End of Term.** Upon the termination of the Lease, as applicable, the City shall surrender the Premises to the RFA in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.
- 3.3. **Hold Over.** If the City remains in possession of the Premises after termination of this Lease, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice.
- 3.4. **Termination by City.** The City may terminate this Agreement, for any reason, by providing ninety (90) days' written notice to the RFA.

## **4. LEASE PAYMENT.**

- 4.1. **Rent.** The City shall pay to the RFA the annual rent of One Dollar and No/100 Cents (\$1.00) ("Rent"). The first installment shall be due and payable on or before Commencement Date, and subsequent installments shall be due and payable on or before the 1st day of each year thereafter.

## 5. UTILITIES AND OTHER EXPENSES.

- 5.1. **Utilities.** The RFA shall be solely responsible for all utilities serving the Premises. This includes payment of all fees that may be charged to the RFA or City, related to the Premises or use thereof, such as stormwater fees and property fees charged by the King County Assessor.

## 6. MAINTENANCE.

- 6.1. **Maintenance.** The City shall at its sole cost and expense, keep and maintain in good order and in clean, attractive, and safe condition the Premises. The RFA shall also pay 100% of the repair and replacement costs of the Premises. If any additions, repairs, alterations, maintenance, replacement, or changes to the Premises are required by any public authority, the RFA shall, at its sole cost and expense, make the same. All additions, repairs, alterations, replacements, or changes to the Premises shall be made in accordance with Section 7. Any damage or repairs that are the result of the City's negligent or intentional acts shall be the sole responsibility of the City. Upon termination of this Lease, the City shall return the Premises to the RFA in the same condition as it was received with reasonable wear and tear excepted.

## 7. TENANT IMPROVEMENTS.

- 7.1. **Construction.** The City shall not construct, alter, replace, remove or make major repairs of any improvements on the Premises without the prior written consent of the RFA. Prior to any construction, alteration, replacement, removal, or major repair of any improvements on the Premises, the City shall submit to the RFA plans and specifications that describe the proposed activity. Construction shall not commence until the City has approved the plans and specifications in writing. The RFA shall have thirty (30) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for the RFA's written consent shall be treated as waived, unless the RFA notifies the City otherwise within the thirty (30) days. Upon completion of construction, the City shall promptly provide the RFA with as-built plans and specifications. The RFA's consent and approval shall not be required for any routine maintenance or repair of improvements made by the City pursuant to its obligation to maintain the Premises in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Premises. The provisions of this section do not obviate any permit requirements that may apply to the proposed activity.
- 7.2. **Ownership of Improvements.** On the termination of the Lease, all City-initiated improvements shall become the property of the RFA without payment by the RFA.
- 7.3. **Unauthorized Improvements.** Improvements made on the Premises without the RFA's prior consent pursuant to subsection 7.1 or which are not in conformance with the plans submitted to and approved by the RFA ("Unauthorized Improvements") shall immediately become property of the RFA, unless the RFA elects otherwise. Regardless of ownership of Unauthorized Improvements, the RFA may, at its option, require the City to sever, remove, and dispose of them. If the City fails to remove an Unauthorized

Improvement upon request, the RFA may remove it and charge the City for the cost of removal and disposal.

## **8. INDEMNIFICATION.**

- 8.1. The City agrees that it will protect, save, defend, hold harmless and indemnify the RFA, its officials, employees, volunteers and agents from any and all demands, claims, suits, actions, judgments, or liabilities for injury or death of any person, or for loss or damage to property, arising as a result of accidents, injuries, or other occurrences on the Premises or on RFA's Property, occasioned by either the negligent or willful conduct of the City, its agents or any person or entity holding under the City or any person or entity on the Premises or on the RFA's property as a result of City's activity, regardless of who the injured party may be. Notwithstanding the foregoing, the RFA shall, to the extent permitted by law, indemnify and hold the City harmless for any and all demands, claims, judgments, or liability for loss or damage arising from the RFA's negligent, reckless and/or willful acts (including those of the RFA's employees, officials, or agents).

It is further specifically and expressly understood that the indemnification provided herein constitutes the City's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the RFA and City. The provisions of this section shall survive the expiration or termination of this Lease.

## **9. ASSIGNMENT AND SUBLETTING.**

- 9.1. The City shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of the City's interest in this Lease or the Premises without the RFA's prior written consent which may not be unreasonably withheld by the RFA. In the event of such consent, each permitted transferee shall assume all obligations under this Lease. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of City. The RFA's consent shall not be required for a sublease of the premises to another governmental entity providing services that directly support and benefit the operation of the City.

## **10. INSURANCE.**

- 10.1. During the term of this Lease and any extension thereof, the RFA shall maintain an insurance policy on the Premises in the amount of the replacement cost, for damage from fire; earthquake; and other perils. The proceeds on a claim against said insurance policy for damage shall be used to repair damage to the Premises so insured. However, if the RFA is not required or elects not to repair said Premises, all such insurance proceeds shall be retained by the RFA. All salvage resulting from any risk covered by the RFA's insurance shall also belong to the RFA.
- 10.2. The City shall be responsible for maintaining its own fire and hazard insurance on City-owned personal property and leasehold improvements placed within and on the



Premises by the City.

- 10.3. The City shall procure and maintain for the duration of the Lease, insurance against claims for injuries to persons or damage to property which may arise from or in connection with this Lease by the City, its agents, representatives, employees, or subcontractors.

**11. DAMAGE OR DESTRUCTION DUE TO CASUALTY.** The Parties recognize that some or all use of the Property or Premises may be interfered with or prevented because of fire, earthquake, flood, storm, landslide, act of war, vandalism, theft or other extraordinary casualty ("Casualty").

- 11.1. **Material Damage.** If the Premises are damaged or destroyed by fire or any Casualty the parties shall meet and determine how long the repair and restoration will take within thirty (30) days after date of such damage. After that determination has been made, the City shall have a period of thirty (30) days to terminate the Lease by giving written notice to the RFA.
- 11.2. **Repair after Damage.** If the City does not give notice of the City's election to terminate as provided in subsection 11.1, then the RFA shall, subject to the provisions of this Section, immediately commence and diligently pursue the completion of the repair of such damage so that the Premises are restored to a condition of similar quality, character, and utility for the City's purposes. Notwithstanding anything contained herein to the contrary, if the Premises are not repaired and restored within one hundred twenty (120) days from the date of the damage, the City may cancel the Lease at any time before the RFA completes the repairs and delivers the restored Premises to the City. If the City does not so terminate, the RFA shall continue to restore the Premises. The City shall have no claim against the RFA for any direct, incidental, or consequential damages arising from the RFA's failure to commence or complete any repairs to the Premises. In no event shall the RFA be obligated to spend more money on the repair than is provided by insurance proceeds in subsection 10.1.
- 11.3. **Uninsured Damage.** If damage or destruction is caused by a peril not required to be insured against hereunder and for which insurance proceeds are not available, either the City or RFA may terminate this Lease by thirty (30) days written notice to the other of its election to do so, and the Lease shall be deemed to have terminated as of such date unless the other party agrees in writing to pay for such repairs or restoration.

**12. DEFAULT AND REMEDIES.**

- 12.1. **Acts Constituting Default.** The City shall be in default of this Lease on the occurrence of any of the following:
  - 12.1.1. Failure to pay expenses when due;
  - 12.1.2. Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
  - 12.1.3. Failure to comply with any other provision of this Lease;
  - 12.1.4. Failure to cure a default pursuant to Section 12.2 below;
  - 12.1.5. Proceedings are commenced by or against the City under any bankruptcy act



or for the appointment of a trustee or receiver of City's Premises; or  
12.1.6. The City vacates or abandons the Premises.

12.2. **Failure to Cure.** A default shall become an event of default ("Event of Default") if the City fails to cure, or take positive steps to cure, the default within 30 days after the RFA provides the City with written notice of default, which specifies the nature of the default.

12.3. **RFA's Remedies Upon Default.** Upon an Event of Default, the RFA may terminate this Lease and remove the City by summary proceedings or otherwise. The RFA's reentry or repossession of the Premises under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless the RFA gives a written notice of termination to the City or termination is decreed by legal proceedings.

13. **ENTRY BY THE RFA.** The RFA shall have the right to enter the Premises at any reasonable hour to inspect for compliance with the terms of this Lease upon twenty-four (24) hours' notice. The City and/or its agents shall comply with all of the RFA's work safety rules and restrictions.

14. **NOTICE.** Any notices required or permitted under this Lease may be personally delivered, delivered by certified mail, return receipt requested, to the addresses listed on the signature page or to such other places as the parties may direct in writing from time to time. A notice shall be deemed given and delivered upon personal delivery or three (3) days after being mailed as set forth above, whichever is applicable.

## 15. MISCELLANEOUS.

15.1. **Authority.** The City and the RFA represent that each person signing on this Lease on its behalf is authorized to do so.

15.2. **Successors and Assigns.** This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

15.3. **Headings.** The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

15.4. **Waiver.** The waiver by the RFA of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. The RFA's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

15.5. **Cumulative Remedies.** The rights and remedies of the City under this Lease are cumulative and in addition to all other rights and remedies afforded to the City by law or equity or otherwise.

15.6. **Time is of the Essence.** TIME IS OF THE ESSENCE as to each and every provision of this Lease.

- 15.7. **Invalidity.** If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.
- 15.8. **Applicable Law and Venue.** This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for King County, Washington.
- 15.9. **Modification.** Any modification of this Lease must be in writing and signed by the parties. The City shall not be bound by any oral representations or statements.
- 15.10. **Quiet Enjoyment.** The RFA covenants and agrees that the City, upon performing the terms and conditions of the Lease, may peacefully hold and enjoy the Premises during said term without any interruption by the RFA, its successors or assigns, or any person or company lawfully claiming by or through it.
- 15.11. **Recording of Short Form Lease.** Neither the City nor the RFA may record this Lease without the other's prior approval, but the Parties will at any time at the request of either party promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of this Lease, setting forth a description of the Premises, the terms of this lease and other provisions hereof, except the rental and other provisions as either party may request, which may be recorded.
- 15.12. **Duplicate Originals.** This Lease Agreement may be executed in duplicate originals.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below and is effective as of January 1, 2025.

**[SIGNATURE BLOCKS FOLLOW ON NEXT PAGE]**

**PUGET SOUND REGIONAL  
FIRE AUTHORITY**

By: \_\_\_\_\_  
Chief

DATE: \_\_\_\_\_

**APPROVED AS TO FORM:**

\_\_\_\_\_  
RFA Attorney

**NOTICES TO BE SENT TO:**

Puget Sound Fire Administration  
20811 84th Ave S  
Kent, WA 98032

**CITY OF TUKWILA**

By: \_\_\_\_\_  
Mayor

DATE: \_\_\_\_\_

**ATTEST:**

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**NOTICES TO BE SENT TO:**

City of Tukwila Mayor's Office  
6200 Southcenter Blvd  
Tukwila, WA 98188

**EXHIBIT A**  
**TUKWILA STATION 52**  
**ABBREVIATED LEGAL DESCRIPTION**

INTERURBAN ADD TO SEATTLE LOT 17 LESS PORTION LY NLY OF FOLLOWING DESCRIBED LINE - BEGIN SW CORNER OF LOT 17 TH NORTH 210 FEET TH N 89-47-00 E TO WLY MARGIN OF 65 TH AVE S LESS POR DAF - POR OF LOT 17 DAF - BAAP OF C/L OF RENTON-THREE TREE PT NO 2649 & W LN OF SEC 23- 23- 04 SD PT BEING ENG STA 135+29.92 FR WCH SW COR OF SD SEC 23 BEARS S 0-11-42 E 2044.06 FT TH S 84-51-48 E 1647.24 FT TH ON A CRV TO RGT HAVING A RAD OF 955. 37 FT 360 FT TH S 63-15-48 E 359.18 FT TH ON A CRV TO LFT RAD OF 5729.65 FT 370 FT TH S 66-57-48 E 1162. 53 FT TH ON A CRV TO LFT HAVING A RAD OF 716.34 FT 442.40 FT TH N 77-38-42 E 201. 68 FT TH LEAVING SD C/L OF SD RD & RUNNING N 00-14-00 E 272.03 FT TH S 00-14-00 W 87.94 FT M/L TO NWLY MGN OF VAC MACADAM RD TH S 49-00-00 W ALG SD NWLY MGN 106.38 FT TH N 00-14-00 E 312.55 FT M/L TO S LN OF LOT 17 IN SD PLAT & TPOB TH CONT N 00-14-00 E 150 FT TH S 88-24-47 E PLW NLY LN OF SD LOT 17 170 FT M/L TO SWLY MGN OF 65TH AVE S TH SELY ALG SD MGN TO SE COR OF SD LOT 17 TH N 89-09-00 W ALG S LN OF LOT 17 TO TPOB LESS POR LYING WITHIN M. W. ADD LESS RD

Also known as King County Parcel No. 359700-0320, located at 15447 65<sup>th</sup> Avenue South Tukwila, Washington 98188.

After Recording Mail To:

Kari L. Sand  
Ogden Murphy Wallace, P.L.L.C.  
701 5<sup>th</sup> Avenue, Suite 5600  
Seattle, Washington 98104

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**BARGAIN & SALE DEED**

DATE: **[DATE]**

GRANTOR: **City of Tukwila, a Washington municipal corporation**

GRANTEE: **Puget Sound Regional Fire Authority, a Washington municipal corporation**

ABBREVIATED  
LEGAL:

ASSESSOR'S **335140-0825**  
TAX PARCEL NO:

**THE GRANTOR, CITY OF TUKWILA**, a Washington municipal corporation, for and in consideration of **One Dollar (\$1.00)**, and other good and valuable consideration, in hand paid, bargains, sells, and conveys to the **GRANTEE, Puget Sound Regional Fire Authority**, a Washington municipal corporation, the following real estate, situated in the County of King, state of Washington, legally described as follows:

**HILLMANS CD MEADOW GARDENS #3 LOTS 1 THRU 15 BLOCK 26 TGW  
LOTS 1 THRU 12 BLOCK 27 TGW LOTS 1 THRU 15 BLOCK 28 TGW  
UNIMPROVED AND VACATED SOUTH 114<sup>TH</sup> STREET AND SOUTH 115<sup>TH</sup>  
STREET – TUKWILA ORDINANCE NO. 1751 EFFECTIVE DATE AUGUST 20,  
1995**

In the event the Grantee ceases to use the above-described real estate to deploy Puget Sound Regional Fire Authority response units, the same shall revert to the Grantor.

This conveyance is subject to covenants, conditions, restrictions and easements, if any, affecting title, which may appear in the public record, including those shown on any recorded plat or survey.

DATED this \_\_\_\_ day of \_\_\_\_\_, 2025.

**GRANTOR:**

CITY OF TUKWILA  
a Washington corporation

By: \_\_\_\_\_  
Name: Thomas McLeod  
Title: Mayor

STATE OF WASHINGTON    )  
  )  
County of King                )       ss.

I certify that I know or have satisfactory evidence Thomas McLeod is the person who appeared before me, and said person acknowledged that he signed this instrument, on oath stated that he was authorized to execute the instrument and acknowledged it as the Mayor of the City of Tukwila, a Washington municipal corporation, to be the free and voluntary act of such party for the uses and purposes mentioned in the instrument.

Dated: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_  
Type/Print Name of Notary.  
Notary Public in and for the State of Washington, residing  
at \_\_\_\_\_  
My appointment expires: \_\_\_\_\_ .

**LEASE AGREEMENT  
BETWEEN THE CITY TUKWILA AND  
PUGET SOUND REGIONAL FIRE AUTHORITY**

**FIRE STATION 54**

THIS LEASE AGREEMENT (hereinafter “Lease”) is between the CITY OF TUKWILA, a municipal corporation of the State of Washington (“City”), and PUGET SOUND REGIONAL FIRE AUTHORITY, a Washington municipal corporation (“RFA”) (collectively referred to as “the Parties”).

**RECITALS**

1. The City owns real property legally described in Exhibit A attached and incorporated herein and located at 4237 S. 144<sup>th</sup> Street, Tukwila, Washington 98168 (the “Property”) (Parcel #0040000365).
2. The City currently leases a portion of the Property to RFA for use as a fire station, which will expire on December 31, 2024, in accordance with the Parties’ amended Interlocal Agreement for Consolidation for Fire Services.
3. According to Section 7.c.1.a.iv of the 2023 Puget Sound Regional Fire Authority Plan, the City is required to “retain ownership of the real property on which [Fire] Station 54 is located and shall lease [Fire] Station 54 to the RFA for a 15-year term at the rate of \$1 per year. As conditions of the lease, the RFA shall assume 100% of the maintenance costs and shall use [Fire] Station 54 to deploy response units, subject to any other interests in the property.”

**AGREEMENT**

NOW, THEREFORE, the City and RFA agree as follows:

**1. PREMISES.**

- 1.1. **Lease of Premises.** The City leases to the RFA, and the RFA leases from the City, the Premises upon the terms specified in this Lease.
- 1.2. **As-Is.** The above-described Property and all improvements thereto comprise the “Premises” that are subject to this Lease Agreement. The City is providing the Premises in “as-is” condition for the RFA’s use. The City makes no representation regarding the condition of the Premises or improvements located on the same.

**2. USE.**

- 2.1. **Permitted Use.** The RFA shall use the Premises for the deployment of RFA response units (the “Permitted Use”) and for no other purpose unrelated to the delivery of fire protection and emergency medical services.
- 2.2. **Liens and Encumbrances.** The RFA shall keep the Premises free and clear of any liens and encumbrances arising out of or relating to its use or occupancy of the Premises.

### 3. TERM.

- 3.1. **Term Defined.** The term of this Lease shall be for fifteen (15) years (“Initial Term”), which shall commence retroactively to January 1, 2025 (“Commencement Date”); however, in accordance with Section 7.c.1.a.iv of the 2023 Puget Sound Regional Fire Authority Plan, before December 31, 2034, either Tukwila or RFA shall provide notice to the other party, indicating whether this lease will terminate upon expiration of this lease or be renewed for an additional term subject to conditions to be mutually negotiated by the parties.
- 3.2. **End of Term.** Upon the expiration or termination of the Term, as applicable, the RFA shall surrender the Premises to the City in the same or better condition as on the Commencement Date, reasonable wear and tear excepted.
- 3.3. **Hold Over.** If the RFA remains in possession of the Premises after termination of this Lease, the occupancy shall not be an extension or renewal of the Term. The occupancy shall be a month-to-month tenancy, on terms identical to the terms of this Lease, which may be terminated by either party on thirty (30) days written notice.

### 4. LEASE PAYMENT.

- 4.1. **Rent.** The RFA shall pay to the City the annual rent of One Dollar and No/100 Cents (\$1.00) (“Rent”). The first installment shall be due and payable on or before Commencement Date, and subsequent installments shall be due and payable on or before the 1st day of each year thereafter.

### 5. UTILITIES AND OTHER EXPENSES.

- 5.1. **Utilities.** The RFA will be responsible for all utilities serving the Premises. This includes payment of all fees that may be charged to the RFA or City, related to the Premises or use thereof, such as stormwater fees and property fees charged by the King County Assessor.

### 6. MAINTENANCE AND LANDSCAPING.

- 6.1. **Maintenance.** The RFA shall at its sole cost and expense, keep and maintain in good order and in clean, attractive, and safe condition the Premises. The RFA shall also pay 100% of the repair and replacement costs of the Premises. If any additions, repairs, alterations, maintenance, replacement, or changes to the Premises are required by any public authority, the RFA shall, at its sole cost and expense, make the same. All additions, repairs, alterations, replacements, or changes to the Premises shall be made in accordance with Section 7. Any damage or repairs that are the result of the City’s negligent or intentional acts shall be the sole responsibility of the City. Upon termination of this Lease, the RFA shall return to the Property to the City in the same condition as it was received with reasonable wear and tear excepted.
- 6.2. **Landscaping.** The RFA shall regularly maintain all landscaped areas on the Premises so that they present a neat and attractive appearance to the reasonable satisfaction of the City. This includes, but is not limited to, regular watering, pruning, weeding and repair of the landscaped areas. The RFA shall replace all plant materials which are damaged



or killed during the term of this Lease of the same type, unless a suitable alternative is approved by the City.

## **7. TENANT IMPROVEMENTS.**

- 7.1. **Construction.** The RFA shall not construct, alter, replace, remove or make major repairs of any improvements on the Premises without the prior written consent of the City. Prior to any construction, alteration, replacement, removal, or major repair of any improvements on the Premises, the RFA shall submit to the City plans and specifications that describe the proposed activity. Construction shall not commence until the City has approved the plans and specifications in writing. The City shall have thirty (30) days in which to review the proposed plans and specifications. The plans and specifications shall be deemed approved and the requirement for the City's written consent shall be treated as waived, unless the City notifies the RFA otherwise within the thirty (30) days. Upon completion of construction, the RFA shall promptly provide the City with as-built plans and specifications. The City's consent and approval shall not be required for any routine maintenance or repair of improvements made by the RFA pursuant to its obligation to maintain the Premises in good order and repair that does not result in the construction, alteration, replacement, removal, or major repair of any improvements on the Premises. The provisions of this section do not obviate any permit requirements that may apply to the proposed activity.
- 7.2. **Ownership of Improvements.** On the termination of the Lease, all RFA-initiated improvements shall become the property of the City without payment by the City.
- 7.3. **Unauthorized Improvements.** Improvements made on the Premises without the City's prior consent pursuant to subsection 7.1 or which are not in conformance with the plans submitted to and approved by the City ("Unauthorized Improvements") shall immediately become property of the City, unless the City elects otherwise. Regardless of ownership of Unauthorized Improvements, the City may, at its option, require the RFA to sever, remove, and dispose of them. If the RFA fails to remove an Unauthorized Improvement upon request, the City may remove it and charge the RFA for the cost of removal and disposal.

## **8. INDEMNIFICATION.**

- 8.1. The RFA agrees that it will protect, save, defend, hold harmless and indemnify the City, its officials, employees, volunteers and agents from any and all demands, claims, suits, actions, judgments, or liabilities for injury or death of any person, or for loss or damage to property, arising as a result of accidents, injuries, or other occurrences on the Premises or on City's Property, occasioned by either the negligent or willful conduct of the RFA, its agents or any person or entity holding under the RFA or any person or entity on the Premises or on the City's property as a result of RFA's activity, regardless of who the injured party may be. Notwithstanding the foregoing, the City shall, to the extent permitted by law, indemnify and hold the RFA harmless for any and all demands, claims, judgments, or liability for loss or damage arising from the City's negligent, reckless and/or willful acts (including those of the City's employees, officials, or agents).

It is further specifically and expressly understood that the indemnification provided herein constitutes the RFA's waiver of immunity under Industrial Insurance, Title 51 RCW, solely for the purposes of this indemnification. This waiver has been mutually negotiated and agreed to by the RFA and City. The provisions of this section shall survive the expiration or termination of this Lease.

## **9. ENVIRONMENTAL LIABILITY/RISK ALLOCATION.**

- 9.1. **Definition.** "Hazardous Substance" means any substance which now or in the future becomes regulated or defined as Hazardous Substance or Hazardous Waste under any federal, state, or local statute, ordinance, rule, regulation, or other law relating to human health, environmental protection, contamination or cleanup, including, but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 U.S.C. 9601 et seq., and Washington's Model Toxics Control Act ("MTCA"), RCW 70.10SD.010 et seq.
- 9.2. **Use of Hazardous Substances.** The RFA covenants and agrees that Hazardous Substances will not be used, stored, generated, processed, transported, handled, released, or disposed of in, on, under, or above the Premises, except in accordance with all applicable laws.
- 9.3. **Current Conditions, Duty of Utmost Care, and Duty to Investigate**
  - 9.3.1. The City makes no representations about the condition of the Premises. With regard to any Hazardous Substances that may exist in, on, under, or above the Premises, the City disclaims any and all responsibility to conduct investigations, to review any State records, documents or files, or to obtain or supply any information to the RFA.
  - 9.3.2. The RFA shall exercise the utmost care with respect to both Hazardous Substances in, on, under, or above the Premises as of the Commencement Date, and any Hazardous Substances that come to be located in, on, under, or above the Premises during the Term of this Lease, along with the foreseeable acts or omissions of third parties affecting those Hazardous Substances, and the foreseeable consequences of those acts or omissions occurring as a result of the RFA's use or occupancy of the Premises. The obligation to exercise utmost care under this subsection 9.3 includes, but is not limited to, the following requirements:

#### **9.4. Notification and Reporting.**

9.4.1. The RFA shall immediately notify the City if the RFA becomes aware of any of the following:

- a) A release or threatened release of Hazardous Substances in, on, under, or above the Premises, any adjoining Premises, or any other Premises subject to use by the RFA occurring as a result of the RFA's use or occupancy of the leased Premises in violation of federal and state laws;
- b) Any problem or liability related to, or derived from, the presence of any Hazardous Substances in, on, under, or above the Premises, any adjoining property, or any other property occurring as a result of the RFA's use or occupancy of the Premises;
- c) Any actual or alleged violation of any federal, state, or local statute, ordinance, rule, regulation, or other law pertaining to Hazardous Substances with respect to the Premises, any adjoining property, or any other property subject to use by the RFA in conjunction with its use or occupancy of the Premises;
- d) Any lien or action with respect to any of the foregoing; or,
- e) Any notification from the Environmental Protection Agency, Department of Ecology, or King County that remediation or removal of Hazardous Substances is or may be required at the Premises.

9.4.2. Upon request, the RFA shall provide the City with copies of any and all reports, studies, or audits which pertain to environmental issues or concerns associated with the Premises, and which were prepared for the RFA and submitted to any federal, state, or local authorities pursuant to any federal, state, or local permit, license, or law. These permits include, but are not limited to, any National Pollution Discharge and Elimination System Permit, any Army Corps of Engineers permit, any State hydraulics permit, any State Water Quality certification, or any Substantial Development Permit.

#### **9.5. Indemnification.**

9.5.1. The RFA shall fully indemnify, defend, and hold the City harmless from and against any and all claims, demands, damages, natural resource damages, response costs, remedial costs, cleanup costs, losses, liens, liabilities, penalties, fines, lawsuits, other proceedings, costs, and expenses (including attorneys' fees and disbursements), that arise out of, or are in any way related to:

- a) The use, storage, generation, processing, transportation, handling, or disposal of any Hazardous Substance or Hazardous Waste by the RFA, its contractors, agents, employees, guests, invitees, or affiliates in, on, under, or above the Premises, any adjoining property, or any other property occurring as a result of the RFAs use or occupancy of the Premises, during the Term of this Lease;

- b) The release or threatened release of any Hazardous Substance or Hazardous Waste, or the exacerbation of any Hazardous Substance or Hazardous Waste contamination, in, on, under, or above the Premises, any adjoining property, or any other property subject to use by the RFA in conjunction with its use of the Premises, which release, threatened release, or exacerbation occurs or occurred during the term of this Lease and as a result of:
  - i. Any act or omission of the RFA, its contractors, agents, employees, guests, invitees, or affiliates; or,
  - ii. Any foreseeable act or omission of a third party unless the RFA exercised the utmost care with respect to the foreseeable acts or omissions of the third party and the foreseeable consequences of those acts or omissions.

9.5.2. In addition to the indemnifications provided in subsection 9.5.1, the RFA shall fully indemnify the City for any and all damages, liabilities, costs, or expenses (including attorneys' fees and disbursements) that arise out of or are in any way related to the RFA's breach of the obligations of subsection 9.3.2. This obligation is not intended to duplicate the indemnity provided in subsection 9.5.1 and applies only to damages, liabilities, costs, or expenses that are associated with a breach of subsection 9.3.2 and which are not characterized as a release, threatened release, or exacerbation of Hazardous Substances or Hazardous Wastes.

9.5.3. The City shall notify the RFA in writing of any third-party claim with reasonable promptness, and the RFA shall have the right to compromise or defend any such claim, provided that such compromise or defense of such claim does not negate the RFA's obligation to indemnify and hold the City harmless.

9.5.4. The City shall release, indemnify, and hold the RFA harmless from any and all liabilities, obligations, judgments, demands, damages, causes of action, claims, costs, and expenses, including but not limited to all reasonable attorney's fees and costs of suit, arising out of or in connection with any contamination from hazardous waste or an environmental condition on the Premises caused solely by the City, its agents and representatives.

9.6. **Cleanup.** If a release of Hazardous Substances or Hazardous Wastes occurs in, on, under, or above the Premises, arising out of any action, inaction, or event described or referred to in subsection 9.5, above, the RFA shall, at its sole expense, promptly take all actions necessary or advisable to clean up the Hazardous Substances or Hazardous Wastes. Cleanup actions shall include, without limitation, removal, containment and remedial actions and shall be performed in accordance with all applicable laws, rules, ordinances, and permits. RFA's obligation to undertake a cleanup under this subsection 9.6 shall be limited to those instances where the Hazardous Substances or Hazardous Wastes exist in amounts that exceed the threshold limits of any applicable regulatory cleanup standards. The RFA shall also be solely responsible for all cleanup, administrative, and enforcement costs of governmental agencies, including natural resource damage claims, arising out of any action, inaction, or event described or

referred to in subsection 9.5, above.

**9.7. Sampling by the City, Reimbursement, and Split Samples.**

9.7.1 The City may conduct sampling, tests, audits, surveys, or investigations ("Tests") of the Premises at any time to determine the existence, scope, or effects of Hazardous Substances or Hazardous Wastes on the Premises, any adjoining property, any other property subject to use by the RFA in conjunction with its use of the Premises, or any natural resources. If such Tests, along with any other information, demonstrates the existence, release, or threatened release of Hazardous Substances arising out of any action, inaction, or event described or referred to in subsection 9.5, above in violation of federal or state law, the RFA shall promptly reimburse the City for all costs associated with such Tests.

9.7.2 The City's ability to seek reimbursement for any Tests under this subsection shall be conditioned upon the City providing the RFA written notice of its intent to conduct any Tests at least fifteen (15) calendar days prior to undertaking such Tests, unless such Tests are performed in response to an emergency situation in which case the City shall only be required to give such notice as is reasonably practical.

**10. ASSIGNMENT AND SUBLETTING.**

10.1. The RFA shall not sell, convey, mortgage, assign, pledge, sublet, or otherwise transfer or encumber all or any part of the RFA's interest in this Lease or the Premises without the City's prior written consent which may not be unreasonably withheld by the City. In the event of such consent, each permitted transferee shall assume all obligations under this Lease. No assignment, sublet, or transfer shall release, discharge, or otherwise affect the liability of RFA. The consolidation of the RFA with another entity or the formation of a regional fire authority in which the RFA is a participating jurisdiction shall not constitute an assignment under this Lease. The City's consent shall not be required for a sublease of the premises to another governmental entity providing services that directly support and benefit the operation of the regional RFA.

**11. INSURANCE.** For the term of this Lease and any extension thereof:

11.1. The RFA shall procure and maintain, for the benefit of the RFA and the City, an insurance policy on the Premises in the amount of the replacement cost, for damage from fire; earthquake; and other perils. The proceeds payable on a claim against said insurance policy for damage shall be used to repair damage to the building so insured. However, if both the RFA and the City agree not to repair or replace said building, or if the RFA elects to terminate this Lease as provided in subsection 12.1, all such available insurance proceeds shall be retained by the City and all salvage resulting from any risk covered by the RFA's insurance shall also belong to the City.

11.2. The RFA shall be responsible for maintaining its own fire and hazard insurance on RFA-owned personal property and leasehold improvements placed within and on the Premises by the RFA.

- 11.3. The RFA shall procure and maintain, insurance against claims for injuries to persons or damage to property which may arise from or in connection with this Lease by the RFA, its agents, representatives, employees, or subcontractors.

**12. DAMAGE OR DESTRUCTION DUE TO CASUALTY.** The Parties recognize that some or all use of the Property or Premises may be interfered with or prevented because of fire, earthquake, flood, storm, landslide, act of war, vandalism, theft, or other extraordinary casualty (“Casualty”).

- 12.1. **Material Damage.** If the Premises are damaged or destroyed by fire or any Casualty the parties shall meet and determine how long the repair and restoration will take within thirty (30) days after date of such damage. After that determination has been made, RFA shall have a period of thirty (30) days to terminate the Lease by giving written notice to the City.
- 12.2. **Repair after Damage.** If the RFA does not give notice of the RFA’s election to terminate as provided in subsection 12.1, then the RFA shall, subject to the provisions of this Section, and provided sufficient insurance proceeds are available, repair such damage so that the Premises are restored to a condition of similar quality, character and utility for the RFA’s purposes. To assist with said repair work, the City shall provide the RFA with any and all insurance proceeds it has received, or is entitled to receive, from the insurance policy referenced in subsection 11.1. However, in no event shall the City be obligated to provide the RFA with more money for repair work than is provided by insurance proceeds in subsection 11.1.

**13. DEFAULT AND REMEDIES.**

- 13.1. **Acts Constituting Default.** The RFA shall be in default of this Lease on the occurrence of any of the following:
- 13.1.1. Failure to pay expenses when due;
  - 13.1.2. Failure to comply with any law, regulation, policy, or order of any lawful governmental authority;
  - 13.1.3. Failure to comply with any other provision of this Lease;
  - 13.1.4. Failure to cure a default pursuant to Section 13.2 below;
  - 13.1.5. Proceedings are commenced by or against the RFA under any bankruptcy act or for the appointment of a trustee or receiver of RFAs’ Premises; or
  - 13.1.6. The RFA vacates or abandons the Premises.
- 13.2. **Failure to Cure.** A default shall become an event of default (“Event of Default”) if the RFA fails to cure, or take positive steps to cure, the default within 30 days after the City provides the RFA with written notice of default, which specifies the nature of the default.
- 13.3. **City's Remedies Upon Default.** Upon an Event of Default, the City may terminate this Lease and remove the RFA by summary proceedings or otherwise. The City’s reentry or repossession of the Property under this subsection shall not be construed as an election to terminate this Lease or cause a forfeiture of rents or other charges to be paid during the balance of the Term, unless the City gives a written notice of termination to the RFA or termination is decreed by legal proceedings.

**14. ENTRY BY THE CITY.** The City shall have the right to enter the Premises at any reasonable hour to inspect for compliance with the terms of this Lease upon twenty-four (24) hours' written notice. The City and/or its agents shall comply with all of the RFA's work safety rules and restrictions.

**15. NOTICE.** Any notices required or permitted under this Lease may be personally delivered, delivered by certified mail, return receipt requested, to the addresses listed on the signature page or to such other places as the parties may direct in writing from time to time. A notice shall be deemed given and delivered upon personal delivery or three (3) days after being mailed as set forth above, whichever is applicable.

**16. MISCELLANEOUS.**

16.1. **Authority.** The City and the RFA represent that each person signing on this Lease on its behalf is authorized to do so.

16.2. **Successors and Assigns.** This Lease shall be binding upon and inure to the benefit of the parties, their successors and assigns.

16.3. **Headings.** The headings used in this Lease are for convenience only and in no way define, limit, or extend the scope of this Lease or the intent of any provision.

16.4. **Waiver.** The waiver by the City of any breach or default of any term, covenant, or condition of this Lease shall not be deemed to be a waiver of such term, covenant, or condition; of any subsequent breach or default of the same; or of any other term, covenant, or condition of this Lease. The City's acceptance of a rental payment shall not be construed to be a waiver of any preceding or existing breach other than the failure to pay the particular rental payment that was accepted.

16.5. **Cumulative Remedies.** The rights and remedies of the City under this Lease are cumulative and in addition to all other rights and remedies afforded to the City by law or equity or otherwise.

16.6. **Time is of the Essence.** TIME IS OF THE ESSENCE as to each and every provision of this Lease.

16.7. **Invalidity.** If any provision of this Lease shall prove to be invalid, void, or illegal, it shall in no way affect, impair, or invalidate any other provision of this Lease.

16.8. **Applicable Law and Venue.** This Lease shall be interpreted and construed in accordance with the laws of the State of Washington. Any reference to a statute shall mean that statute as presently enacted or hereafter amended or superseded. Venue for any action arising out of or in connection with this Lease shall be in the Superior Court for King County, Washington.

16.9. **Modification.** Any modification of this Lease must be in writing and signed by the parties. The City shall not be bound by any oral representations or statements.

16.10. **Quiet Enjoyment.** The City covenants and agrees that the RFA, upon performing

the terms and conditions of the Lease, may peacefully hold and enjoy the Premises during said term without any interruption by the City, its successors or assigns, or any person or company lawfully claiming by or through it.

16.11. **Recording of Short Form Lease.** Neither the City nor the RFA may record this Lease without the other's prior approval, but the Parties will at any time at the request of either party promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of this Lease, setting forth a description of the Premises, the terms of this lease and other provisions hereof, except the rental and other provisions as either party may request, which may be recorded.

16.12. **Duplicate Originals.** This Lease Agreement may be executed in duplicate originals.

THIS AGREEMENT requires the signature of all parties and is executed as of the date of the last signature below and is effective as of January 1, 2025.

**PUGET SOUND REGIONAL  
FIRE AUTHORITY**

**CITY OF TUKWILA**

By: \_\_\_\_\_  
Chief

By: \_\_\_\_\_  
Mayor

DATE: \_\_\_\_\_

DATE: \_\_\_\_\_

**APPROVED AS TO FORM:**

**ATTEST:**

\_\_\_\_\_  
RFA Attorney

\_\_\_\_\_  
City Clerk

**APPROVED AS TO FORM:**

\_\_\_\_\_  
City Attorney

**NOTICES TO BE SENT TO:**

Puget Sound Fire Administration  
20811 84th Ave S  
Kent, WA 98032

**NOTICES TO BE SENT TO:**

City of Tukwila Mayor's Office  
6200 Southcenter Blvd  
Tukwila, WA 98188



**EXHIBIT A**  
**TUKWILA STATION 54 LEASE**  
**ABBREVIATED LEGAL DESCRIPTION**

ADAMS HOME TRS LESS CO RD

Also known as King County Parcel No. 004000-0365, located at 4237 S. 144<sup>th</sup> Street, Tukwila, Washington 98168





## **INFORMATIONAL MEMORANDUM**

TO: **Finance Committee**

FROM: **Joel Bush, Chief Technical Officer**

BY: **Mike Marcum, Technical Operations Supervisor**

CC: **Mayor McLeod**

DATE: **3/17/25**

SUBJECT: **Dell Lease Agreement- PD Rugged Tablets**

### **ISSUE**

TIS is seeking Council authorization to enter into a four-year lease agreement with Dell Financial Services.

### **BACKGROUND**

The device lease will refresh the PD's fleet of rugged tablets, which are currently over 5 years old.

### **DISCUSSION**

Attached is the Dell Financial Services proposal for review by the Finance Committee and Council.

### **FINANCIAL IMPACT**

The annual cost will not exceed \$57,289.61, or \$212,026.38 over four years. This is a routine, budgeted expense.

### **RECOMMENDATION**

The Finance Committee is being asked to review the rugged tablet refresh on 3/24 and forward it to the Regular Meeting consent agenda on 4/7/25 for approval, authorizing the mayor to sign the lease agreement.

### **ATTACHMENTS**

Dell Proposal No. 0000129796.1

Proposal No. 0000129796.1  
Expiration Date: 04/17/2025

			48 Month TELP	
			Payments	Annual
			Due	Advance
			Interim Rent	None
Quote	Description	Product Subtotal	Rate Factor	Payment
3000186832117.1	Dell Latitude 7230 Rugged Extreme Tablet	\$192,427.38	0.27020	\$51,993.95
	Dell Latitude 7230 Rugged Extreme Tablet	\$159,301.89	0.27020	\$43,043.43
	Dell Dock Fischer UD22	\$4,168.80	0.27020	\$1,126.41
	Dell Keyboard for Latitude 7230 Rugged Extreme Tab	\$28,956.69	0.27020	\$7,824.11
Subtotal:		\$192,427.38	0.27020	\$51,993.95
Taxes, Shipping & Fees:		Rate Factor & Payment Financed Amount	0.27020	\$5,295.66 \$19,599.00
*Personal Property Management Fee may apply				
Total Amount:		Rate Factor & Payment Financed Amount	0.27020	\$57,289.61 \$212,026.38
Structure Notes				

Madison Cupples

DFS Account Manager  
(512) 639-8143  
✉ Madison\_Cupples@Dell.com

Proposal Notes  
*Please note, this includes estimated taxes.*

End of Term Option(s):

- Tax Exempt Lease Purchase (TELP) options:
1. Exercise the option to purchase the products for one dollar; or,
  2. For an agreed upon fee, return all products to DFS at lessee's expense.

Payment solutions provided and serviced by Dell Financial Services L.L.C. or its affiliate or designee ("DFS") to qualified customers. Offers may not be available or may vary in certain countries. Where available, offers may be changed without notice and are subject to product availability, credit approval, execution of documentation provided by and acceptable to DFS, and may be subject to minimum transaction size. Offers not available for personal, family or household use. Restrictions and additional requirements may apply to transactions with governmental or public entities. Proposal is property of DFS, contains confidential information and shall not be duplicated or disclosed in whole or part. Proposal is not a firm offer of a payment solution. Pricing and rates based upon the final amount, configuration and specification of the supplied equipment, software, services or fees. Prorata payment may be due in the first payment cycle. Proposal excludes additional costs to customer such as shipping, maintenance, filing fees, applicable taxes, insurance and similar items. Proposal valid through the expiration date shown above, or if none is specified, for 30 calendar days from date of presentation. Upon expiration, lease rates may be changed in the event that market rates change.

Additional Information:

LEASE QUOTE: The Lease Quote is exclusive of shipping costs, maintenance fees, filing fees, licensing fees, property or use taxes, insurance premiums and similar items which shall be for Lessee's account. Lessee will pay payments and all other amounts without set-off, abatement or reduction for any reason whatsoever. Additionally, Lessee shall declare and pay all sales, use and personal property taxes to the appropriate taxing authorities. If you are sales tax exempt, please provide a copy of your Exemption Certificate with the Lease Contract. If Lessee provides the appropriate tax exemption certificates to DFS, sales and use taxes will not be collected by DFS. However, if your taxing authority assesses a personal property tax on leased equipment, and if DFS pays that tax under your lease structure, Lessee must reimburse DFS for that tax expense in connection with the Lessee's lease.

PURCHASE ORDER: The Purchase Order must be made out to Dell Financial Services L.L.C., One Dell Way, RR8-23, Round Rock, TX 78682. The Purchase Order will need to include the quote number, quantity and description of the equipment. Please indicate that the PO is for a lease order and shows the type of lease, the term length, and payment frequency. The date of the lease quote referenced should be included. Please be sure to include any applicable shipping costs as a line item and include your address as the SHIP TO destination.

DOCUMENTATION: The Agreement executed between DFS and Lessee shall include all required leasing terms and conditions, including, but not limited to, payment terms, non-appropriation, essential use, authority, taxes, and insurance. In addition to a duly executed Agreement, other documents as reasonably requested by DFS may be required, such as but not limited to opinions of counsel, IRS tax exemption forms (if applicable), and audited financials.

PROPOSAL VALIDITY / APPROVALS: This is a proposal based upon market conditions and is valid for 30 days, is subject to final credit approval, review of the economics of the transaction, and execution of mutually acceptable documentation.

To explore how Dell Financial Services payment solutions can help take your business to the next level, please visit [Payment Solutions | Dell USA](#)



## **INFORMATIONAL MEMORANDUM**

TO: **Finance & Governance Committee**

FROM: **Aaron BeMiller, Finance Director**

BY: **Julie Hatley, Senior Fiscal Coordinator – Minimum Wage Ordinance**

CC: **Thomas McLeod, Mayor**

DATE: **3/24/2025**

SUBJECT: **2024 Tukwila Labor Standards Year-End Review**

### **ISSUE**

Staff is reporting Tukwila Labor Standards 2024 year-end review.

### **BACKGROUND**

On November 8, 2022, City of Tukwila voters overwhelmingly approved, at 82% to 18%, Initiative Measure No. 1 concerning labor standards for certain employees.

The measure added Tukwila Municipal Code (TMC) Chapter 5.63 and TMC 5.04.113.

TMC 5.63 states the intent of the voter approved legislation is to establish fair labor standards and protect worker rights by:

- 1) Ensuring the vast majority of employees in Tukwila receive a minimum wage comparable to employers in SeaTac and Seattle;
- 2) Requiring covered employers to offer additional hours of work to qualified part-time employees before hiring new employees to fill those hours;
- 3) Adopting enforcement requirements.

The main effect of TMC 5.63 is to ensure that, to the extent reasonably practicable, people employed in Tukwila have good wages and access to sufficient hours of work.

In addition, Initiative Measure No. 1 assigned the City's Finance Department as the entity responsible for ensuring compliance with the intent and requirements of TMC 5.63.

TMC 5.63 – also known as the Minimum Wage and Fair Access to Additional Hours of Work Ordinance – went into effect July 1, 2023. Council subsequently approved hiring an FTE Senior Fiscal Coordinator to develop and manage the program starting January 2024.

### **DISCUSSION**

In 2024, staff was directed to identify and track annual compliance certifications, required from employers covered by TMC 5.63, to build an accurate database for actionable insights and inform decision-making for resource allocation and capacity planning.

To achieve this goal, staff continues to strategically research City businesses to identify each covered employer and their payroll or human resources contact information to establish contact, provide education, and request certification form.

In 2024, 5% of the 2,400 estimated employers in Tukwila certified their compliance. As a result of database building efforts in 2024 and Q1 2025, 9% of possible annual compliance certifications have been received in 2025. This is an increase of 4% compared to 2024 in Q1 2025 alone.

On July 1, 2025, the Ordinance will have been in effect for two years. As the database of employers covered by the Ordinance grows, a pattern of non-compliant employers will be assessed. Staff will work with City Leadership and City Attorney for interpretation of TMC 5.63 enforcement requirements for repeated, intentional non-compliant employers.

The attached chart provides a comparison of Tukwila's, Renton's, and SeaTac's minimum wage programs.

**RECOMMENDATION**

Information Only.

**Comparison Chart of Tukwila, Renton, and SeaTac Minimum Wage Programs**

Comparisons	City of Renton	City of SeaTac	City of Tukwila
<b>Labor Standards Name</b>	Labor Standards for Certain Employees	Employment Standards Ordinance	Labor Standards for Certain Employees (aka Minimum Wage & Fair Access to Additional Hours of Work Ordinance)
<b>Became Law By</b>	Voter Initiative - Measure No. 23-02	City Council - Proposition 1	Voter Initiative - Measure No. 1
<b>Year Effective</b>	2024	2014	2023
<b>Focus</b>	All Large Employers, Mid-Size Employers, and certain Franchises.  Includes FTE, part-time, and temporary.	Certain Hospitality Employers & Transportation Employers  (larger employers meeting requirements)	All Large Employers, Mid-Size Employers, and certain Franchises.  Includes FTE, part-time, and temporary.
<b>2025 Minimum Wage</b>	\$20.90 Large Employers  \$18.90. Mid-Size Employers (increases to \$19.90 July 1, 2025)	\$20.17	\$21.10 Large Employers  \$20.10 Mid-Size Employers (until phase-in period ends July 1, 2025)
<b>Estimated Employers Covered by Ordinance</b>	2,469	72	2,400
<b>Land Area in Square Miles</b>	23.5	10	9.6
<b>Estimated Resident Total</b>	108,800	31,799	21,780
<b>Requires Annual Compliance Certifications</b>	Yes. At in-house City license renewal.	No	Yes. January 31st deadline.
<b>Complaint Investigations Performed In-House</b>	No (L&I)	No (L&I)	Yes
<b>Full Customer Service Offered</b>	<b>No</b>  City Hall phone number and staff email on website.  <b>Employers:</b> Refer employers to consult an attorney.  <b>Employees:</b>  Ordinance same as Tukwila, but refer complainants to L&I.  <b>Lack adequate staff to do more.</b>	<b>No</b>  Feedback button on web page.  <b>Employers:</b> Refer employers to consult an attorney.  <b>Employees:</b> Asks for Claim Form, but refer complainants to L&I.  <b>Lack adequate staff to do more.</b>	<b>Yes</b>  Staff direct phone number and email on website for daily support.  Building employer database.  Comprehensive Administrative Rule w/FAQs & Examples.  <b>Employers:</b> Relationship building with businesses & associations (host Q&As). (Rotary, Washington Retail Association)  Education & Communication.  Web portal for compliance forms.  <b>Employees:</b> Community Outreach.  City Complaint Form w/possible City Attorney Investigation.

Source Citations:

City of Renton website and their Tax &amp; Licensing Manager

City of SeaTac website and their Finance Director

City of Tukwila website and their Senior Fiscal Coordinator

United States Census







## INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**  
CC: **Mayor McLeod**  
FROM: **Aaron Be Miller, Finance Director**  
By: **Tony Cullerton, Deputy Finance Director**  
DATE: **March 24, 2025**  
SUBJECT: **2024 Year-End Financial Report**

### SUMMARY

The City of Tukwila's 2024 Year-End Financial Report provides a comprehensive overview of the city's fiscal performance, detailing key revenue drivers, expenditure patterns, and budget variances. This report highlights the factors influencing financial outcomes, such as rising sales tax revenue and shifts in departmental spending, while offering insights into strategic adjustments made to balance growth and sustainability. By examining these financial dynamics, the report aims to inform stakeholders about the city's financial health and guide future budgeting decisions.

### Discussion

The 2024 Annual Year-End Report provides an overview of the city's financial performance, highlighting key figures, significant trends, and notable items. While the financial data presented is largely complete, final year-end accruals and adjustments are still in progress to prepare the 2024 Annual Comprehensive Financial Report (ACFR).

In 2024, revenues exceeded the budget by 2.6%, reflecting an increase of \$2.1 million, primarily driven by higher-than-expected sales tax collections. Expenditures remained 0.3% below budget, resulting in savings of \$241,884. The City successfully met the requirements of both the General Fund Balance Policy and the Contingency Fund Balance Policy.

### Attachments

- Year-End 2024 Financial Report



City of Tukwila

Year End Financial Report

January – December

2024

## General Fund Overview

For 2024, the General Fund met both the General Fund Balance Policy and the Contingency Fund Balance Policy.

### General Fund

	2024 Budget	2024 Actual	\$ Diff	% Diff
Revenues	78,683,209	80,751,914	2,068,705	2.6%
Expenditures	81,863,699	81,621,815	(241,884)	-0.3%
Net	(3,180,490)	(869,902)		

2024 Beginning Fund Balance

24,991,228

2024 Ending Fund Balance

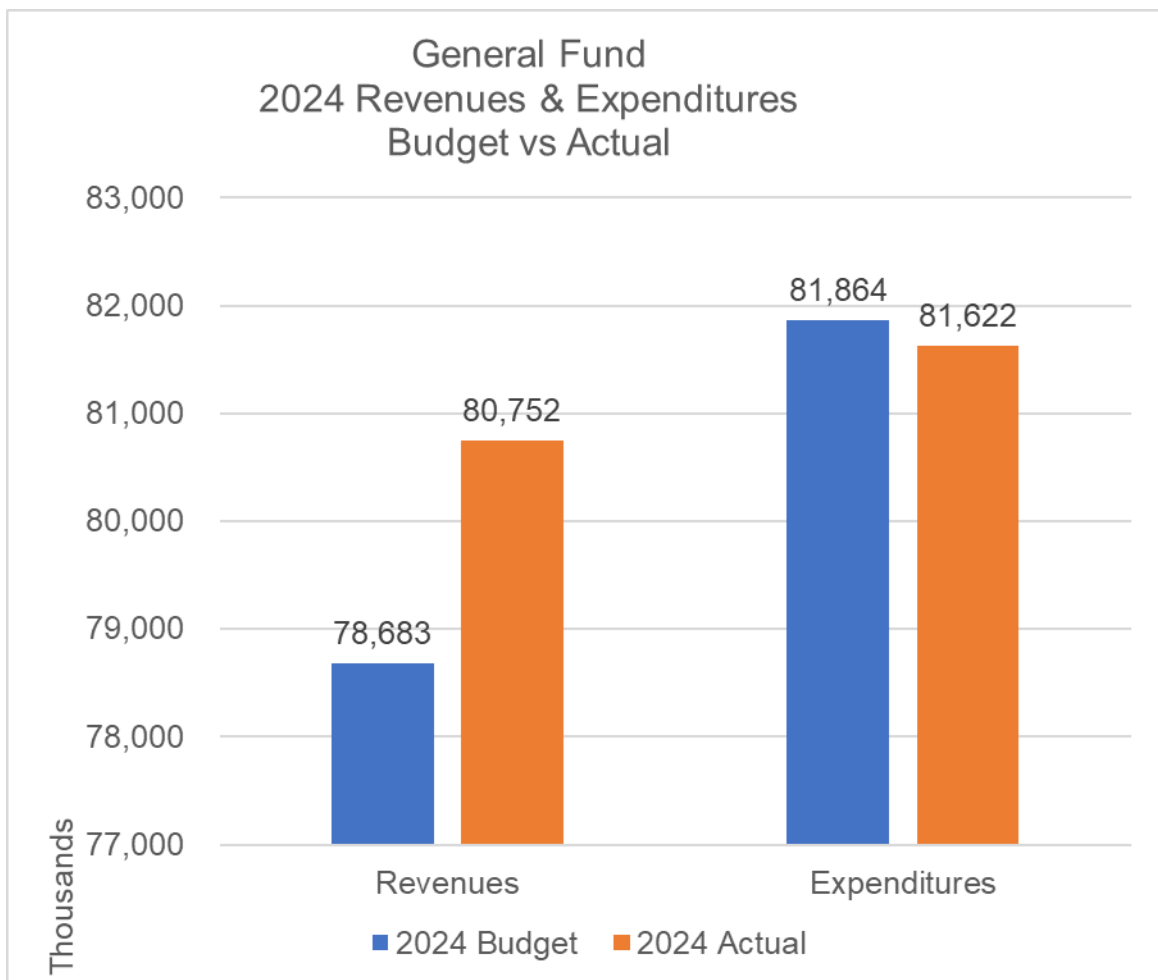
24,121,326

#### General Fund - Required Ending Fund Balance Calculation

2023 Ongoing Revenues	70,536,362
18% of Ongoing Revenues	12,696,545
2024 GF Unassigned FB	17,836,267
<b>Amount Over/(Under)</b>	<b>\$5,139,722</b>

#### Contingency Fund - Required Ending Fund Balance Calculation

10% of 2022 Ongoing Revenues	7,053,636
Contingency Fund	7,154,961
<b>Amount Over/(Under)</b>	<b>\$101,325</b>



Revenues came in 2.6% over budget. This represents an increase of \$2.1 million. The key driver that led to the increase in revenues over budget was Sales Tax.

General Fund expenditures finished the year 0.3% under budget. The top expenditure categories include Salaries, at 51% of the total General Fund budget and Professional Services, at 40% of the total budget.

## General Fund Overview - Revenues by Category

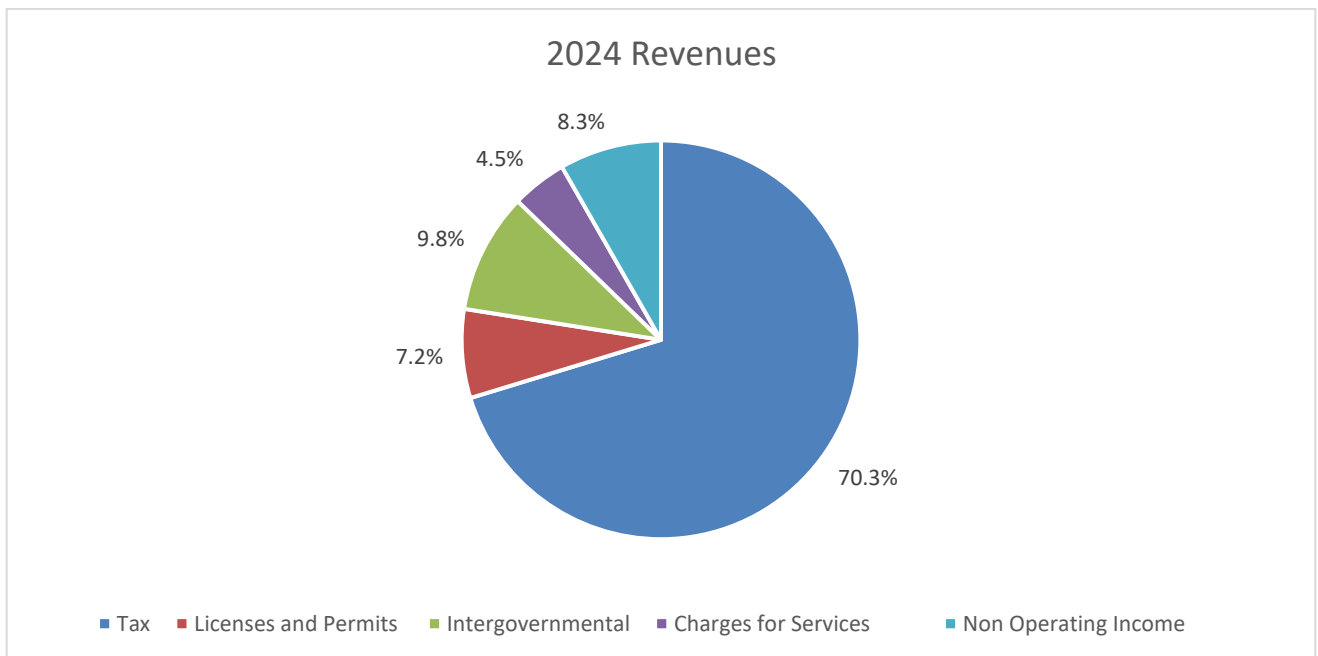
Below are General Fund revenues by category. Variances from the prior year that are **greater than 10% AND \$250k** are listed below and further explained in the report.

Year-to-Date as of December 31, 2024

SUMMARY BY REVENUE TYPE	BUDGET	ACTUAL			COMPARISON OF RESULTS			
	2024 Budget	2022	2023	2024	Allocated Budget vs Actuals OVER/(UNDER)	% Received	Change	
							\$ 2023/2024	% 2023/2024
Property Tax	18,124,000	17,233,512	17,536,670	17,510,903	(613,097)	97%	(25,767)	-0.1%
Sales Taxes-Retail	21,725,000	21,023,287	21,881,507	23,905,762	2,180,762	110%	2,024,255	9.3%
Use Taxes	930,000	953,890	970,202	940,689	10,689	101%	(29,514)	-3.0%
Admission Taxes	875,000	819,932	842,387	904,888	29,888	103%	62,500	7.4%
Utility Taxes	4,300,000	3,949,799	4,125,408	4,412,082	112,082	103%	286,674	6.9%
Business & Occupation Tax	3,000,000	0	0	2,100,831	(899,169)	70%	2,100,831	0.0%
Interfund Utility Taxes	2,784,300	2,404,685	2,567,243	2,684,965	(99,335)	96%	117,722	4.6%
Gambling & Excise Taxes	4,665,700	4,964,964	4,464,521	4,294,934	(370,766)	92%	(169,587)	-3.8%
<b>Total Tax Revenue</b>	<b>56,404,000</b>	<b>51,350,070</b>	<b>52,387,938</b>	<b>56,755,053</b>	<b>351,053</b>	<b>101%</b>	<b>\$4,367,114</b>	<b>8.3%</b>
Business Licenses	3,230,000	2,939,066	3,243,556	2,691,302	(538,698)	83%	(552,254)	-17.0%
Rental Housing permits	45,000	64,605	57,751	43,233	(1,767)	96%	(14,518)	-25.1%
Building Permits	1,813,743	1,799,493	2,430,331	2,279,459	465,716	126%	(150,872)	-6.2%
Franchise Fees	508,000	573,391	589,509	802,094	294,094	158%	212,584	36.1%
<b>Total Licenses and Permits</b>	<b>5,596,743</b>	<b>5,376,555</b>	<b>6,321,147</b>	<b>5,816,088</b>	<b>219,345</b>	<b>104%</b>	<b>(\$505,059)</b>	<b>-8.0%</b>
Sales Tax Mitigation Pymnts	508,376	794,337	635,470	508,376	(0)	100%	(127,094)	-20.0%
SCL Agreement	2,300,000	2,416,079	2,651,351	3,033,985	733,985	132%	382,634	14.4%
Grant Revenues	2,951,608	2,882,099	3,668,912	2,904,336	(47,272)	98%	(764,576)	-20.8%
State Entitlements	510,500	503,242	661,534	664,806	154,306	130%	3,272	0.5%
Intergovernmental Revenue	654,000	566,979	704,493	764,287	110,287	117%	59,794	8.5%
<b>Total Intergovernmental Revenue</b>	<b>6,924,484</b>	<b>7,162,736</b>	<b>8,321,760</b>	<b>7,875,790</b>	<b>951,306</b>	<b>114%</b>	<b>(\$445,971)</b>	<b>-5.4%</b>
General Government Revenue	16,620	26,040	22,703	16,594	(26)	100%	(6,110)	-26.9%
Security revenue	1,739,150	978,782	1,179,543	1,408,513	(330,637)	81%	228,971	19.4%
Transportation Revenue	20,000	1,961	288	450	(19,550)	2%	162	56.3%
Plan Check and Review Fees	832,481	834,728	1,258,163	795,012	(37,469)	95%	(463,151)	-36.8%
Culture and Recreation Fees	232,870	143,197	166,621	298,439	65,569	128%	131,817	79.1%
Fines and Penalties	754,275	480,632	311,630	426,805	(327,470)	57%	115,176	37.0%
OTHER INCOME	125,650	450,568	566,570	674,485	548,835	537%	107,915	19.0%
<b>Total Charges for Services</b>	<b>3,721,046</b>	<b>2,915,909</b>	<b>3,505,517</b>	<b>3,620,298</b>	<b>(322,113)</b>	<b>97%</b>	<b>\$114,781</b>	<b>3.3%</b>
<b>TOTAL OPERATING REVENUE</b>	<b>72,646,273</b>	<b>66,805,270</b>	<b>70,536,362</b>	<b>74,067,228</b>	<b>1,420,955</b>	<b>102%</b>	<b>\$3,530,866</b>	<b>5.0%</b>
Indirect Cost Allocation	2,963,517	2,687,997	2,822,397	2,963,517	0	100%	141,120	5.0%
Investment Earnings	250,000	(494,257)	770,383	953,322	703,322	381%	182,939	23.7%
Rent & Concessions	1,035,570	192,355	466,505	1,224,107	188,537	118%	757,602	162.4%
Transfers In	1,787,849	2,553,951	1,323,249	1,543,740	(244,109)	86%	220,491	16.7%
Bond Proceeds	0	98,699	2,561,209	0	0	#DIV/0!	(2,561,209)	-100.0%
Sale of Capital Assets	0	0	0	0	0	#DIV/0!	0	0.0%
<b>Total Non Operating Revenue</b>	<b>6,036,936</b>	<b>5,038,744</b>	<b>7,943,744</b>	<b>6,684,686</b>	<b>647,750</b>	<b>111%</b>	<b>(\$1,259,058)</b>	<b>-15.8%</b>
<b>TOTAL REVENUE</b>	<b>78,683,209</b>	<b>71,844,015</b>	<b>78,480,106</b>	<b>80,751,914</b>	<b>5,502,407</b>	<b>103%</b>	<b>\$2,271,808</b>	<b>2.9%</b>
					% of Year		100%	

### Revenue Category Table and Chart

Revenue Category	Amount	%
Tax	56,755,053	70.3%
Licenses and Permits	5,816,088	7.2%
Intergovernmental	7,875,790	9.8%
Charges for Services	3,620,298	4.5%
Non-Operating Income	6,684,686	8.3%
<b>Total</b>	<b>80,751,914</b>	<b>100.0%</b>



**Business Licenses** - Business licensing revenue decreased 17% in 2024 compared to 2023. The decrease in revenue is because of a lower employee count in 2024 as well as, there was a timing issue where one large business renewed their business license one week after the 2024 cutoff, resulting in those revenues being reported in 2025.

**Franchise Fees** Franchise Fees are up 36% over the prior year.

**Sales Tax Mitigation Payments** are on a declining schedule. Sales Tax Mitigation will end on June 30, 2026.

**SCL Agreement** – Received large back pay of \$192k.

**Grant Revenues** finished the year \$746,576 less than the prior year.

**Plan Check and Review Fees** are a function of charges for services pertaining to the work of permitting in DCD. This is a volatile revenue that is difficult to tie to market conditions.

**Culture and Recreation Fees** are up significantly as a result of an increase in participation in Recreation programming.

**Rent & Concessions** – Short-Term facility rentals in TCC and TFORCE Freight Long-Term Lease.

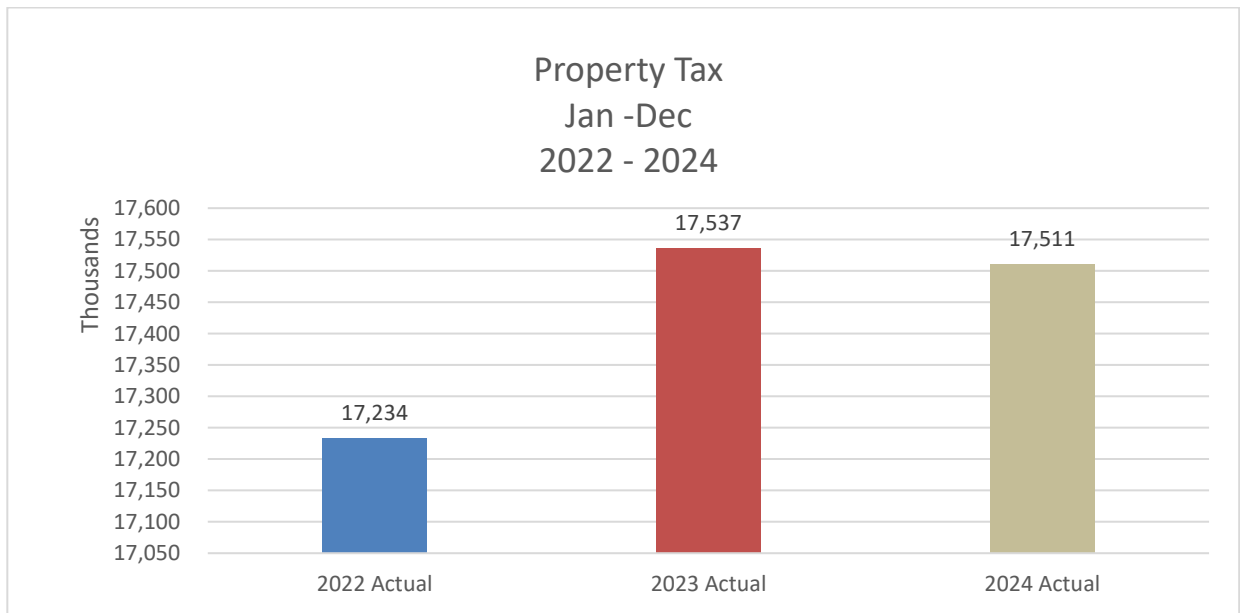
**Business & Occupation Tax** – We budgeted \$3 million, prior to understanding the timing of the revenues. Quarter 4 revenues are received in the first quarter of the following year.

## General Fund Revenue Charts

### Property Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
18,124,000	17,233,512	17,536,670	17,510,903	(613,097)	(25,767)	-0.1%

Property tax is the most stable and predictable revenues. 2024 had a 0.1% decrease from the prior year. The decrease represents \$25,767.

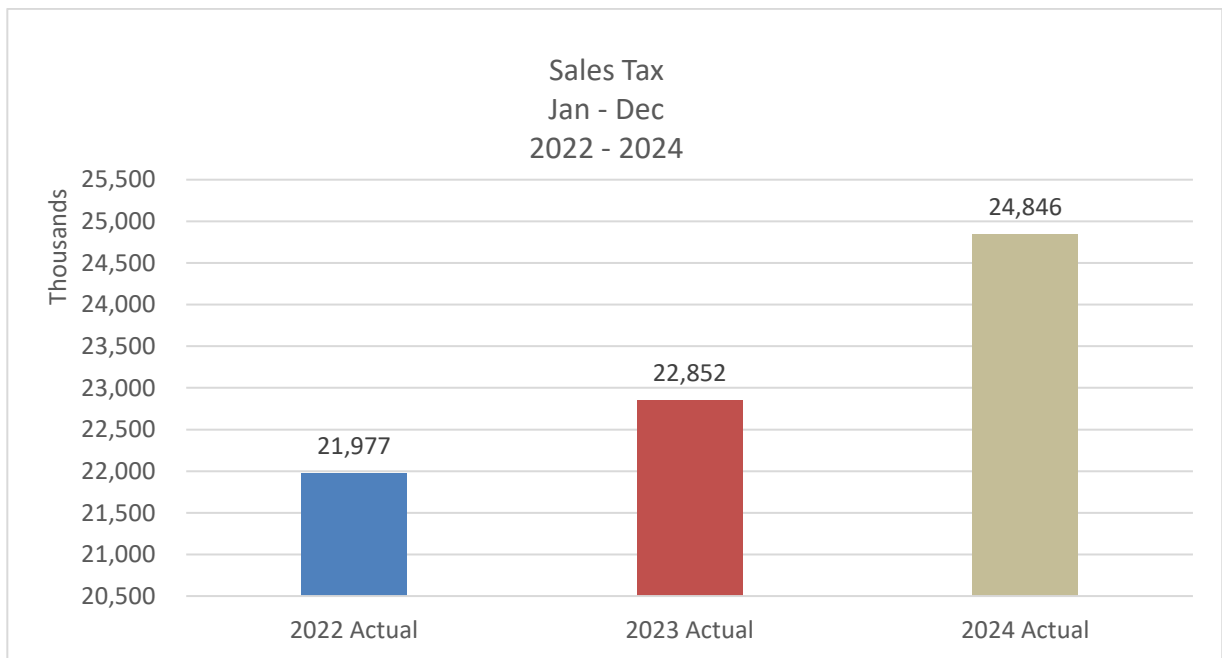




### Sales Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
22,655,000	21,977,177	22,851,709	24,846,451	2,191,451	1,994,742	8.7%

Sales Tax increased 8.7% over the prior year. Inflation played a significant role. Increases in prices, resulting in increased sales tax.

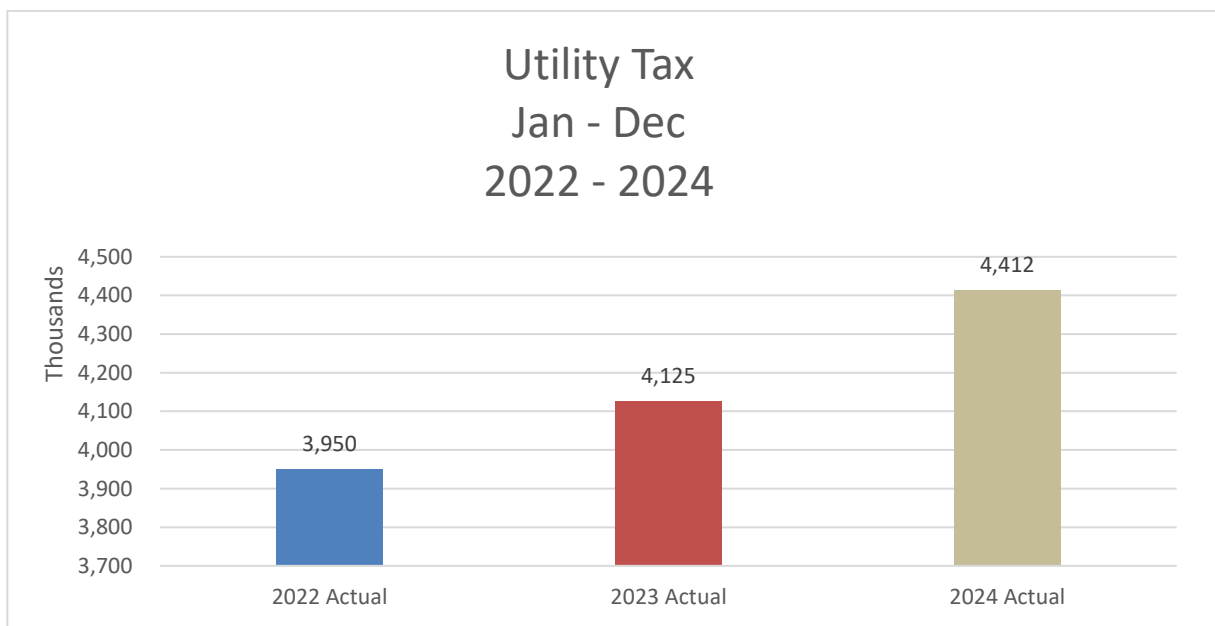


### Utility Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
4,300,000	3,949,799	4,125,408	4,412,082	112,082	286,674	6.9%

Utility Tax increases 6.9%, representing \$286,674 over the previous year. The largest increases were in Gas and Electricity. Decreases were in Cable and Telecom.

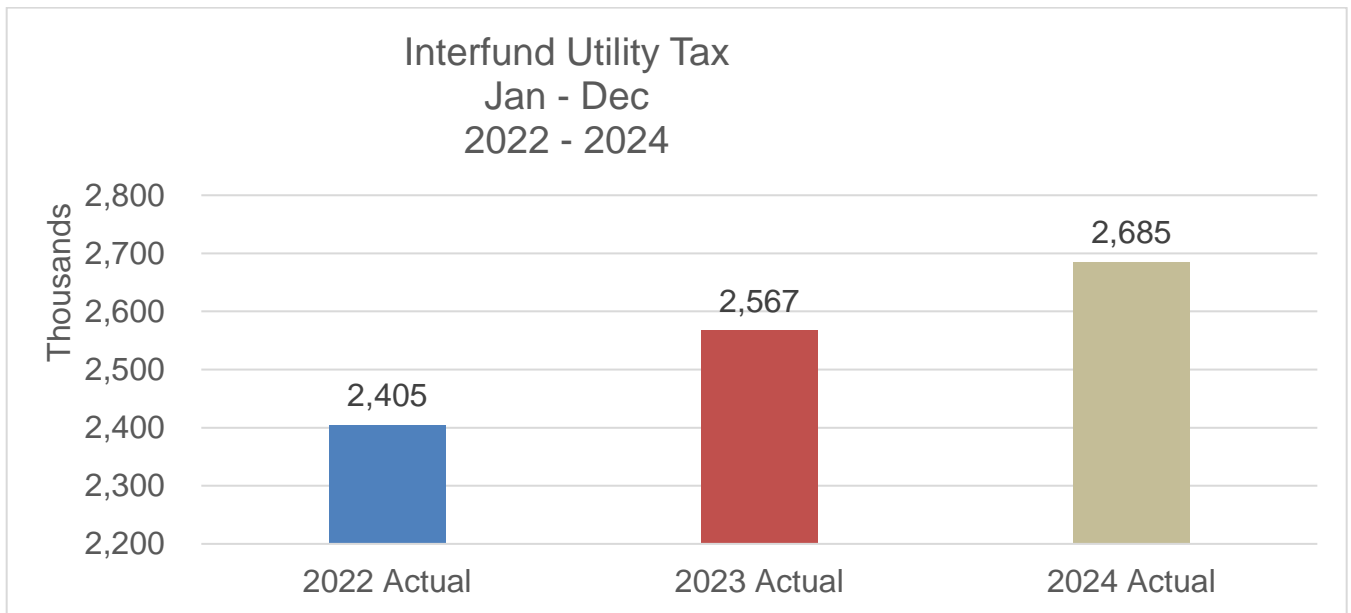
Utility	2022	2023	2024	\$ Change	% Change
Cable	241,837	221,303	189,404	(31,899)	-14.4%
Electric	1,684,968	1,744,101	1,903,993	159,892	9.2%
Gas	641,496	659,959	758,798	98,839	15.0%
Telecommunications	669,210	715,237	666,377	(48,860)	-6.8%
Solid Waste General	712,704	785,009	893,509	108,500	13.8%
<b>Total</b>	<b>3,950,216</b>	<b>4,125,610</b>	<b>4,412,082</b>	<b>286,472</b>	<b>6.94%</b>



### Interfund Utility Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
2,784,300	2,404,685	2,567,243	2,684,965	(99,335)	117,722	4.6%

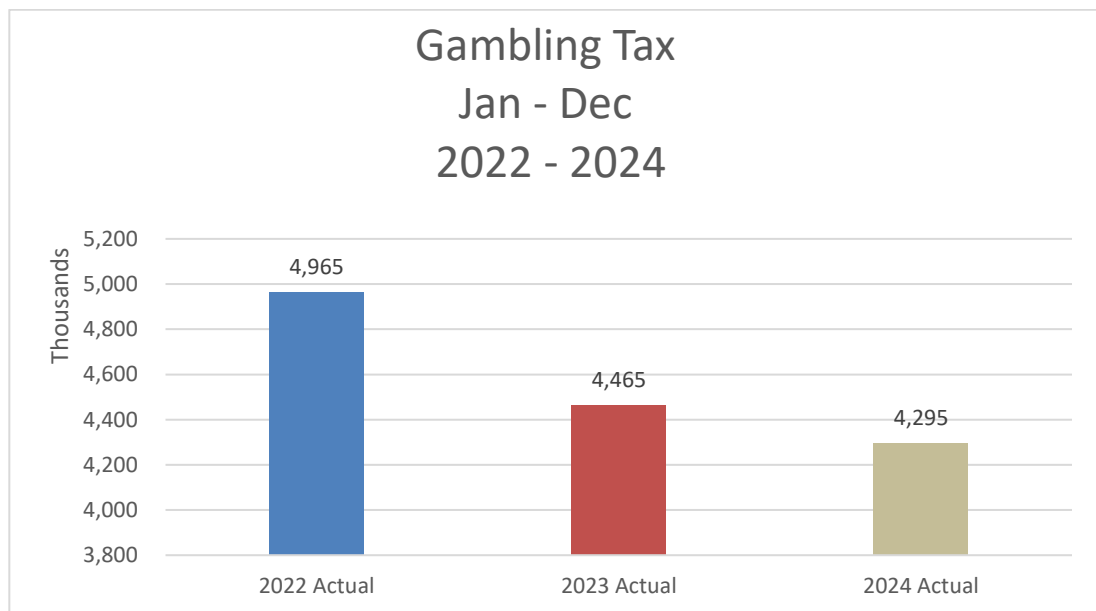
Interfund Utility Tax is a tax imposed upon the City for our use of utilities. This has increased 4.6% over the prior year, coming in approximately \$99,000 under budget and an increase over the prior year of approximately \$117,772.



### Gambling Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
4,665,700	4,964,964	4,464,521	4,294,934	(370,766)	(169,587)	-3.8%

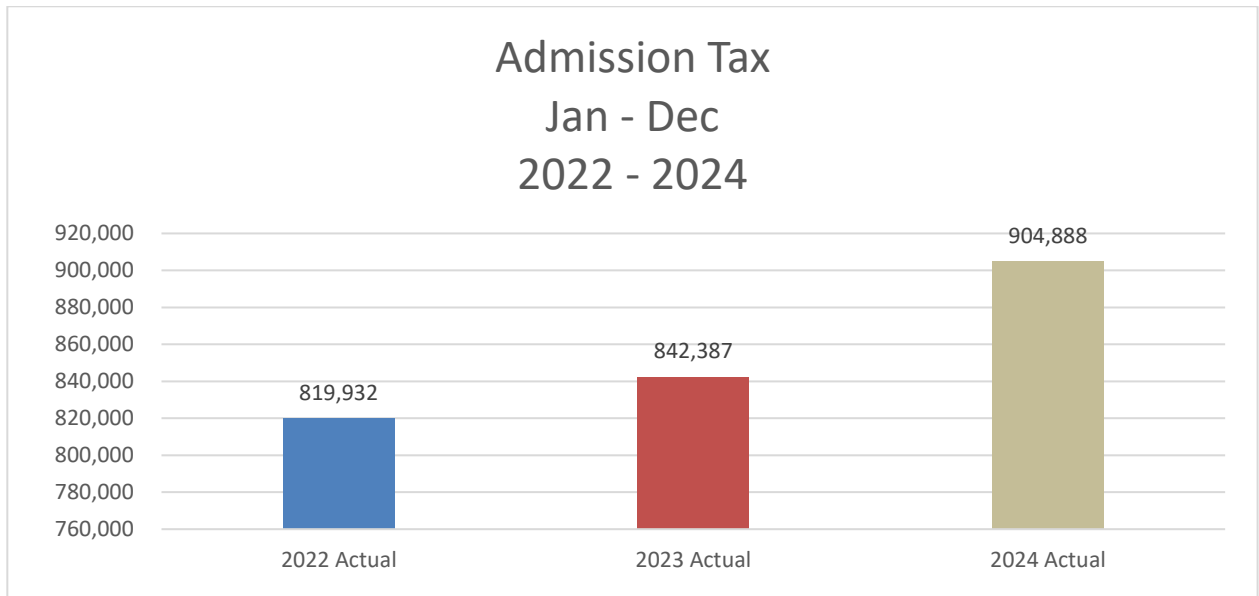
The City of Tukwila has five casinos/card rooms within the city limits. One card room has been closed for renovations, resulting in a slight decline in revenues when compared to the prior year.



### Admission Tax

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
875,000	819,932	842,387	904,888	29,888	62,500	7.4%

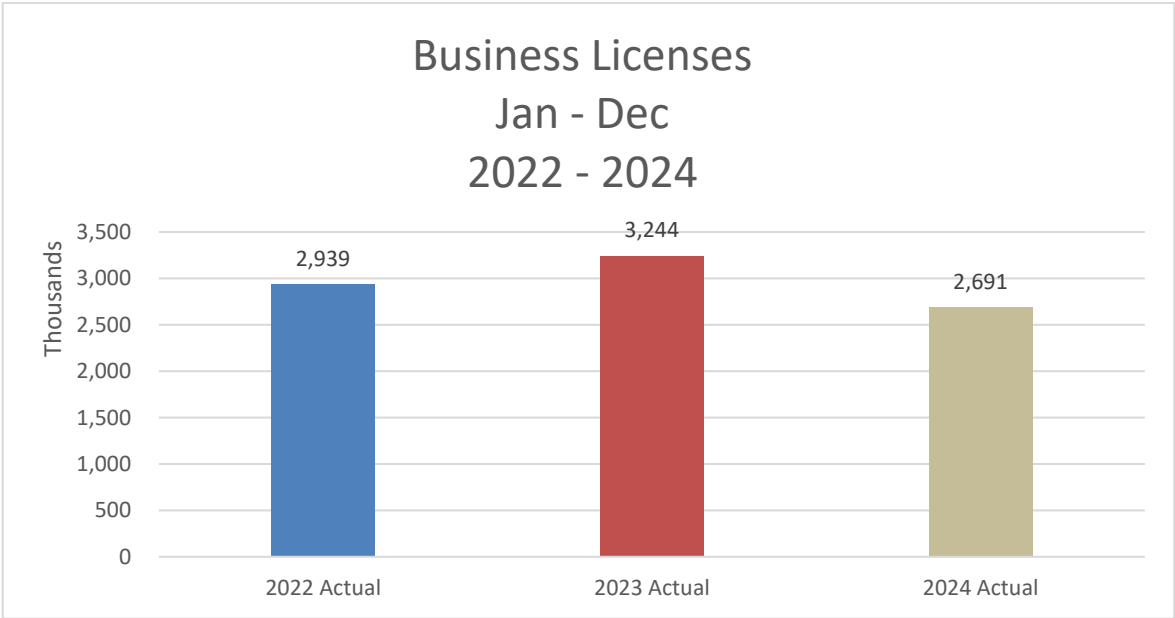
Admission Tax revenue finished the year slightly above budget and 7.4% over the same period last year.



### Business Licenses

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
3,230,000	2,939,066	3,243,556	2,691,302	(538,698)	(552,254)	-17.0%

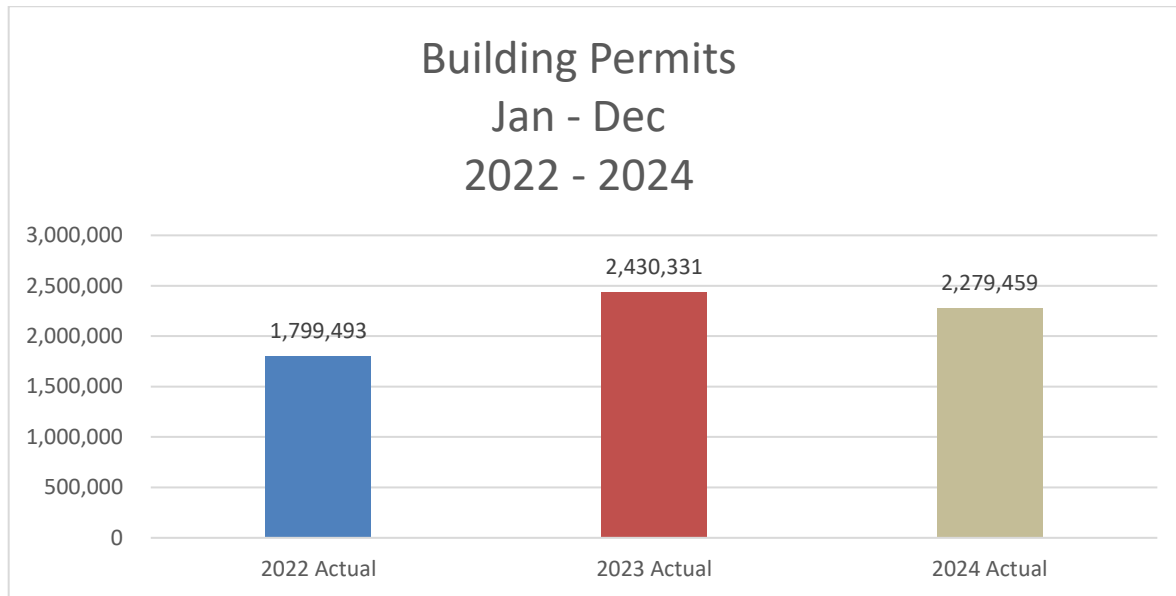
The reduction in Business License is a result of reduced employee count reported by businesses and a timing issue where one large business renewed their business license after the 2024 cutoff.



### Building Permits

2024 Budget	2022 Actual	2023 Actual	2024 Actual	Actual less Budget	2024 vs 2023 \$ Diff	% Diff
1,813,743	1,799,493	2,430,331	2,279,459	465,716	(150,872)	-6.2%

Building Permits is volatile and difficult to forecast due to numerous external factors that affect the economy and the region. Building Permits ended the year, 6.2% lower than last year. This percentage represents a decline of \$150,872 from the previous year.



## General Fund Overview – Expenditures by Department

General Fund expenditures ended the year 0.3% under budget. The majority of departments ended the year with their expected department budget. A few departments came in slightly higher than anticipated. Those increases have been identified and further explained below.

DEPARTMENT	BUDGET	ACTUAL			Budget vs Actual OVER/(UNDER)	%		
	2024 Budget	2022	2023	2024			\$ Change	% Change
						Expended	2023/2024	
City Council	393,067	356,579	366,378	379,671	(13,396)	96.6%	13,293	3.6%
Mayor's Office	2,405,513	2,176,819	2,308,617	2,691,788	286,275	111.9%	383,171	16.6%
Administrative Services	5,621,624	4,873,710	6,491,702	5,715,582	93,958	101.7%	(776,120)	-12.0%
Finance Department	4,625,307	3,065,214	3,177,417	3,899,112	(726,195)	84.3%	721,695	22.7%
Rec Dept / Parks Maint	5,808,439	4,846,653	5,110,670	5,357,225	(451,214)	92.2%	246,555	4.8%
Community Dev	5,063,237	4,273,322	4,582,457	5,066,216	2,979	100.1%	483,760	10.6%
Municipal Court	1,859,399	1,565,412	1,623,823	2,109,368	249,968	113.4%	485,544	29.9%
Police Department	24,212,875	18,868,518	21,267,400	24,054,433	(158,442)	99.3%	2,787,033	13.1%
Fire Department	16,605,441	15,158,419	15,087,708	16,661,942	56,501	100.3%	1,574,234	10.4%
PW Dept / Street Maint	8,002,142	7,000,206	7,171,066	7,338,932	(663,210)	91.7%	167,866	2.3%
<b>Subtotal</b>	<b>74,597,044</b>	<b>62,184,851</b>	<b>67,187,238</b>	<b>73,274,269</b>	<b>(1,322,775)</b>	<b>98.2%</b>	<b>6,087,031</b>	<b>9.1%</b>
Non Departmental	7,266,656	10,176,398	8,846,463	8,347,547	1,080,891	114.9%	(498,916)	N/A
<b>Total Expenditures</b>	<b>81,863,699</b>	<b>72,361,249</b>	<b>76,033,701</b>	<b>81,621,815</b>	<b>(241,884)</b>	<b>99.7%</b>	<b>5,588,115</b>	<b>7.3%</b>
% of Year						100.0%		

### Mayor's Office

- Employee separation package
- Increase in Professional Development

### Administrative Services

- 2024 Budget miscalculation with Online Services – NeoGov.

### Municipal Court

- Revenue backed expense (Blake Court decision)
- Court received approval for a 1.25 FTE increase.

### Fire

- Contracted services

### Non Departmental

- Asylees expenditures prior to July 2024, related to Riverton Park United Methodist Church.

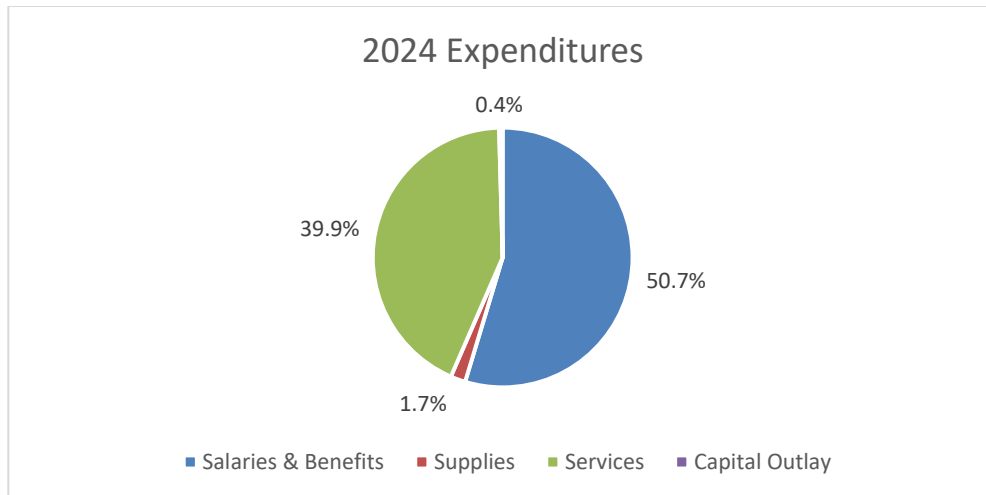


## General Fund Overview – Expenditures by Category

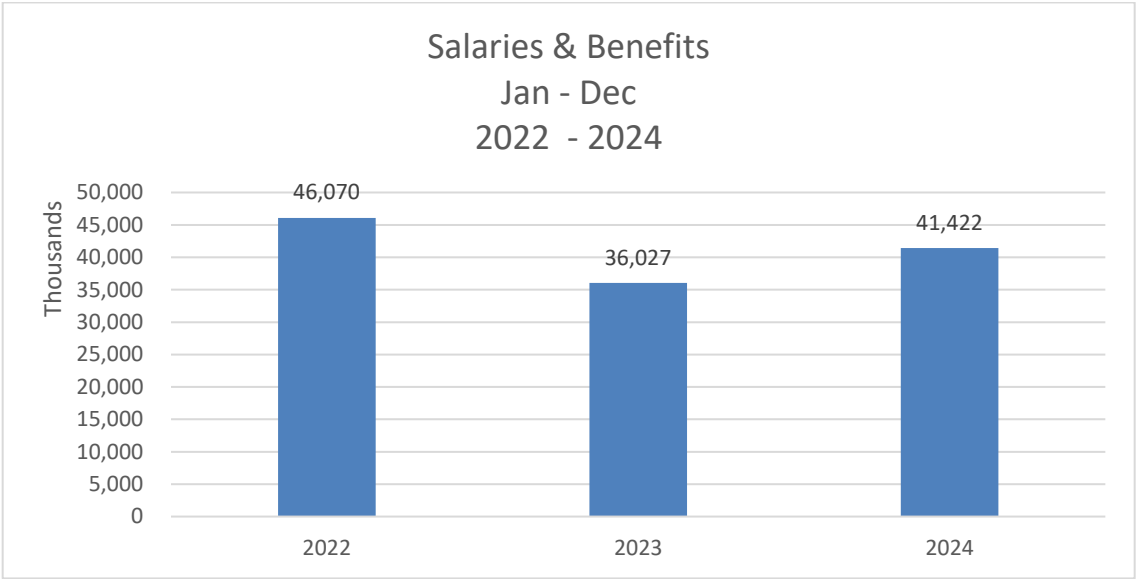
Year-to-Date as of December 31, 2024								
	BUDGET	ACTUAL			COMPARISON OF RESULTS			
	2024 Annual	2022	2023	2024	Budget	%	\$ Change	% Change
					vs Allocated OVER/(UNDER)	Expended	2023/2024	2023/2024
Salaries	28,083,897	30,114,781	23,711,940	27,990,130	(93,767)	99.7%	4,278,190	18.0%
Extra Labor	794,977	404,565	636,214	778,690	(16,287)	98.0%	142,476	22.4%
Overtime	797,180	2,603,186	1,538,172	1,534,204	737,024	192.5%	(3,969)	(0.3%)
Holiday Pay	250,000	490,172	248,642	282,335	32,335	112.9%	33,694	13.6%
FICA	2,299,308	1,917,780	1,897,933	2,225,890	(73,418)	96.8%	327,957	17.3%
Pension-LEOFF	690,494	1,022,802	627,753	606,665	(83,829)	87.9%	(21,088)	(3.4%)
Pension-PERS/PSERS	1,877,476	1,469,268	1,502,228	1,664,610	(212,866)	88.7%	162,382	10.8%
Industrial Insurance	616,066	689,029	417,744	458,121	(157,945)	74.4%	40,377	9.7%
Medical & Dental	5,818,916	7,312,010	5,407,414	5,833,058	14,142	100.2%	425,644	7.9%
Unemployment	0	37,205	34,230	39,741	39,741	#DIV/0!	5,510	16.1%
Uniform/Clothing	33,504	9,085	4,926	8,158	(25,346)	24.3%	3,232	65.6%
<b>Total Salaries &amp; Benefits</b>	<b>41,261,818</b>	<b>46,069,884</b>	<b>36,027,195</b>	<b>41,421,601</b>	<b>159,783</b>	<b>100.4%</b>	<b>5,394,406</b>	<b>15.0%</b>
Supplies	640,401	612,325	547,604	505,130	(135,270)	78.9%	(42,474)	(7.8%)
Repairs & Maint Supplies	420,705	383,135	461,096	547,865	127,160	130.2%	86,769	18.8%
Resale Supplies	2,580	859	0	2,247	(333)	87.1%	2,247	#DIV/0!
Small Tools	228,078	179,442	270,919	263,224	35,145	115.4%	(7,695)	(2.8%)
Technology Supplies	112,364	96,274	323,566	86,430	(25,934)	76.9%	(237,137)	(73.3%)
Fleet Supplies	7,260	6,687	7,738	6,596	(664)	90.8%	(1,142)	(14.8%)
<b>Total Supplies</b>	<b>1,411,387</b>	<b>1,278,721</b>	<b>1,610,923</b>	<b>1,411,491</b>	<b>104</b>	<b>100.0%</b>	<b>(199,432)</b>	<b>(12.4%)</b>
Professional Services	25,694,051	6,904,463	22,255,045	25,327,858	(366,193)	98.6%	3,072,813	13.8%
Communications	468,177	515,789	473,134	519,202	51,024	110.9%	46,068	9.7%
Professional Development	532,851	395,311	452,144	501,534	(31,317)	94.1%	49,389	10.9%
Advertising	66,716	44,856	46,861	35,744	(30,972)	53.6%	(11,117)	(23.7%)
Rentals	319,003	188,473	1,003,426	215,714	(103,289)	67.6%	(787,712)	(78.5%)
Technology Services	1,081,907	786,143	610,245	1,426,529	344,622	131.9%	816,285	133.8%
Utilities	2,387,484	2,366,955	2,345,382	2,266,029	(121,455)	94.9%	(79,353)	(3.4%)
Repairs & Maint Services	1,483,739	2,567,904	1,535,753	1,801,703	317,964	121.4%	265,950	17.3%
Miscellaneous	701,220	626,722	472,941	508,647	(192,574)	72.5%	35,706	7.5%
<b>Total Services</b>	<b>32,735,150</b>	<b>14,396,616</b>	<b>29,194,930</b>	<b>32,602,959</b>	<b>(132,191)</b>	<b>99.6%</b>	<b>3,408,028</b>	<b>11.7%</b>
Capital Outlay-Land	0	98,699	2,561,209	0	0	-	(2,561,209)	(100.0%)
Other Improvements	0	0	0	0	0	-	0	#DIV/0!
Machinery & Equipment	590,000	289,145	1,093,290	334,066	(255,934)	56.6%	(759,224)	(69.4%)
Construction Projects	0	0	0	0	0		0	#DIV/0!
<b>Total Capital Outlay</b>	<b>590,000</b>	<b>387,843</b>	<b>3,654,499</b>	<b>334,066</b>	<b>(255,934)</b>	<b>56.6%</b>	<b>(3,320,433)</b>	<b>(90.9%)</b>
Transfers Out	5,865,345	10,228,184	5,546,153	5,851,699	(13,646)	99.8%	305,546	5.5%
<b>Total Non Operating Expens</b>	<b>5,865,345</b>	<b>10,228,184</b>	<b>5,546,153</b>	<b>5,851,699</b>	<b>(13,646)</b>	<b>99.8%</b>	<b>305,546</b>	<b>5.5%</b>
<b>Total Expenditures</b>	<b>81,863,700</b>	<b>72,361,249</b>	<b>76,033,701</b>	<b>81,621,815</b>	<b>(241,884)</b>	<b>99.7%</b>	<b>5,588,115</b>	<b>7.3%</b>
					% of Year		<b>100.0%</b>	

### General Fund Category Table and Chart

Salaries & Benefits	41,421,601	50.7%
Supplies	1,411,491	1.7%
Services	32,602,959	39.9%
Capital Outlay	334,066	0.4%
Transfers Out	5,851,699	7.2%
<b>Total Expenses</b>	<b>81,621,815</b>	<b>100.0%</b>

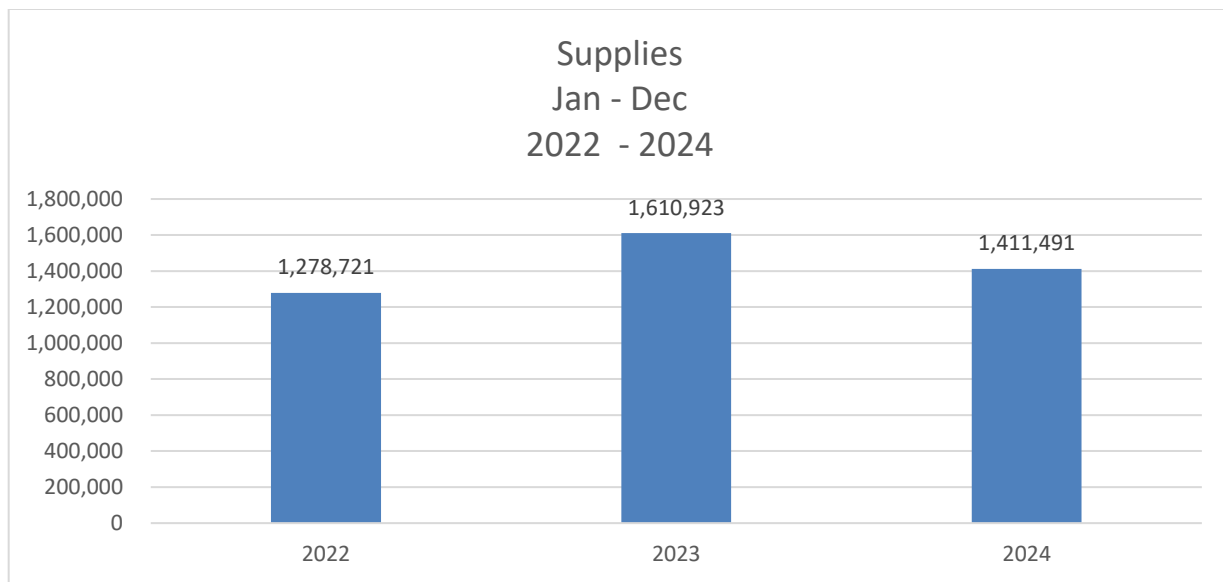


**General Fund Expenditure Categories**



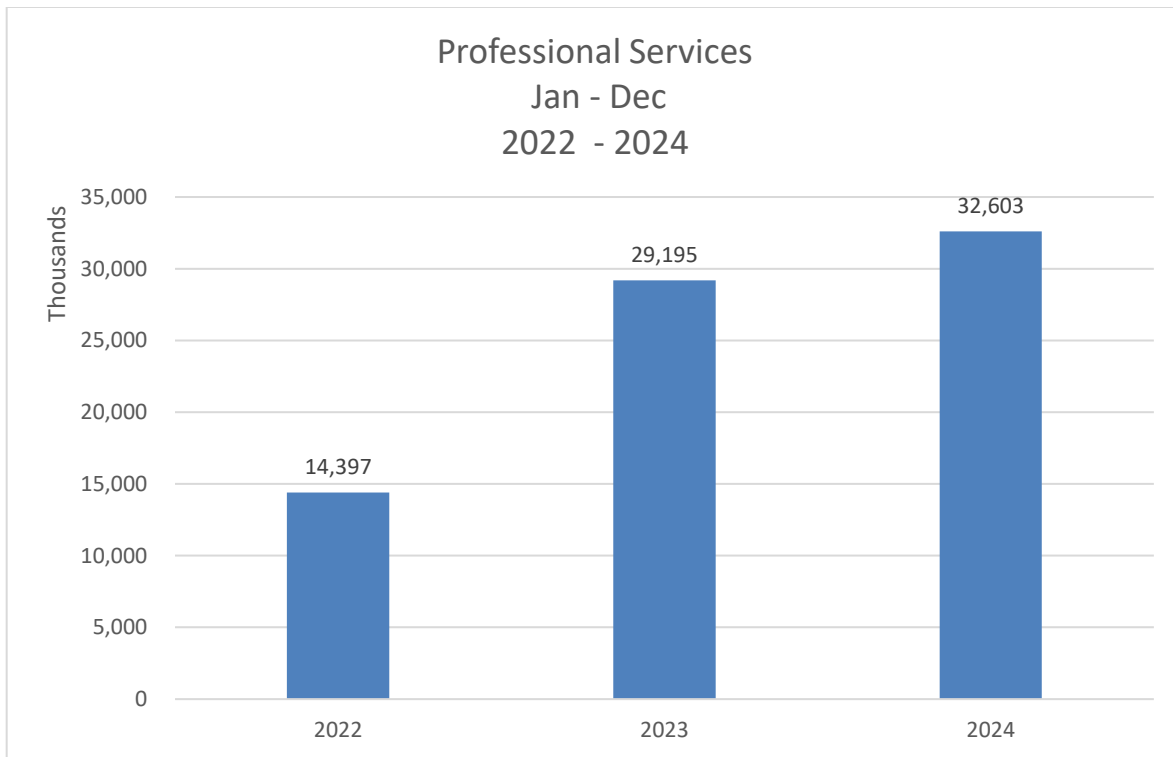
Increase of 15%

- Salary adjustments
- Separation package
- Retro Pay
- Increase benefit rates (medical/dental)
- FICA increases as Salaries increase



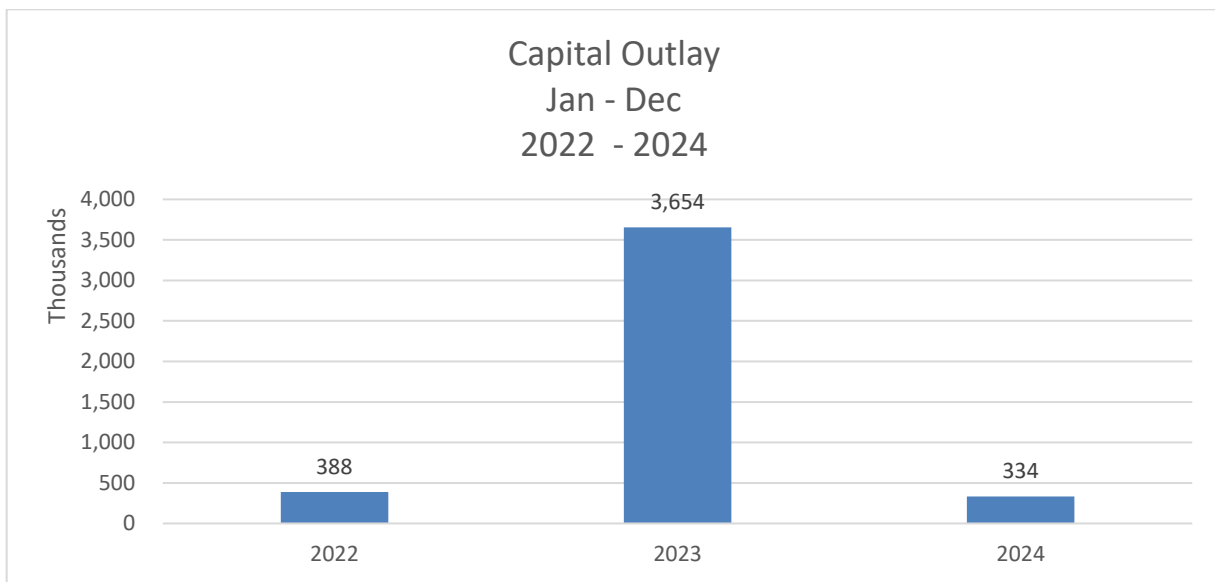
Reduction of 12% over the prior year.

- Conversation about saving money towards end of biennium



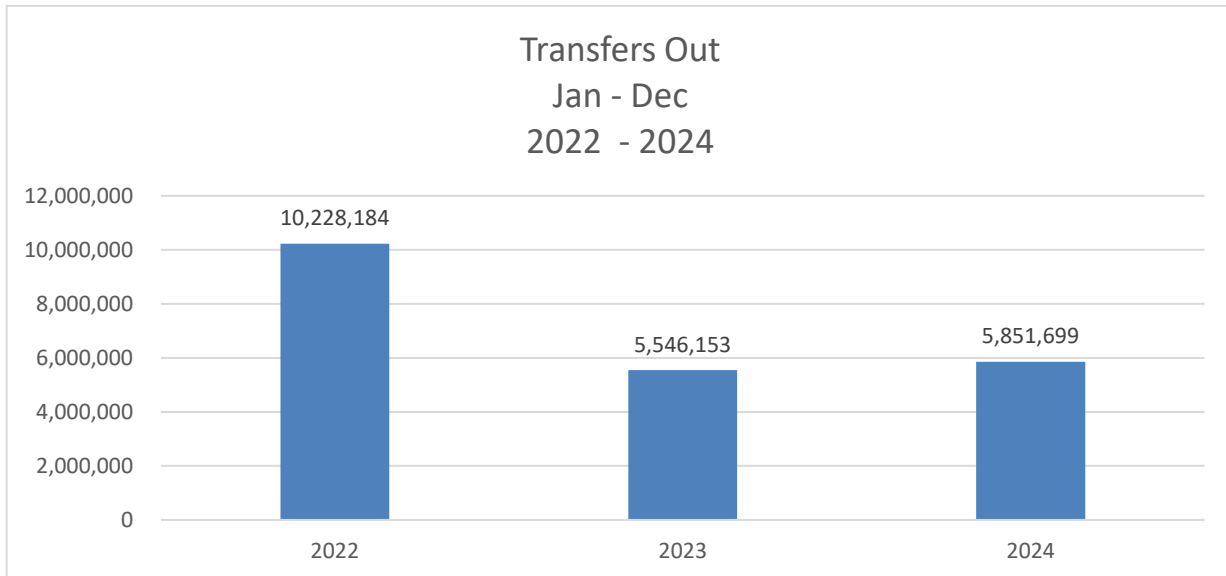
Increase of 11.7%

- Regional Fire Authority Contract
- Repairs & Maintenance Services
  - RPUMC Parking Lot Clean up
  - Valley Com Dispatch Svs. Radios/Telemetry
  - TCC HVAC Replacement



Down 91% from prior year

- TIS Network infrastructure purchases in 2023.



- 2024 is consistent with the prior year.
- Debt Service paid in 2022 (LTGO)
- Capital Transfers in 2022 (Fund 104 – Bridges & Arterial Street)

## Conclusion

The City of Tukwila's 2024 Year-End Financial Report highlights a significant sales tax revenue increase of \$2,024,255 (9.3%) above budget projections, contributing to overall revenue growth. Salaries and services accounted for the largest expenditure categories, comprising 51% and 40% of the General Fund budget, respectively. Notable financial changes include revenue fluctuations across various categories, such as a 17% decline in certain fees and a 7.4% rise in rental and concession income. Expenditures rose in areas like the Regional Fire Authority contract and technology services, while some departments achieved cost reductions toward the biennium's end. The City navigated evolving costs with adjustments for market rate studies, retroactive pay, and increased benefit rates, reflecting a dynamic fiscal landscape.







## INFORMATIONAL MEMORANDUM

TO: **Finance & Governance Committee**  
CC: **Mayor McLeod**  
FROM: **Aaron Be Miller, Finance Director**  
By: **Tony Cullerton, Deputy Finance Director**  
DATE: **March 24, 2025**  
SUBJECT: **Investment and Debt Policies**

### SUMMARY

The Finance Department remains dedicated to identifying opportunities to enhance the quality of service it provides. A key priority is the evaluation and optimization of both new and existing revenue streams. Historically, the Treasury program has been underutilized due to previous leadership priorities. To address this, the Finance Department is taking proactive steps by developing comprehensive investment and debt policies. These policies will serve as strategic frameworks to guide the City in strengthening its investment portfolio and financial management practices.

### Discussion

Effective treasury investing is a key part of sound financial management for local governments. By wisely investing surplus funds, the City of Tukwila can create additional revenue, improve cash flow, and secure better returns while managing risks. These careful investments help ensure long-term financial stability, allowing the City to navigate economic challenges and invest in important public services and infrastructure. A strong treasury investment strategy not only meets the City's immediate fiscal needs but also builds a foundation for sustainable economic growth and community resilience. This strategy begins with clear investment and debt policies. The City recently received a Certificate of Excellence for its Investment Policy from the Washington Public Treasurers Association (WPTA), an honor that will be recognized at this year's WPTA conference. Additionally, the City's Debt Policy has been submitted for consideration for this same prestigious award.

### Summary

This is currently for discussion only. Our primary objective is to secure certification of the Debt Policy before proceeding with a formal review of both the Investment and Debt Policies. At a later date, we intend to move both policies through the official process by resolution to repeal and replace the existing Investment Policy (Resolution 2034) and Debt Policy (Resolution 1840), ensuring they are updated and aligned with current standards.

### Attachments

- Attachment A - City Investment Policy
- Attachment B - City Debt Policy
- Attachment C - Press Release



# **City of Tukwila Investment Policy**

2025

## Table of Contents

1. Introduction .....	3
2. Governing Authority .....	3
3. Policy Statement .....	3
4. Scope.....	3
5. Objectives .....	3
A. Safety .....	4
B. Liquidity .....	4
C. Return on Investment .....	5
6. Standards of Care .....	5
A. Delegation of Authority and Responsibilities .....	5
B. Prudence .....	6
C. Ethics and Conflicts of Interest .....	6
7. Safekeeping, Custody and Controls .....	6
A. Delivery vs. Payment.....	6
B. Third-Party Safekeeping .....	7
8. Authorized Financial Dealers .....	8
A. Broker/Dealers .....	8
B. Investment Advisors .....	8
C. Depositories .....	9
D. Competitive Transactions .....	9
9. Authorized and Suitable Investments .....	9
A. Authorized Investments .....	9
B. Suitable Investments .....	10
C. Bank Collateralization .....	11
D. Prohibited Investments .....	11
10. Investment Parameters .....	11
A. Diversification .....	11
B. Investment Maturity .....	12
C. Strategic Philosophy .....	13
11. Reporting Requirements .....	14
12. Policy Adoption .....	15
Glossary of Terms.....	16

## **1. Introduction**

This Investment Policy defines the parameters within which funds are to be invested by the City of Tukwila ("City"). This policy also formalizes the framework, of the City's Policy and Procedures to provide the authority and constraints for the City to maintain an effective and judicious management of funds within the scope of this policy.

These policies are intended to be broad enough to allow the Finance Director or authorized designee to function properly within the parameters of responsibility and authority, yet specific enough to adequately safeguard the investment assets.

## **2. Governing Authority**

The City of Tukwila's investment authority is derived from RCW Chapters 35A.40.050 and 35.39.032. The investment program shall be operated in conformance with Washington Revised Statutes and applicable Federal Law. All funds within the scope of this policy are subject to regulations established by the State of Washington.

## **3. Policy Statement**

This policy establishes standards and guidelines for the direction, management and oversight for all of the City of Tukwila's investable cash and funds. Funds must be invested prudently to assure preservation of principal, provide needed liquidity for daily cash requirements, and provide a market rate of return. All investments must conform to federal, state, and local statutes governing the investment of public funds.

## **4. Scope**

This policy applies to activities of the City of Tukwila with regard to investing the financial assets of the City. The City commingles its funds to maximize investment earnings and to increase efficiencies with regard to investment pricing, safekeeping, and administration. Investment income will be allocated to the various funds based on their respective participation and in accordance with generally accepted accounting principles (GAAP). Principal and interest is apportioned for the benefit of the various participating funds or for the benefit of the general fund. (RCW 35.39.034) The city maintains the right to separate certain funds and exclude them from the scope of this policy. Should bond covenants be more restrictive than this policy, funds shall be invested in full compliance with those restrictions.

## **5. Objectives**

All funds will be invested in a manner that is in conformance with federal, state and other legal requirements. In addition, the objectives, in order of priority, of the investment activities will be as follows:

## A. Safety

Safety of principal is the primary objective of the City. To mitigate credit and interest rate risk, investment decisions shall be undertaken in a manner that seeks to ensure preservation of capital in the overall portfolio. To obtain this objective, the following steps will be taken:

- i. Credit risk. This is the risk of loss due to the financial failure of the security issuer or backer. The city will minimize credit risk by:
  1. Limiting exposure to poor credits and concentrating the investments in the safest types of securities.
  2. Diversifying the investment portfolio so that potential losses on individual securities will be minimized; and
  3. Actively monitoring the investment portfolio holdings for rating changes, changing economic market conditions, etc.
  4. Credit rating downgrade. If the credit rating of a security is subsequently downgraded below the minimum rating level for a new investment of that security, the Finance Director shall evaluate the downgrade on a case-by-case basis in order to determine if the security should be held or sold after further analysis of the credit rating on an ongoing basis. The Finance Director will apply the general objectives of safety, liquidity, and return to make the decision.
- ii. Interest rate risk. This is the risk that the market value of securities in the portfolio will fall due to increases in general interest rates. The city will mitigate the interest rate risk by:
  1. Structuring the investment portfolio so that securities mature to meet cash requirements, when known, for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity;
  2. Investing liquidity funds primarily in short-term instruments (i.e., investments maturing in less than one year); and
  3. Investing excess liquidity funds in a manner that is consistent with the established risk/return objectives of this policy within the stated maximum weighted average maturity constraint.

## B. Liquidity

The investment portfolio will be structured to meet all expected obligations in a timely manner, to avoid premature sale of an investment at a loss of principal. The investment portfolio will provide liquidity sufficient to enable the City to meet all cash requirements that might reasonably be anticipated. This will be accomplished by either maintaining a portion of the portfolio in investment vehicles offering daily liquidity at face value, such as the Washington State Local Government Investment Pool (LGIP) or structuring the portfolio so that securities mature concurrently with cash needs to meet anticipated demands. Because all possible cash demands cannot be anticipated, the portfolio should consist largely of securities with active secondary or resale markets.

### **C. Return on Investment**

The investment portfolio will be structured with the objective of attaining a market rate of return throughout economic cycles, commensurate with the investment risk parameters and the cash flow characteristics of the portfolio.

### **D. Legality**

The investment portfolio will be invested in a manner that meets RCW statutes and all legal requirements of the City.

## **6. Standards of Care**

### **A. Delegation of Authority and Responsibilities**

#### **i. Governing Body**

The City Council, as the governing body of the City, will retain ultimate fiduciary responsibility for the portfolio. The Council will designate an investment officer to manage the investment program in accordance with RCW sections 35A.40.050, 35.39.032, 36.29.020 and City policy and will review and adopt any changes to the investment policy.

#### **ii. Delegation of Authority**

The City Council designates the City's Finance Director, or their designee, as the Investment Officer of the City. No person may initiate investment transactions on behalf of the Investment Officer without the express written consent of the Investment Officer. Both the City and the investment advisor shall maintain record of individuals granted consent to initiate transactions by the Investment Officer.

#### **iii. Training:** Such procedures shall include explicit delegation of authority to persons responsible for investment transactions to provide adequate redundancy by properly trained and informed staff. All staff engaging in investment transactions shall attend public investment training. Staff shall not engage in any allowable investment transaction for which they cannot articulate a rationale for having done so.

#### **iv. Finance Committee:**

The Finance & Governance Committee shall meet at least annually to receive a report on investment performance and investment compliance.

#### **v. Registered Investment Advisor**

The City may engage the services of an external registered investment adviser to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Such advisers shall provide recommendation and advice regarding the City investment program including but not

limited to advice related to the purchase and sale of investments in accordance with this Investment Policy. Such advisers must be registered under the Investment Advisers Act of 1940.

## **B. Prudence**

The standard of prudence to be used by the Finance Director or any designees in the context of managing the overall portfolio is the prudent person rule enacted by State Statute (RCW 11.100.020) which states:

*Investments will be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds considering the probable income as well as the probable safety of the capital.*

The Finance Director and authorized investment officers and employees who act in accordance with the Finance Director's written procedures and the City's Investment Policy, and who exercise due diligence, shall be relieved of personal responsibility for the credit risk or market price change of an investment, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

## **C. Ethics and Conflicts of Interest**

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

Persons authorized to invest shall not accept gifts from the institutions with which the City places investments. Occasional business meals are acceptable and must be reported to the Finance Director and Finance Committee.

# **7. Safekeeping, Custody and Controls**

## **A. Delivery vs. Payment**

All trades of marketable securities will be executed (cleared and settled) on a delivery vs. payment (DVP) basis to ensure that securities are deposited in the City's safekeeping institution prior to the release of funds.

## **B. Third-Party Safekeeping**

Prudent treasury management requires that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by the City, an independent third-party financial institution, or the City's designated depository.

The City's Finance Director shall designate all safekeeping arrangements and an agreement of the terms executed in writing. All securities will be receipted and recorded based on the terms in the custodial contract. The third-party custodian shall be required to provide a monthly statement to the City listing at a minimum each specific security, book yield, description, maturity date, market value, par value, purchase date, and CUSIP number. The City will have online access through the safekeeping bank for verification of the account holdings and transactions.

All collateral securities pledged to the City for certificates of deposit or demand shall be held in a segregated account at the issuing financial institution that is reporting to the State's Public Deposit Protection Commission (PDPC).

## **C. Performance Standards / Benchmark**

The investment portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The City's cash management portfolio shall be managed using as comparison for market yield of [Name a specific benchmark, i.e. 3-Year Constant Maturity US Treasury Index, 0-3 year Treasury Index, etc.].

## **D. Downgraded Securities**

The City may, from time to time, be invested in a security whose rating is downgraded. In the event a rating drops below the minimum allowed by this policy, the Finance Director will review and recommend an appropriate plan of action to the Council via the Finance Committee. If the City utilizes an Investment Advisor, that Investment Advisor shall notify the Finance Director and recommend a plan of action within one month. The City may continue to hold a downgraded investment to maturity if a probable outcome is the eventual realization of full value, rather than a realized loss if divested prior to maturity.

## **E. Internal Controls**

The Finance Director is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse. Specifics for the internal controls shall be documented in an investment procedures manual.

The internal control structure shall be designed to provide reasonable assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived and the valuation of costs and benefits requires estimates and judgments by management. The internal controls shall address the following points at a minimum:



- i. Control of collusion
- ii. Separation of transaction authority from accounting and recordkeeping
- iii. Custodial safekeeping
- iv. Avoidance of physical delivery securities of marketable securities
- v. Clear delegation of authority to subordinate staff members
- vi. Written confirmation of transactions for investments and wire transfers
- vii. Dual authorizations of wire transfers
- viii. Staff training and
- ix. Review, maintenance and monitoring of security procedures both manual and automated.

## **F. External Controls**

The Office of the State Auditor requires that in accordance with Revised Code of Washington 43.09.260, the City must undergo annual financial examinations performed by State Examiners. Investment management is to be included as part of the annual independent audit to assure compliance with this investment policy.

# **8. Authorized Financial Dealers**

## **A. Broker/Dealers**

The Finance Director or designee shall maintain and review annually a list of all authorized financial institutions and broker/dealers that are approved to transact with the City for investment purposes. Any firm is eligible to make an application to the City. Additions and deletions to the list will be made at the City's discretion. All broker/dealers and financial institutions who desire to do business with the City must supply the Finance Director with the following:

- i. Annual audited financial statements.
- ii. Proof of FINRA (Financial Industry Regulatory Authority) certification.
- iii. Proof of registration with the State of Washington.
- iv. A completed Broker/Dealer questionnaire and a certification of having read the City Investment Policy.

## **B. Investment Advisors**

The City may contract with an external investment advisor to assist with the management of the City's investment portfolio in a manner that is consistent with the City's objectives and this policy. Advisors must be registered under the Investment Advisers Act of 1940 and must act in a non-discretionary capacity, requiring approval from the City prior to all transactions.

The Finance Director or designee may utilize the investment advisor's approved broker/dealer list in lieu of the City's own approved list. The advisor must submit the approved list to the City annually and provide updates throughout the year as they occur. The advisor must maintain documentation of appropriate license and professional credentials of broker/dealers on the list. The annual investment advisor broker/dealer review procedures include:

- i. FINRA Certification check
  - Firm Profile
  - Firm History
  - Firm Operations
  - Disclosures of Arbitration Awards, Disciplinary and Regulatory Events
  - State Registration Verification
- ii. Financial review of acceptable FINRA capital requirements or letter of credit for clearing settlements.

The advisor may be authorized through the contracted agreement to open accounts on behalf of the City with the broker/dealers on the approved broker/dealer list. The City will receive documentation directly from the brokers for account verification and regulatory requirements.

### **C. Depositories**

The City will only place funds exceeding the current FDIC insurance limits with banks who are currently participating in the Washington State PDPC program. Compliance/listing with the PDPC will be verified by the Finance Director or designee annually.

### **D. Competitive Transactions**

Transactions must be executed on a competitive basis and documented, excluding securities and interfund loans issued by the City of Tukwila. Competitive prices should be provided from at least three separate brokers, financial institutions or through a national electronic trading platform. If the purchased security is only offered by one broker, then other securities with similar structure may be used for documentation purposes. If an Advisor handles trade executions, then they must provide the competitive documentation as requested.

## **9. Authorized and Suitable Investments**

### **A. Authorized Investments**

All investments of the City are limited by RCW, principally RCW 35A.40.050 and 39.59.020.

Additional Specifications:

- This policy recognizes S&P, Moody's and Fitch as the major Nationally Recognized Statistical Ratings Organizations (NRSRO).
- Minimum credit ratings and percentage limitations apply to the time of purchase.
- All securities must be purchased on the secondary market and may not be purchased directly from the issuer.

- Securities rated in the broad single-A category with a negative outlook may not be purchased. Portfolio holdings of corporate notes downgraded to below single A and portfolio holdings of securities rated single A with their outlooks changed to negative may continue to be held. No additional purchases are permitted.

## **B. Suitable Investments**

**U. S Treasury Obligations:** Direct obligations of the United States Treasury.

**US Agency Obligations:** US Government Agency Obligations and US Government Sponsored Enterprises (GSEs) which may include, but are not limited to the following: Federal Farm Credit Banks Funding Corporation (FFCB), Federal Home Loan Bank (FHLB), Federal National Mortgage Association (FNMA), Federal Home Loan Mortgage Corporation (FHLMC), and Tennessee Valley Authority (TVA).

**Supranational Bonds:** United States dollar denominated bonds, notes or other obligations that are issued or guaranteed by supranational institutions, provided, that at the time of investment, the institution has the United States as its largest shareholder. These include: International Bank for Reconstruction and Development (IBRD or World Bank); the International Finance Corporation (IFC); the Asian Development Bank (ADB) and the Inter-American Development Bank (IADB).

**Municipal Debt Obligations:** Bonds of the State of Washington, any local government in the State of Washington, General Obligation bonds outside the State of Washington; at the time of investment the bonds must have one of the three highest credit ratings of a nationally recognized rating agency. Debt of the City of Tukwila is not required to be rated.

**Corporate Notes:** Unsecured debt obligations purchased in accordance with the investment policies and procedures adopted by the State Investment Board. Corporate notes must be rated at least weak single A (A-) or better by all the major rating agencies that rate the note at the time of purchase for inclusion in the corporate note portfolio. The maturity must not exceed 5.5 years and the maximum duration of the corporate note portfolio cannot exceed 3 years. The percentage of corporate notes that may be purchased from any single issuer rated AA- or better by all major rating agencies that rate the note is 3% of the assets of the total portfolio. The percentage of corporate notes that may be purchased from any single issuer rated in the broad single A (A-) category from all the major rating agencies that rate the security is 2% of the total portfolio. The individual country limit of non-U.S. and non-Canadian exposure is 2% of the total portfolio. The exposure is determined by the country of domicile of the issuers of portfolio securities.

**Commercial Paper:** Commercial paper must be rated with the highest short-term credit rating category of any two major Nationally Recognized Statistical Rating Organizations (NRSROs) at the time of purchase. If the commercial paper is rated by more than two major NRSROs, it must have the highest rating from all of them. Commercial paper holdings may not have maturities exceeding 270 days. Any commercial paper purchased with a maturity longer than 100 days must also have an underlying long-term credit rating at the time of purchase in one of the three highest rating categories of an NRSRO. The percentage of commercial paper that may be purchased from any one issuer is 3% of the market value of the total portfolio. Issuer constraints will apply to the combined holdings of corporate notes and commercial paper holdings.

**Certificates of Deposit:** Non-negotiable Certificates of Deposit of financial institutions which are qualified public depositories as defined by RCW 39.58.010(2) and in accordance with the restrictions therein.

**Bank Time Deposits and Savings Accounts:** Deposits in PDPC approved banks.

**Local Government Investment Pool:** Investment Pool managed by the Washington State Treasury Office.

### **C. Bank Collateralization**

The PDPC makes and enforces regulations and administers a program to ensure public funds deposited in banks and thrifts are protected if a financial institution becomes insolvent. The PDPC approves which banks and thrifts can hold state and local government deposits and monitors collateral pledged to secure uninsured public deposits. Under the act, all public treasurers and other custodians of public funds are relieved of the responsibility of executing tri-party agreements, reviewing pledged securities, and authorizing additions, withdrawals, and exchanges of collateral.

### **D. Prohibited Investments**

- i. The City shall not lend securities nor directly participate in a securities lending or reverse repurchase program.
- ii. The City shall not invest in mortgage-backed securities.
- iii. The City shall not invest in Equities
- iv. The City shall not invest in Cryptocurrency

## **10. Investment Parameters**

### **A. Diversification**

The City will diversify the investment of all funds by adhering to the constraints listed in the following table. Investments in securities shall not exceed the following percentages of the total portfolio at the time of purchase.

### Total Portfolio Diversification Constraints

Issue Type	Maximum % Holdings	Maximum % per Issuer	Ratings, S&P, Moody's, or Equivalent NR SRO	Maximum Maturity
US Treasury Obligations	100%	None	N/A	10 years
US Agency Obligations	100%	35%	N/A	10 years
Supranational Agency Notes	10%	5%	AA-/A3	10 years
Municipal Bonds (GO Outside WA	30%	5%	A-/A3 Short Term	10 years
City of Tukwila Debt Obligations	15%	None	N/A	N/A
Corporate Notes	25%	3% for AA- 2% for A-, AA+	A-/A3 Short Term	5.5 year
Commercial Paper	25%	3%	A1{1 Long Term A- /A3	270 days
Bank Time Deposits/Savings	20%	10%	Deposits in PDPC approved banks	N/A
Certificates of Deposit	25%	10%	Deposits in PDPC approved banks	5 years
State LGIP	100%	None	N/A	N/a
Issuer constraints apply to the combined issues in corporate and commercial paper holdings. Sort Term Ratings: Moody's - P1MIG1/VMIG1, S&P - A-1/SP-1, Fitch - F1 Note: Individual country limit of non-US/non-Canadian exposure is 2% of total portfolio				

## B. Investment Maturity

### i. Liquidity Funds – Tier 1

Liquidity funds will be defined as those funds that are in the State LGIP City, bank deposits, bank certificates of deposits or money market instruments and will be available for immediate use.

ii. Investment Core Funds – Tier 2

Investment funds will be defined as the funds in excess of liquidity requirements and invested in authorized investments and maturity structure listed below.

iii. Total Portfolio Maturity Constraints:

<b>Maturity Constraints</b>	<b>Minimum % of Total Portfolio</b>
Under 30 days	10%
Under 1 year	25%
Under 5 years	90%
Under 10 years	100%
<b>Maturity Constraints</b>	<b>Total Portfolio Maximum</b>
Weighted Average Maturity	2.0 years
Duration of Corporate Note Portfolio	3.0 years
<b>Security Structure Constraint</b>	<b>Maximum % of Total Portfolio</b>
Callable Agency Securities	25%

**C. Strategic Philosophy**

The primary investment philosophy of the City is to match investment maturities with expected cash outflows. Securities shall generally be held until maturity, with the following exceptions:

- i. A security with a declining credit may be sold early to protect the principal value of the portfolio.
- ii. The portfolio duration or maturity buckets should be adjusted to better reflect the structure of the underlying benchmark portfolio.
- iii. A security exchange that would improve the quality, yield and target maturity of the portfolio based on market conditions.
- iv. A sell of a security to provide for unforeseen liquidity needs.

## 11. Reporting Requirements

### A. Reporting

The Finance Director or designee shall be responsible for investment reporting. At a minimum, monthly reporting (RCW 35.39.032) shall be made available providing detailed information on the investment portfolio.

Specific Requirements:

- Book Yield
- Holdings Report including mark to market and security description
- Transactions Report
- Weighted Average Maturity or Duration

### B. Performance Standards/Evaluation

- The portfolio shall be managed to obtain a fair rate of return and earnings rate that incorporates the primary objectives of protecting the City's capital and assuring adequate liquidity to meet cash flow needs.
- The investment portfolio will be invested into a predetermined structure that will be measured against a selected benchmark portfolio. The structure will be based upon a chosen minimum and maximum duration (average maturity) and will have the objective to achieve market rates of returns over long investment horizons. The purpose of a benchmark is to appropriately manage the risk in the portfolio through interest rate cycles. The investment portfolio is expected to provide similar returns to the benchmark over interest rate cycles but may underperform or outperform in certain periods. The portfolio will be positioned to first protect principal and then achieve market rates of return. The benchmark used will be the US treasury 0–3-year index or US treasury 0–5-year index and comparisons will be calculated monthly and reported quarterly.
- The liquidity component yield will be compared quarterly to the LGIP average yield.

### C. Compliance Report

A quarterly compliance report will be generated comparing the portfolio positions to this investment policy.

The Investment Policy sets forth concentration constraints and minimum credit ratings for each type of security. These limits apply to the initial purchase of a security and do not automatically trigger the sale of a security as the portfolio value fluctuates or in the event of credit rating downgrade. Due to fluctuations in the aggregate surplus funds balance, maximum percentages for a particular issuer or investment type may be exceeded at a point in time. Securities need not be liquidated to realign the portfolio; however, consideration should be given to this matter when future purchases are made to ensure that appropriate diversification is maintained.

#### **D. Accounting Method**

The City shall comply with all required legal provisions and Generally Accepted Accounting Principles (GAAP). The accounting principles are those contained in the pronouncements of authoritative bodies including, but not necessarily limited to, the Governmental Accounting Standards Board (GASB).

Pooling of Funds: Except for cash in certain restricted and special funds, the City will consolidate balances from all funds to maximize investment earnings. Investment income will be allocated to the various funds based on their respective participation in the investment program and in accordance with generally accepted accounting principles.

## **12. Policy Adoption**

The City's Investment Policy shall be adopted by the City Council and reviewed by the Council Finance Committee as needed but not less than every two years. This Policy has been adopted by the City Council on \_\_\_\_\_, 2025.

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## Glossary of Terms

**Agency Securities:** Government sponsored enterprises of the US Government.

**Bankers Acceptances:** A time draft accepted (endorsed) by a bank or trust company. The accepting institution guarantees payment of the bill, as well as the issuer. BAs are short-term non-interest-bearing notes sold at a discount and redeemed by the accepting bank at maturity for full face value.

**Bond:** An interest-bearing security issued by a corporation, government, governmental agency, or other body. It is a form of debt with an interest rate, maturity, and face value, and specific assets sometimes secure it. Most bonds have a maturity of greater than one year and generally pay interest semiannually. See Debenture.

**Broker:** An intermediary who brings buyers and sellers together and handles their orders, generally charging a commission for this service. In contrast to a principal or a dealer, the broker does not own or take a position in securities.

**Collateral:** Securities or other property that a borrower pledges as security for the repayment of a loan. Also refers to securities pledged by a bank to secure deposits of public monies.

**Commercial Paper:** Short-term, unsecured, negotiable promissory notes issued by corporations.

**Current Maturity:** The amount of time left until an obligation matures. For example, a one-year bill issued nine months ago has a current maturity of three months.

**CUSIP:** A CUSIP number identifies securities. CUSIP stands for Committee on Uniform Security Identification Procedures, which was established under the auspices of the American Bankers Association to develop a uniform method of identifying municipal, U.S. government, and corporate securities.

**Dealer:** An individual or firm that ordinarily acts as a principal in security transactions. Typically, dealers buy for their own account and sell to a customer from their inventory. The dealer's profit is determined by the difference between the price paid and the price received.

**Debenture:** Unsecured debt backed only by the integrity of the borrower, not by collateral, and documented by an agreement called an indenture.

**Delivery:** Either of two methods of delivering securities: delivery vs. payment and delivery vs. receipt (also called "free"). Delivery vs. payment is delivery of securities with an exchange of money for the securities.

**Duration:** A measure used to calculate the price sensitivity of a bond or portfolio of bonds to changes in interest rates. This equals the sum of the present value of future cash flows.

**Full Faith and Credit:** Indicator that the unconditional guarantee of the United States government backs the repayment of a debt.

**General Obligation Bonds (GOs):** Bonds secured by the pledge of the municipal issuer's full faith and credit, which usually includes unlimited taxing power.

**Government Bonds:** Securities issued by the federal government; they are obligations of the U.S. Treasury; also known as "government securities."

**Interest:** Compensation paid or to be paid for the use of money. The rate of interest is generally expressed as an annual percentage.

**Investment Funds:** Core funds are defined as operating fund balance, which exceeds the City's daily liquidity needs. Core funds are invested out the yield curve to diversify maturity structure in the overall portfolio. Having longer term investments in a portfolio will stabilize the overall portfolio interest earnings over interest rate cycles.

**Investment Securities:** Securities purchased for an investment portfolio, as opposed to those purchased for resale to customers.

**Liquidity:** The ease at which a security can be bought or sold (converted to cash) in the market. A large number of buyers and sellers and a high volume of trading activity are important components of liquidity.

**Liquidity Component:** A percentage of the total portfolio that is dedicated to providing liquidity needs for the City.

**LGIP:** Local Government Investment Pool run by the State of Washington Treasurer's office established to help cities with short term investments.

**Mark to Market:** Adjustment of an account or portfolio to reflect actual market price rather than book price, purchase price or some other valuation.

**Municipals:** Securities, usually bonds, issued by a state, its agencies, by cities or other municipal entities. The interest on "munis" is usually exempt from federal income taxes and state and local income taxes in the state of issuance. Municipal securities may or may not be backed by the issuing agency's taxation powers.

**Par Value:** The value of a security expressed as a specific dollar amount marked on the face of the security or the amount of money due at maturity. Par value should not be confused with market value.

**Portfolio:** A collection of securities held by an individual or institution.

**Prudent Person Rule:** A long-standing common-law rule that requires a trustee who is investing for another to behave in the same way as a prudent individual of reasonable discretion and intelligence who is seeking a reasonable income and preservation of capital.

**Quotation or Quote:** A bid to buy or the lowest offer to sell a security in any market at a particular time.

**Repurchase Agreement:** Range in maturity from overnight to fixed time to open end. Repos involve a simultaneous sale of securities by a bank or government securities dealer to an investor with an agreement for the bank or government securities dealer to repurchase the securities at a fixed date at a specified rate of interest.

**Treasury Bill (T-Bill):** An obligation of the U.S. government with a maturity of one year or less. T-bills bear no interest but are sold at a discount.

**Treasury Bonds and Notes:** Obligations of the U.S. government that bear interest. Notes have maturities of one to ten years; bonds have longer maturities.

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

**Yield to Maturity:** The average annual yield on a security, assuming it is held to maturity; equals to the rate at which all principal and interest payments would be discounted to produce a present value equal to the purchase price of the bond.

## Ratings Table – Long-Term

Three Highest Rating Categories	S&P	Moody's	Fitch	Definition
	AAA	Aaa	AAA	Highest credit quality
	AA+, AA, AA-	Aa1, Aa2, Aa3	AA+, AA, AA-	Very high credit quality
	A+, A, A-	A1, A2, A3	A+, A, A-	High credit quality
	BBB+, BBB, BBB-	Baa1, Baa2, Baa3	BBB+, BBB, BBB-	Good credit quality
	BB+, BB, BB-	Ba1, Ba2, Ba3	BB+, BB, BB-	Non-investment grade

### Ratings Table – Short-Term

Highest Rating Category	S&P	Moody's	Fitch	Definition
	A1+, A1	P1+, P1	F1+, F1	Highest credit quality
	<b>Municipal Commercial Paper</b>			
	A-1, A-1+, SP-1+, SP-1	P1, MIG1, VMIG1	F1+, F1	Highest credit quality

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# **CITY OF TUKWILA**

## **DEBT POLICY**

**ADOPTED [DATE]**

## TABLE OF CONTENTS

<b>SECTION I. INTRODUCTION</b>	<b>3</b>
<b>SECTION II. GOVERNING PRINCIPLES</b>	<b>3</b>
<b>SECTION III. ROLES AND RESPONSIBILITIES</b>	<b>4</b>
<b>SECTION IV. PROFESSIONAL SERVICES</b>	<b>5</b>
<b>SECTION V. TRANSACTION-SPECIFIC POLICIES</b>	<b>6</b>
<b>SECTION VI. COMPLIANCE POLICIES</b>	<b>9</b>
<b>SECTION VII. OTHER POLICIES</b>	<b>10</b>

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## **Section I. Introduction**

### **Purpose and Overview**

The objective of this policy is to provide general guidance for the issuance and management of all City of Tukwila (the City) debt. Further, this policy establishes criteria to protect the City's financial integrity while providing a mechanism to fund the City's capital needs prudently and cost effectively. Adherence to this policy is essential to ensure that the City Council (Council) maintains a debt position which allows the Council to protect the City, its functionality, and the credit quality of its obligations.

The City's Finance Department is charged with ensuring compliance with all debt policy requirements.

### **Capital Planning**

The City shall integrate its debt issuance with its Capital Improvement Program (referred to herein as CIP or Capital Facilities Plan) spending to ensure that planned financing conforms to policy targets regarding the level and composition of outstanding debt. This planning considers the long-term horizon, paying particular attention to financing priorities, capital outlays and competing projects.

Long-term borrowing shall be confined to the acquisition and/or construction of capital improvements and shall not be used to fund operating or maintenance costs. The issuance of debt to fund operating deficits is not permitted except in emergencies as adopted by formal action by the City Council. For all capital projects under consideration, the City shall budget and set aside sufficient revenue from operations to fund ongoing maintenance needs and to provide reserves for periodic replacement and renewal. The source of funds for the project should reflect the intended use of bond financing.

## **Section II. Governing Principles**

In the issuance and management of debt, the City shall comply with the State of Washington (State) constitution and with all other legal requirements imposed by federal, State, and local rules and regulations, as applicable. The following section highlights the legal framework for debt issuance.

### **Governing Law**

**State Statutes.** The City issues debt in accordance with the Revised Code of Washington (RCW), in particular chapters 39.36, 39.46, and 39.53, the State constitution along with all other City, State, and federal laws, rules, and regulations.

**Federal Rules and Regulations.** The City shall issue and manage debt in accordance with the limitations and constraints imposed by federal rules and regulations, including but not limited to, Internal Revenue Code of 1986, as amended, and Treasury Department Regulations thereunder (Tax Law), and the Securities Acts of 1933 and 1934 (Securities Law).

**Local Rules and Regulations.** The City shall issue and sell debt in accordance with the limitations and constraints imposed by the Tukwila Municipal Code (TMC), including but not limited to Title 3 (Revenue and Finance) and City ordinances, resolutions, policies, procedures, and bond covenants.

### Legal Debt Limits for GO Debt

State law (RCW 39.36.020) allows for the issuance of general obligation (GO) debt, through a public vote, of up to 7.5% of the City's assessed property valuation. The limit of 7.5% of assessed valuation for GO debt is divided between three different use types: 1) 2.5% for municipally owned water, sewer, or electric facilities; 2) 2.5% for open space and parks; and 3) 2.5% for general government purposes. Within the 2.5% limit for general government purposes, State law allows the Council to issue debt without a vote of the people. This non-voted debt (also called councilmanic debt) cannot be greater than 1.5% of the assessed property valuation of the City.

## **Section III. Roles and Responsibilities**

### Responsibilities of City Council

- Approve this policy and any updates/changes to this policy to help ensure compliance with all applicable rules and regulations for debt issuance.
- Approve projects to be financed as part of the City Capital Facilities Plan.
- Adopt an ordinance authorizing the issuance and sale of debt, and, as applicable, setting forth the delegation requirements provided for in RCW 39.46.040 when appointing a designated representative, the City Finance Director or their designee, to approve the final terms of the debt.
- Approve budgets sufficient to provide for the timely payment of principal and interest on all debt.

### Responsibilities of the Finance Director

- Apply and promote prudent fiscal practices.
- Oversee any debt issuance including sale of bonds and review and approval of disclosure documents.
- Approve the issuance of debt at the lowest acceptable cost and risk within the parameters authorized by City Council in the bond ordinance.
- Provide for the timely payment of principal and interest payment on all debt and ensure the fiscal agent receives funds for payment of debt service on or prior to the payment date.
- Ensure compliance with all Tax Laws, Securities Laws, contractual requirements, and other rules and regulations governing the issuance of debt.
- Ensure compliance with all terms, conditions, post-issuance requirements, and Tax Law requirements imposed by law and/or the legal documents governing the debt issued.
- Ensure any annual disclosure reports and notices regarding the occurrence of certain events are timely posted to the EMMA (Electronic Municipal Market Access) system in accordance with continuing disclosure undertakings of the City pursuant to Securities Law.
- Maintain records for all outstanding debt.
- Oversee all aspects of debt management.
- Solicit and select professional services providers as necessary, to administer debt financing.
- Consult with the City's contracted municipal advisor to determine the method of sale best suited for each issue of debt (competitive sale, negotiated sale, or bank/direct placement).
- Select the manner of sale of debt.
- Monitor opportunities to refund debt and recommend such refunding as appropriate.

- Provide pertinent information to credit rating agencies when issuing debt and as routine credit reviews occur.

#### IV. Professional Services

The City's Finance Director will be responsible for the solicitation and selection of professional services as necessary to administer the City's debt program. Professional service providers necessary to issue debt may include, but are not limited to bond counsel, disclosure counsel (which may be bond counsel), municipal advisor, underwriters, banks, rating agencies, and fiscal agent. Selection of the service providers will consider availability, professional knowledge, accountability, cost, as well as successful partnerships in previous debt issuances. The City will issue debt considering cost and associated risk.

##### Professional Service Providers

**Bond Counsel** – Debt issued by the City will generally include a written opinion by bond counsel affirming that the City is legally authorized to issue the proposed debt. The opinion shall provide that the obligation is legal, valid and binding, and enforceable against the City. In the case of tax exempt financing, the legal opinion will address the treatment of interest for purposes of Tax Law.

**Municipal Advisor** – A Municipal Advisor may be used to assist in the issuance of the City's debt. The Municipal Advisor will provide the City with objective advice and analysis on debt issuance. This includes, but is not limited to, coordinating of finance team, monitoring of market opportunities, structuring and pricing of debt, competitive sale execution, and reviewing the preliminary and final official statements.

**Disclosure Counsel** - The Disclosure Counsel (which may be bond counsel) plays a critical role in ensuring that the City's preliminary and final official statements comply with Securities Laws and disclosure requirements. Disclosure Counsel provides legal guidance on the accuracy, completeness, and transparency of the information presented to investors, helping to mitigate the risk of material misstatements or omissions. Working closely with the City's finance team, bond counsel, and municipal advisor, Disclosure Counsel reviews financial and operational disclosures, drafts legal sections of the official statements, and provides legal advice in connection with the City's obligations under SEC Rule 15c2-12 and other applicable regulations. Their expertise helps protect the City from potential legal and regulatory risks while maintaining investor confidence in the bond issuance process.

**Underwriters** – An Underwriter will be selected in advance for all debt issued in a negotiated sale method. The Underwriter is responsible for purchasing debt and reselling the debt to investors.

**Arbitrage Rebate Consultant** – As necessary, the City may engage with an arbitrage rebate consultant to ensure the City is compliant with Tax Law on tax-exempt bonds by calculating potential arbitrage rebate liabilities. The consultant will analyze investment earnings, determine rebate amounts owed under IRS Code 148(f), and assist with documentation, deadlines, and best practices to minimize exposure and avoid penalties.



Fiscal Agent – A fiscal agent may be used to provide accurate and timely securities processing and payment to bondholders. As provided under RCW 43.80, the City will work with the Fiscal Agent that is determined by the State.

## **Section V. Transaction-Specific Policies**

For any City project planned to be funded through debt, an analysis will be done to consider: (a) other potential ways to finance the project; (b) future operating and maintenance costs, including debt repayment; (c) expected cash inflows that could help offset the amount borrowed; and (d) anticipated cash outflows for construction or equipment to ensure compliance with arbitrage rules.

### Method of Sale

The Finance Director, in consultation with the City's municipal advisor, will determine the method of sale best suited for each issue of debt (competitive sale, negotiated sale, or bank/direct placement). The type of debt to be issued and manners of the sale will be submitted to the City Council for approval in the bond ordinance. The bond ordinance will authorize the issuance and sale of debt, and, as applicable, set forth the delegation requirements provided for in RCW 39.46.040 when appointing a designated representative, the City Finance Director or their designee, to approve the final terms of the debt.

### Bond Insurance

For each issue, the City, in conjunction with its municipal advisor, will evaluate the costs and benefits of bond insurance or other credit enhancements. Any credit enhancement purchases by the City must be competitively procured in a manner deemed reasonable by the City Finance Director.

### Bond Ballot Measures

Prior to any unlimited tax general obligation bond (described below) proposition being placed before the voters, the capital project under consideration must, unless otherwise justified and have found to be in the best interest of the City, have been included in the City's Capital Facilities Plan. The source of funds for the project should reflect the intended use of bond financing.

### Investor and Rating Agency Relations

The City will maintain good communications with bond rating agencies and investors about its fiscal condition. The City will provide full, accurate and complete disclosure on financial reports and in disclosure documents to comply with the anti-fraud requirements of Securities Laws.

### Short-term debt

The City may use short-term debt, defined as a period not to exceed three years, to fund cash flow needs, which may be caused by a delay in receipting tax revenues or issuing long-term debt. The City will not issue short-term debt for current operations, except in the event of an emergency.

The City may issue interfund loans rather than issuing outside debt to meet short-term cash flow needs. The issuance of an interfund loan will be permissible only after an analysis of the loaning fund(s) indicate(s) that excess funds are available, and the use of these funds will not impact the loaning fund(s) current

operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate.

Council authorizes the City's Finance Director to approve short-term interfund loans for a period not to exceed three calendar months and the City Administrator to approve short-term interfund loans for a period not to exceed 12 calendar months. See long-term debt section below for policy on loans exceeding 12 calendar months. The Finance Director shall notify the Finance & Governance Committee and/or City Council of any use of directorial or administrator approved interfund loans at the first reasonable opportunity.

Interfund loans are not considered "debt" for purposes of State law, Securities Law, or Tax Law.

#### Long-term debt

The City will issue long-term debt, defined as a period greater than three years, for capital projects which cannot reasonably be financed on a pay-as-you-go funding strategy from anticipated cash flows. Acceptable uses of bond proceeds are one-time capital projects that can be capitalized and depreciated in accordance with the City's accounting principles. (Refunding debt is also an acceptable use. See refunding debt section below.)

The City Council may issue long-term interfund loans rather than issuing outside debt instruments as a means of financing capital improvements. The issuance of an interfund loan will be permissible only after an analysis of the loaning fund(s) indicate that excess funds are available, and the use of these funds will not impact the loaning fund(s) current operations or constitute a permanent diversion of funds. All interfund borrowing will bear interest based upon at least the prevailing LGIP (Local Government Investment Pool) rate.

The decision to use an interfund loan rather than outside debt to fund capital projects will be based on which is deemed to be the most cost-effective approach to meet City capital needs. The City's Finance Department is responsible for making such an assessment. Interfund loans are not considered "debt" for purposes of State law, Securities Law, or Tax Law.

The City will not issue long-term debt for current operational needs, except in the event of an emergency.

Types of long-term debt the City may issue:

Limited Tax General Obligation (LTGO) Bonds: LTGO debt is secured by a pledge of the full faith and credit of the City and is payable from regular property taxes and other legally available funds. These bonds can be issued without a vote of registered voters but are limited in that debt service payments must be paid from legally available City revenue sources. The amount of LTGO outstanding debt cannot exceed the threshold stated above.

Unlimited Tax General Obligation (UTGO) Bonds: UTGO debt is secured by a pledge of the full faith and credit of the City and is payable from excess property taxes and other legally available funds. These bonds can only be issued when authorized by a 60% majority vote of registered voters (meeting the minimum voter turnout requirement). As part of the ballot proposition, voters will approve the issuance of the UTGO debt and an excess property tax levy, as a completely new and dedicated source of revenue, to pay the debt service. The amount of UTGO debt cannot exceed the thresholds stated above. Proceeds of UTGO debt are limited to capital purposes only and not the replacement of equipment.

Revenue Bonds: Revenue bonds are used to finance construction of and/or improvements to facilities of enterprise systems operated by the City in accordance with the Capital Facilities Plan and are payable from and secured by a pledge of revenue of the enterprise. No taxing power or general fund pledge is provided as security, with the exception of double-barrel bonds. Double-barrel bonds are a type of municipal bond that are backed by enterprise funds and the full faith and credit of the City. Unlike general obligation bonds, revenue bonds are not subject to the City's statutory debt limitation nor is voter approval required. Revenue bonds may contain certain covenants and obligations of the City, including but not limited to, future parity bond tests, annual debt service coverage requirements, restrictions on disposal of the enterprise facility/utility, and other terms to protect the stream of revenue pledged to the repayment of the revenue bonds.

Reserve accounts may be created on a transaction-by-transaction basis. Any reserve account created shall be maintained and funded as required by bond ordinances and as deemed advisable by the City Council or the designated representative on behalf of the City. The City shall structure any debt service reserve fund to not violate the Tax Code.

The City will strive for annual revenue bond debt coverage of at least 1.5 times the annual debt service paid in such year. Additional bonds issued may be subject to additional bonds tests as described in bond ordinances.

Special Assessment Bonds: Also referred to as Local Improvement District (LID) bonds, this type of debt is used to finance capital improvements that benefit property owners within the LID. LID debt is repaid from annual assessments paid to the City by property owners within the LID. LIDs are formed by City Council following the process outlined in State statutes and chapter 13.04 TMC. The cost is borne only by those who receive a special benefit from the improvements. LID debt is not part of the debt capacity calculation.

Other Debt Instruments: Instruments such as Public Works Trust Fund loans or other financing contracts issued through the State of Washington, federal grant loans, bond anticipation notes (BAN), tax anticipation notes (TAN), bank loans, and/or other legal debt issues may be incurred as allowed by law.

#### Refunding Debt

Refunding debt may be issued by the City in accordance with chapter 39.53 RCW. Refunding debt is typically issued to take advantage of lower interest rates for overall cost savings, restructure debt, or modify bond covenants. Refunding bonds are an acceptable use of bond proceeds provided that, and unless otherwise justified and found to be in the best interest of the City, a) the net present value (NPV) of the overall savings (not by maturity) is at least 3% and b) the final maturity date of the obligation is not extended.

#### Other Considerations

The following terms shall be applied to the City's debt transactions, as appropriate. Individual terms may change as dictated by the marketplace or the unique qualities of the transaction.

- Maturity –The City shall issue debt with an average life less than or equal to the average life of the assets being financed. Unless otherwise stated in law, the final maturity of the debt shall be no longer than 40 years (RCW 39.46.110).
- Debt Service Structure – Unless otherwise justified, debt service should be structured on a level basis (i.e., level annual payments). Refunding bonds should be structured to produce equal savings by fiscal year. Unless otherwise justified, debt shall not have capitalized interest. If appropriate, debt service reserve funds may be used for revenue bonds.
- Price Structure – The City’s long-term debt may include par, discount, and premium bonds. Call Provisions – For each transaction, the City shall evaluate the costs and benefits of call provisions. In general, the City shall opt for a call date no later than 10 ½ years from the date of the bonds.
- Tax-exemption – Unless otherwise justified and deemed necessary, the City shall issue its debt on a tax-exempt basis.
- Reimbursement declaration – Must be made prior to bond issuance if the City intends to be reimbursed out of tax exempt bond proceeds for capital costs paid prior to the closing date.
- The City will not use derivatives in connection with any new financings.
- The City will not become obligated for any new City debt or otherwise be involved in any new financing that would include a variable rate of interest or variable debt service (excluding of any additional rent payable under a financing lease or other obligation for ongoing transaction fees).

## Section VI. Compliance Policies

The City will comply with all federal, State, contractual restrictions and City policies regarding the investment of bond proceeds and associated funds subject to debt-related investment limitations. Such requirements may include restrictions on the type of securities allowed the yield on such securities, and the length of time that such proceeds and funds may be invested.

For refunding escrows, the City may invest funds in State and Local Government Series (SLGS) securities issued by the U.S. Treasury, or, after satisfying requirements of Tax Law and if determined advisable after consultation with the City’s municipal advisor and bond counsel, in open-market securities as permitted under State law and relevant bond covenants.

The City will maintain a system for tracking bond proceeds, including how proceeds are invested, when they are spent, and for what purpose. Bond proceeds shall, unless otherwise permitted, be tracked separately from other City funds and on an issue by issue basis.

The City shall maintain records related to the bonds for the life of the bonds (plus any refunding bonds) plus three years.

The City will, unless otherwise permitted, spend at least 85% of tax-exempt bond proceeds within three years from the date of issuance pursuant to Tax Law, and take such steps as necessary to avoid or manage arbitrage. The City will maintain a system of recordkeeping and reporting to meet the arbitrage rebate compliance requirement of the IRS (Internal Revenue Service, IRC 148) regulation. For each bond issue, the recordkeeping will include tracking the yield and investment earnings on bond proceeds, calculating rebate payments, and remitting any rebate earnings to the federal government in a timely manner to preserve the tax-exempt status of the outstanding debt obligation. Any bond proceeds invested will comply with the City’s investment policy and strategies, unless further restricted by bond covenant. The

City may, when determined to be in the best interest of the City or required, contract with an arbitrage rebate consultant to assist with the arbitrage rebate calculation.

The City will repay principal plus interest in accordance with the payment terms of the bond or contract. Furthermore, the City will comply with all bond or contract covenants. This includes, but is not limited to, any undertakings to provide ongoing disclosure and notice of certain listed events under Securities Laws. Annual disclosure will take the form of the City's audited annual financial statements as well as other information required by the bond or contract that is not reasonably contained in the annual report. The City Finance Director will develop and comply with all post-issuance compliance policies and procedures related to Tax Law and policies and procedures relating to initial and ongoing disclosure under Securities Laws.

The Finance Director and bond counsel will coordinate their activities and review all debt issuance to ensure that all securities are issued in compliance with State and federal legal and regulatory requirements by the State law, Tax Law, Securities Law, rules and regulations.

The Finance Director may institute procedures to implement this policy and other bond covenants and provisions related to State law, Tax Law, Securities Law, rules and regulations applicable to the City's debt.

No derivative products shall be used in connection with City debt.

## **Section VII. Other Policies**

### Periodic Review

This debt policy must be adopted by Council. The policy will be reviewed at least every four years by the Finance Department and modifications must be submitted to and approved by the Council.

## NEWS RELEASE

FOR IMMEDIATE RELEASE

March 5, 2025

**For more information contact:**  
**WPTA Investment Policy Certification Chair:**  
City of Federal Way Finance Director Steve Groom  
**Phone:** (253) 835-2520  
**Email:** [Steve.Groom@FederalWayWA.gov](mailto:Steve.Groom@FederalWayWA.gov)

(Tukwila, WA) – **Washington Public Treasurers Association has awarded a Certificate of Excellence to City of Tukwila for its Investment Policy**, judged by an impartial statewide panel as meeting the high standards of the Investment Policy Certification Program.

The Washington Public Treasurers Association (WPTA) has assisted local governments with investment policies since 1988. Effective investment policies can help protect taxpayer funds entrusted to investment officers, assist governing bodies desiring to approve worthy policies, articulate investment priorities clearly, and guide staff in good stewardship best practices.

Founded in 1983, WPTA has provided the local governments of Washington with opportunities for education, networking, and working to improve and promote the public treasury management profession. WPTA's policy review committee evaluates vital elements covering 23 criteria categories that should be addressed in a thorough and effective policy.

Tukwila's Deputy Finance Director Tony Cullerton will be recognized formally at the up-coming WPTA Annual Conference in Chelan, Washington, for putting in the hard work to elevate the agency's policy to best-practice level, and for making its policy an example that others might emulate. Excellence in public treasury is furthered when we all help each other, elevating our profession and better serving our citizens and taxpayers.

*Washington Public Treasurers Association (WPTA) seeks to advance the profession of public treasurers in the state of Washington through education, mutual support, professional recognition, and legislative advocacy, serving its membership who in turn serve cities, counties, special districts and state agencies in the State of Washington.*