



# CITY COUNCIL REGULAR MEETING

Monday, November 27, 2023 at 7:00 PM

City Hall

## AGENDA

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### 1. Call to Order

### 2. Flag Salute

### 3. Roll Call

### 4. Presentation

A. Life Saving Awards: Officer Gerrard and Officer Fajardo

### 5. Public Hearing

[A.](#) 2024 Final Budget

### 6. Approval of Agenda

### 7. Consent Agenda

[A.](#) Minutes

November 13th, 2023 Council Meeting

November 13th, 2023 Council Workshop

#### B. Audit of Reports

1. Claims      #113296 - #113318      =      \$422,543.50

November 14 - 27, 2023

2. Payroll      #61575 - #61578      =      \$107,285.15

November 22, 2023

VOID #113295

### 8. Reports

### 9. Audience Participation

The City Council encourages public participation during meetings of the City Council and welcomes your comments. This time is set-aside for you to speak to the City Council on any issue. The Council ordinarily takes non-agenda matters under advisement before taking action. You are also invited to comment on action items as they are considered during the meeting. Individual speakers will be limited to three (3) minutes each in addressing the City

Council. When addressing the Council, please speak clearly and audibly and state your name and address for the record.

## **10. Discussion**

- [A.](#) Ordinance 1230-23, 2023 Budget Amendment
- [B.](#) Ordinance 1231-23, 2024 Final Budget
- [C.](#) 2024 Olympic Environmental Resources Agreement
- [D.](#) Algona Police Officers Contract Memorandum of Understanding
- [E.](#) Resolution 1267-23, WaFed Bank
- [F.](#) Ordinance 1227-23, 2024 Water Rate
- [G.](#) Ordinance 1228-23, Sewer Rate Increase for 2024
- [H.](#) WA Department of Commerce Middle Housing Grant Agreement

## **11. New Business**

## **12. Old Business**

## **13. Ordinances & Resolution**

- [A.](#) Ordinance 1229-23, 2024 Property Tax
- [B.](#) Resolution 1266-23, Get Active Stay Active King County Grant Agreement

## **14. Next Workshop**

## **15. Adjournment**



# City of Algona

## 2024 Annual Budget



200 Washington Blvd.

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[algonawa.gov](http://algonawa.gov)

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# Mayor's Budget Message

October 16, 2023

Dear City Councilmembers,

I am pleased to submit for your consideration the 2024 proposed annual budget for the City of Algona. Proposed 2024 appropriations compared to budgeted 2023 appropriations (through 2023 budget amendment #1) are as follows:

<b>Fund</b>	<b>2023 Budget (Amended)</b>	<b>2024 Proposed Budget</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
General	3,286,760	3,257,189	(29,571)	-1%
Drug	2,200	-	(2,200)	-100%
Street	401,900	311,700	(90,200)	-22%
Rainy Day Fund	-	-	-	--
Capital Improvement	315,000	315,000	-	0%
Park Impact	-	-	-	--
General Obligation Bond	319,000	318,300	(700)	0%
Stormwater Management	327,300	393,800	66,500	20%
Water Maintenance	812,950	830,200	17,250	2%
Sewer Maintenance	1,242,350	1,142,900	(99,450)	-8%
Water Capital Improvement	564,000	-	(564,000)	-100%
Sewer Capital Improvement	-	-	-	--
Stormwater Capital Improvement	400,000	-	(400,000)	-100%
Equipment Replacement Fund	126,800	100,000	(26,800)	-21%
Unemployment Trust	-	-	-	--
Explorers Program	-	-	-	--
<b>Total Expenditures and Other Uses</b>	<b>7,798,260</b>	<b>6,669,089</b>	<b>(1,129,171)</b>	<b>-14%</b>

The total 2024 proposed budget is significantly lower than the 2023 budget due to utility capital projects included in the 2023 budget but not the 2024 budget.

Estimated 2024 resources compared to 2023 estimated resources are as follows:

<b>Fund</b>	<b>2023 Budget (Amended)</b>	<b>2024 Proposed Budget</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
General	3,143,610	3,123,630	(19,980)	-1%
Drug	1,000	1,000	-	0%
Street	401,900	311,700	(90,200)	-22%
Rainy Day Fund	-	20,000	20,000	--
Capital Improvement	100,000	100,000	-	0%
Park Impact	36,000	36,000	-	0%
General Obligation Bond	315,000	315,000	-	0%
Stormwater Management	447,000	469,200	22,200	5%
Water Maintenance	899,000	911,900	12,900	1%
Sewer Maintenance	1,312,000	1,326,000	14,000	1%
Water Capital Improvement	297,100	85,000	(212,100)	-71%
Sewer Capital Improvement	-	35,000	35,000	--
Stormwater Capital Improvement	300,000	20,000	(280,000)	-93%
Equipment Replacement Fund	124,200	115,100	(9,100)	-7%
Unemployment Trust	-	-	-	--
Explorers Program	-	-	-	--
<b>Total Revenues and Other Sources</b>	<b>7,376,810</b>	<b>6,869,530</b>	<b>(507,280)</b>	<b>-7%</b>

The 2024 estimated resources are significantly lower than in 2023 due to the following factors:

- A decrease in projected sales tax and building/planning fees.
- The 2024 Street Fund budget reflects a decreased subsidy from the General Fund.
- Capital improvement funds included grant funding in 2023.

Sincerely,

*Troy Linnell, Mayor*

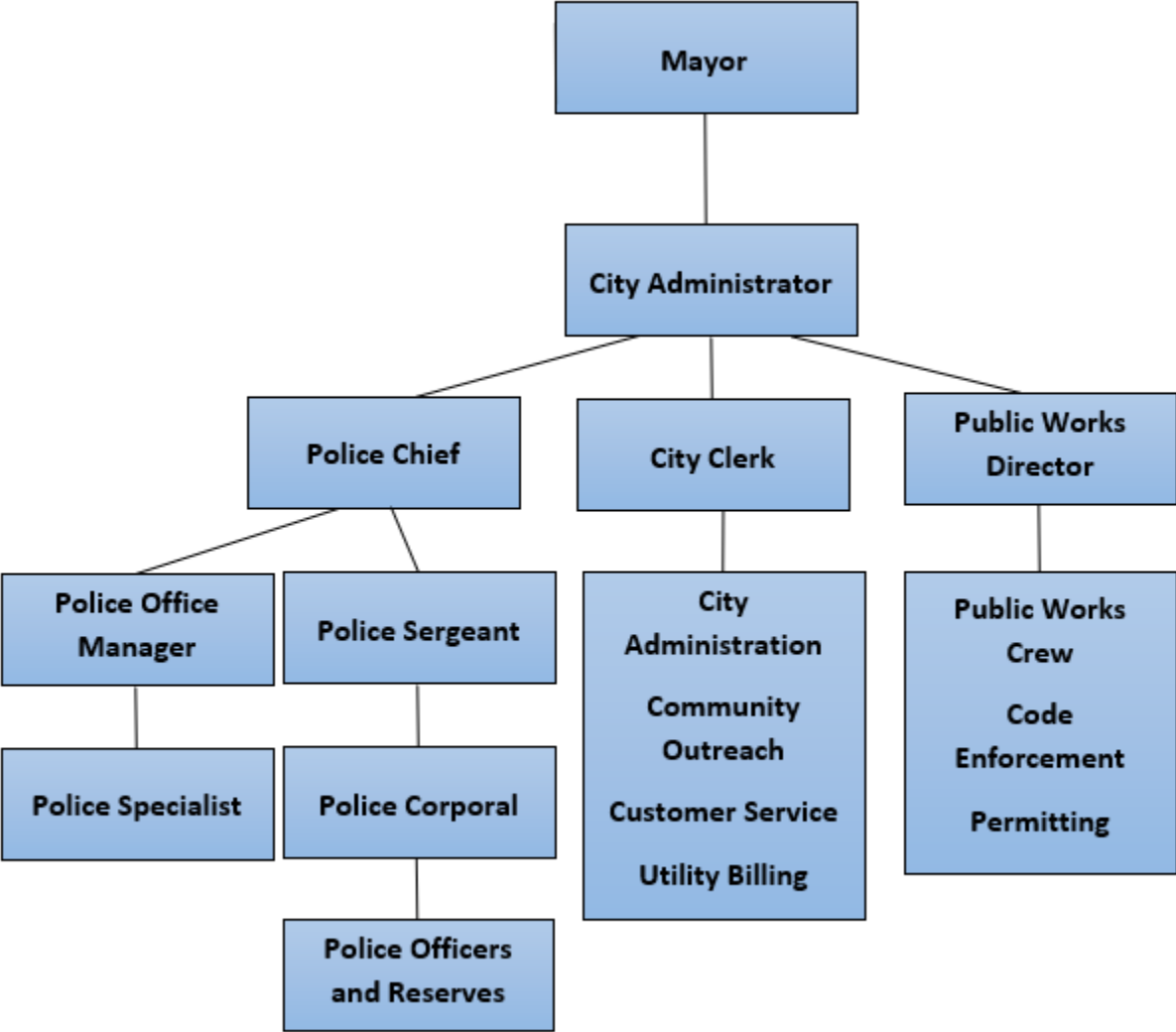
# Elected Officials

		<u>Term Expires:</u>
Troy Linnell	Mayor	December 31, 2023
Bill Thomas	Council Position #1	December 31, 2023
Lynda Osborn	Council Position #2	December 31, 2025
Tim Fairley	Council Position #3	December 31, 2023
Gordon Cook	Council Position #4	December 31, 2025
Brenna Franco	Mayor Pro-Tem Council Position #5	December 31, 2023

# Administrative Staff

Jessica Griess	City Administrator
James Schrimpsheer	Police Chief
Russ Avery	Public Works Director

# Organizational Chart



# Budget Development Process

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides policy direction by the City Council to the staff and community.

The budget serves four functions:

**It is a Policy Document**

The budget functions as a policy document in that the decisions made within the budget will reflect the general principles or plans that guide the actions taken for the future. As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.

**It is an Operational Guide**

The budget of the City reflects its operations. Activities of each City fund or department have been planned, formalized and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they related to each other and to the attainment of the policy issues and goals of the City Council.

**It is a Link with the General Public**

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the purpose of those activities, future implications, and the direct relationship to citizens.

**It is a Legally Required Financial Planning Tool**

Preparing and adopting a budget is a state law requirement of all cities as stated in Title 35A of the Revised Code of Washington (RCW). The budget must be adopted as a balanced budget and must be in place prior to the beginning of the City’s fiscal year. The budget is the legal authority to expend public funds and controls those expenditures by limiting the amount of appropriation at the fund level. The revenues of the City are estimated, along with available cash carry-forward, to determine funds available.

The City of Algona operates on a calendar-year basis. The City utilizes an incremental budgeting approach that assumes, for most functions of government, that the current year’s budget is indicative of the base required for the following year. Any increases are incremental and based on need defined by budget policies, emerging issues, Council goals and available resources.



# Budget Calendar

**August 21, 2023** – preliminary estimates due from directors

**September 25, 2023** – preliminary revenue estimates presented to Council

**October 16, 2023** – Mayor’s proposed budget presented to Council

**November 13, 2023** – public hearing on revenue sources; public hearing on preliminary budget; first reading of tax levy ordinance

**November 27, 2023** – public hearing on final budget; first reading of budget ordinance; second (final) reading of tax levy ordinance.

**December 11, 2023** – second (final) reading of budget ordinance/budget adoption.

After the budget is adopted, the City enters a budget implementation and monitoring stage. Throughout the year, expenditures are monitored by the City Administrator and department directors to ensure that funds are within the approved budget. As required by RCW 35A.33.140, the City Administrator provides the City Council with quarterly reports to keep them current with the City’s financial condition.

The Mayor is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, position titles, salary ranges or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a fund, it may do so by ordinance adopted by Council.

# Budget Principles

## General Principles

- Department directors have primary responsibility for formulating budget proposals in line with City Council and Mayor directions, and for implementing them once they are approved.
- The City Administrator is responsible for coordinating the overall preparation and administration of the City's budget. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.
- The City Administrator assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.
- Interfund charges will be based on recovery of costs associated with providing those services.
- Budget adjustments requiring City Council approval will occur through the ordinance process at the fund level prior to the end of the fiscal year.
- The City's budget presentation will be directed at displaying the City's budget in a Council and Citizen-friendly format.

## Minimum Fund Balances

- The General Fund budget should be such that the budgeted ending fund balance is at least 10% of budgeted expenditures.

## Rainy Day Fund

- The balance in the Rainy Day fund should be, at a minimum, 10% of budgeted General Fund expenditures.

## Basis of Accounting

- Annual appropriated budgets are adopted for all funds on the cash basis of accounting.
- Budgets are adopted at the fund level that constitutes legal authority for expenditures. Annual appropriations lapse at the end of the fiscal period.
- The **General Fund** is the primary fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.
- **Special Revenue Funds** account for revenue sources that are legally restricted or designated to finance certain activities. Special revenue funds include the following:

- |                       |  |                 |
|-----------------------|--|-----------------|
| *Drug Fund            | *Street Fund                                       | *Rainy Day Fund |
| *Park Impact Fee Fund | *Capital Improvement (Real Estate Excise Tax) Fund |                 |

- The **Debt Service Fund** accounts for principal and interest payments on long-term debt, related to financing of the City Hall/Community Center.
- **Enterprise Funds** account for operations that provide goods and services to the general public and are supported primarily by user charges. Enterprise funds include the following:

*Stormwater Management	*Water Maintenance	*Sewer Maintenance
*Stormwater Capital	*Water Capital	*Sewer Capital
- The Equipment Replacement **Internal Service Fund** accounts for funding and replacement of vehicles and major equipment.

## City-Wide Budget Summary

<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Increase (Decrease)</u>	<u>Ending Fund Balance</u>
General	1,069,693	3,123,630	3,257,189	(133,559)	936,134
Drug	6,677	1,000	-	1,000	7,677
Street	134,636	311,700	311,700	-	134,636
Rainy Day Fund	345,174	20,000	-	20,000	365,174
Capital Improvement	219,826	100,000	315,000	(215,000)	4,826
Park Impact	208,500	36,000	-	36,000	244,500
General Obligation Bond	3,764	315,000	318,300	(3,300)	464
Stormwater Management	843,746	469,200	393,800	75,400	919,146
Water Maintenance	1,225,354	911,900	830,200	81,700	1,307,054
Sewer Maintenance	823,118	1,326,000	1,142,900	183,100	1,006,218
Water Capital Improvement	688,165	85,000	-	85,000	773,165
Sewer Capital Improvement	389,266	35,000	-	35,000	424,266
Stormwater Capital Improvement	249,877	20,000	-	20,000	269,877
Equipment Replacement Fund	757,109	115,100	100,000	15,100	772,209
Unemployment Trust	3,587	-	-	-	3,587
Explorers Program	27,417	-	-	-	27,417
<b>Total</b>	<b>6,995,908</b>	<b>6,869,530</b>	<b>6,669,089</b>	<b>200,441</b>	<b>7,196,349</b>

- Employee salaries and benefits include the following changes:
  - Cost of living (COLA) adjustments:
    - Police – 4.5%
    - Non uniform union – 0% pending settlement of contract
    - Non represented – 4.5%
  - Medical – 5.0%
  - Dental – 0%

# Historical Staffing

	Authorized Positions				
	<u>2020 Final</u>	<u>2021 Final</u>	<u>2022 Final</u>	<u>2023</u> <u>(Amended)</u>	<u>2024</u> <u>(Proposed)</u>
<b><u>Administration:</u></b>					
City Administrator	1	--	--	1	1
City Clerk	1	1	1	--	1
Deputy City Clerk	1	1	1	1	--
Clerical Assistant	1	1	1	1	1
Community Connector	1	1	1	1	1
Code Enforcement Officer/Permit Tech	--	--	--	1	1
Permit Technician	1	--	--	--	--
<b>Total Administration</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b><u>Police:</u></b>					
Police Chief	1	1	1	1	1
Police Clerk	2	1	1	1	1
Police Sergeant	1	1	1	--	--
Police Corporal	--	--	1	1	1
Police Officer	6	6	5	7	7
Police Office Manager	--	--	--	1	1
Reserve Officer	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>
<b>Total Police</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>11</b>
<b><u>Public Works:</u></b>					
Public Works Director	1	1	1	1	1
Utility Superintendent	1	1	1	--	--
Utility Worker 2	1	1	1	1	--
Utility Worker 1	2	3	3	3	4
<b>Total Public Works</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>
<b>City-Wide Total</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>21</b>	<b>21</b>



# Wage Scale

<b><i>Elected Officials</i></b>	<b><u>Annual</u></b>
Mayor	35,000
Councilmembers	3,600

	<b>Annual Rates</b>				
<b><i>Non-Represented Full Time Positions</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Chief	138,248				
City Administrator	110,250				
Public Works Director	111,387				
City Clerk/Treasurer	90,350				

<b><i>Non-Represented Part Time/Temp</i></b>	<b><u>Hourly</u></b>
Police Reserve Officers	32.59
Temp EHM/Court Security	29.11

	<b>Annual Rates Per Collective Bargaining Agreement</b>				
<b><i>Represented - Non-Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Clerk	55,224	57,990	60,743	63,787	66,982
Clerical Assistant	52,678	55,307	58,073	60,978	63,731
Community Connector	68,144	71,547	75,130	78,658	82,586
Utility Superintendent	67,826	71,215	74,770	78,506	82,434
Utility Worker 1	56,524	59,277	62,237	65,350	68,615
Code Enforcement Officer/Permit Tech	67,826	71,215	74,770	78,506	82,434

	<b>Annual Rates Per Collective Bargaining Agreement</b>				
<b><i>Represented - Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Corporal	80,196	84,204	88,419	92,840	97,482
Police Officer	75,657	79,438	83,414	87,585	91,964
Police Officer Manager	80,196	84,204	88,418	92,840	97,482

# Indirect Cost Allocation

## **Background**

Indirect cost allocation is a method to determine and assign the cost of central services to the internal users of those services. Cost allocation enables local governments to more accurately account for the complete cost of the services it provides, and to provide a clear/concise method to use in budget development.

Indirect costs include central services costs related to legislative, executive, finance, legal and human resources expenses.

Cost allocation plans share indirect costs across programs, activities, funds and departments. The term “allocation” implies that there is no precise method for charging indirect costs, however cost allocations should be designed to provide a consistent, reasonable and equitable means to allocate costs.

## **Funds to Be Charged**

An indirect cost allocation plan is intended to charge restricted funds for a fair and equitable portion of central services costs. The City has two fund types that could be eligible for indirect cost allocation – special revenue funds and business-type funds.

Special revenue funds must be at least partially funded by an externally restricted or internally assigned revenue source; however, the special revenue funds can be, and many are, subsidized by the general fund. Therefore, there is no benefit to be had by including most special revenue funds in the indirect cost allocation plan (increasing expenses in funds subsidized by the general fund would simply increase the amount of general fund subsidy required).

The City’s business-type funds must be self-supporting and cannot receive general fund support in the form of subsidization or services provided at no charge. An indirect cost allocation plan is the appropriate way to charge business-type funds for services provided by the general fund. The City’s current business type funds subject to allocation are Water, Sewer and Stormwater.

The indirect cost allocation plan shall be developed based on the principle that costs will be split between general government activities (those pertaining to the general fund and special revenue funds) and business-type activities. Business-type activities will be further allocated by fund, based on the criteria described below. General government activities will remain in the general fund.

## **Costs to Be Allocated**

The following costs are subject to allocation:

- ❖ Salaries, benefits, supplies, training, equipment, etc. associated with:
  - Mayor and City Council
  - City Administrator
  - Finance Department
- ❖ Contracted legal, audit and accounting services

All the costs listed above are paid for out of the general fund and primarily exist for the support of the City as a whole. Costs included in the allocation plan should be administrative in nature and must be reasonably perceived to benefit all City funds. Therefore, the cost of services such as public safety, street maintenance, community events, etc. are excluded from the plan and are not subject to allocation.

### **Activities & Measurement Criteria**

The activities on which to base allocations and the measurement criteria for those activities are identified in the following table.

<b>ACTIVITIES</b> <i>(based on April 2021 time study)</i>	<b>MEASUREMENT CRITERIA</b>
Accounts Payable	Non-salary expenses (2021 budget)
Mayor and Council	# of agenda items (2020 actual)
Payment Processing	Revenue (2021 budget)
Utility Billing	# of accounts (December 2020 actual)
Budget, Accounting, Annual reporting	Total expenses (2021 budget)

### **Percentages**

Salaries and benefits for the Mayor, Council, City Administrator, City Clerk-Treasurer and Administrative Assistant shall be allocated using the following percentages.

	<b><u>General</u></b>			
<b><u>Position</u></b>	<b><u>Government</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm</u></b>
Council	69.77%	10.47%	8.14%	11.63%
Mayor	69.77%	10.47%	8.14%	11.63%
City Administrator	57.09%	17.66%	15.93%	9.33%
Clerk/Treasurer	60.88%	13.36%	19.42%	6.34%
Admin Assistant	79.69%	7.32%	10.08%	2.91%

Supplies, training, and other expenses associated with the City Council and Mayor shall be directly coded to various funds based on the Council and Mayor allocation percentages shown above. These percentages are based on the allocation of actual council agenda items from 2020.

Supplies, training, and other expenses associated with the Clerk's Office, including payment of contracted accounting and auditing services shall be directly coded based on the percentages shown below. These percentages are based on 2021 budgeted expenditures. The same percentages shall be used to allocate legal expenses.

	<b><u>General Government</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm</u></b>
Contracted Services	60.59%	13.46%	19.78%	6.17%

### **Updates to the Plan**

The cost allocation plan should be reviewed annually during budget development. It is not necessary to update the activities or measurement criteria on an annual basis as long as the plan has been reviewed for general reasonableness. If significant changes have been made which may affect the overall allocation percentages then the plan should be updated. The plan should be updated at least every five years. The current plan was established in 2021, with review and updates made for 2024. A full review and update of the plan should be performed in 2024 for use in the 2025 budget.

# Equipment Replacement Plan

The asset replacement plan includes funding for future replacement of the following assets:

Description	Department	Replacement		Replacement	Allocations						
		Year	Useful Life	Cost	Police	Finance	Parks	Streets	Water	Sewer	Storm
2018 Ford Explorer	Police 3	2025	7	50,000	100.00%						
2020 Ford Explorer	Police 4	2027	7	50,000	100.00%						
Chevy Tahoe	Police 5	2028	7	50,000	100.00%						
2022 Ford Explorer	Police 6	2030	7	50,000	100.00%						
2020 Ford Fusion	Police 7	2027	7	50,000	100.00%						
2019 Ford Fusion	Police 8	2026	7	50,000	100.00%						
2023 Ford Truck	Police 9	2030	7	50,000	100.00%						
2003 Ford Ranger - Parks	PW 2	2026	15	40,000			50.00%	12.50%	12.50%	12.50%	12.50%
2008 Ford F250 w/ snow plow	PW 3	2026	15	50,400			20.00%	20.00%	20.00%	20.00%	20.00%
2012 John Deere Tractor	PW 4	2024	10	72,000				100.00%			
2011 Ford F250 utility truck	PW 5	2025	15	70,000			20.00%	20.00%	20.00%	20.00%	20.00%
2022 Kubota 3400 tractor/brush hog	PW 6	2037	15	66,600				100.00%			
2007 New Holland B95 Backhoe	PW 7	2027	10	100,000			20.00%	20.00%	20.00%	20.00%	20.00%
2000 Freightliner FL70 dump truck	PW 9	2028	15	140,000			20.00%	20.00%	20.00%	20.00%	20.00%
2002 Chevy Bucket Truck	PW 10	2029	15	130,000			50.00%	50.00%			
Riding Lawn Mower	PW 11	2027	6	12,500			50.00%	50.00%			
Ferris 48" Mower	PW 12	2024	10	8,000			50.00%	50.00%			
John Deere Gator 2wd	PW 13	2031	20	20,000			50.00%	12.50%	12.50%	12.50%	12.50%
Flail mower attachment	PW 14	2024	12	20,000				70.00%	10.00%	10.00%	10.00%
2015 Chevy Malibu	Admin 1	2025	10	43,868		57.00%			18.00%	16.00%	9.00%
				<b>1,123,368</b>							

The 2024 charges are as follows:

2024					
Police	Parks	Streets	Water	Sewer	Storm
<b>50,000</b>	<b>23,155</b>	<b>3,808</b>	<b>12,677</b>	<b>12,677</b>	<b>12,677</b>



# General Fund

## General Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>1,183,198</b>	<b>698,176</b>	<b>891,993</b>	<b>1,343,661</b>	<b>1,069,693</b>
310 Taxes		1,852,185	1,893,871	2,171,179	2,183,542	2,189,300
320 Licenses & Permits		255,758	294,163	310,399	350,227	350,300
330 Intergovernmental Revenues		272,026	651,342	622,545	158,927	409,630
340 Charges For Services		46,683	119,420	165,308	88,028	55,800
350 Fines & Forfeitures		57,497	38,682	1,402	-	-
360 Misc Revenues		118,195	48,996	908,401	123,742	118,600
380 Non Revenues		2,832	2,254	1,874	1,443	-
<b>Total Revenues</b>		<b>2,605,177</b>	<b>3,048,728</b>	<b>4,181,108</b>	<b>2,905,910</b>	<b>3,123,630</b>
511 Legislative		33,321	27,521	24,795	58,898	35,300
512 Judicial		79,816	73,426	60,578	71,296	75,000
513 Executive		62,252	28,449	29,771	28,628	32,000
514 Finance		264,710	303,369	281,760	299,068	317,500
515 Legal Services		62,891	47,743	77,525	59,100	45,000
518 Central Services		90,003	107,163	104,875	128,513	118,500
521 Law Enforcement		1,310,641	1,335,924	1,680,669	1,461,537	1,709,889
523 Jail Costs		78,732	33,717	57,967	60,828	101,750
524 Protective Inspections		14,812	79	-	-	-
528 Comm/Alarms/Dispatch		156,059	182,635	122,987	217,707	200,000
537 Garbage & Solid Waste Utilities		18,895	16,375	15,323	30,667	18,000
553 Conservation		5,410	5,124	50,879	115,533	3,000
554 Environmental Services		14,435	14,361	16,461	14,483	18,000
558 Planning & Community Devel		357,413	297,462	388,264	297,693	310,200
560 Social Services		9,916	7,694	3,911	5,512	10,000
570 Culture & Recreation		6,810	8,853	64,829	67,838	95,500
575 Cultural & Recreational Fac		2,960	4,980	4,232	10,614	10,000
576 Park Facilities		20,011	165,209	292,849	110,313	121,200
580 Non Expenditures		(93,026)	112,858	(16,620)	1,008	-
594 Capital Expenditures		89,138	81,970	17,387	-	-
597 Interfund Transfers		505,000	-	451,000	140,640	36,350
<b>Total Expenditures</b>		<b>3,090,199</b>	<b>2,854,911</b>	<b>3,729,441</b>	<b>3,179,878</b>	<b>3,257,189</b>
<b>Revenues less expenditures</b>		<b>(485,022)</b>	<b>193,817</b>	<b>451,667</b>	<b>(273,968)</b>	<b>(133,559)</b>
<b>508 Ending Fund Balance Balance</b>		<b>698,176</b>	<b>891,993</b>	<b>1,343,661</b>	<b>1,069,693</b>	<b>936,134</b>
<b>Less Restricted Fund Balance - ROW sale</b>		<b>-</b>	<b>-</b>	<b>370,350</b>	<b>370,350</b>	<b>370,350</b>
<b>Unrestricted Ending Balance</b>		<b>698,176</b>	<b>891,993</b>	<b>973,311</b>	<b>699,343</b>	<b>565,784</b>
<b>Unrestricted Ending Fund Balance as % of Expenditures</b>		<b>23%</b>	<b>31%</b>	<b>26%</b>	<b>22%</b>	<b>17%</b>

The decrease in fund balance includes continued funding of 3/4 (approx. \$80K) of the Community Connector position with American Rescue Plan Act (ARPA) funds received in 2021 and 2022; and one-time police remodel costs of \$50,000.

# Street Fund

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>142,047</b>	<b>124,108</b>	<b>115,785</b>	<b>232,541</b>	<b>134,636</b>
310 Taxes		182,419	185,467	192,357	186,850	188,700
320 Licenses & Permits		7,699	360	16,497	660	700
330 Intergovernmental Revenues		193,503	65,713	255,541	61,659	60,450
360 Misc Revenues		2,372	21,584	3,218	25,548	25,500
397 Interfund Transfers		150,000	-	253,000	140,640	36,350
<b>Total Revenues</b>		<b>535,993</b>	<b>273,125</b>	<b>720,613</b>	<b>415,357</b>	<b>311,700</b>
542 Streets - Maintenance		292,814	220,743	462,602	271,506	248,200
543 Streets - Admin & Overhead		28,330	52,585	63,998	79,845	63,500
594 Capital Expenditures		232,788	8,119	77,258	161,912	-
<b>Total Expenditures</b>		<b>553,932</b>	<b>281,447</b>	<b>603,857</b>	<b>513,263</b>	<b>311,700</b>
<b>Revenues less expenditures</b>		<b>(17,939)</b>	<b>(8,322)</b>	<b>116,756</b>	<b>(97,905)</b>	<b>-</b>
<b>508 Ending Fund Balance Balance</b>		<b>124,108</b>	<b>115,785</b>	<b>232,541</b>	<b>134,636</b>	<b>134,636</b>

# Utility Funds

## Stormwater Maintenance Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>1,400,295</b>	<b>1,534,020</b>	<b>1,645,778</b>	<b>1,684,666</b>	<b>843,746</b>
330 Intergovernmental Revenues		5,899	36,464	-	-	-
340 Charges For Services		385,875	427,583	437,496	404,811	445,000
350 Fines & Forfeitures		725	596	2,046	1,203	1,200
360 Misc Revenues		7,762	-	-	23,709	23,000
<b>Total Revenues</b>		<b>400,261</b>	<b>464,644</b>	<b>439,542</b>	<b>429,723</b>	<b>469,200</b>
538 Stormwater Operations		250,259	352,885	400,654	355,643	393,800
594 Capital Expenditures		16,277	-	-	915,000	-
<b>Total Expenditures</b>		<b>266,536</b>	<b>352,885</b>	<b>400,654</b>	<b>1,270,643</b>	<b>393,800</b>
<b>Revenues less expenditures</b>		<b>133,725</b>	<b>111,758</b>	<b>38,889</b>	<b>(840,921)</b>	<b>75,400</b>
<b>508 Ending Fund Balance Balance</b>		<b>1,534,020</b>	<b>1,645,778</b>	<b>1,684,666</b>	<b>843,746</b>	<b>919,146</b>

## Water Maintenance Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>757,673</b>	<b>852,431</b>	<b>972,553</b>	<b>1,143,208</b>	<b>1,225,354</b>
340 Charges For Services		761,370	804,041	861,891	790,608	890,900
350 Fines & Forfeitures		9,764	5,052	18,326	10,219	1,000
360 Misc Revenues		4,201	1,587	20,270	26,299	20,000
<b>Total Revenues</b>		<b>775,335</b>	<b>810,679</b>	<b>900,486</b>	<b>827,126</b>	<b>911,900</b>
534 Water Utilities		656,029	690,558	729,831	744,979	830,200
594 Capital Expenditures		24,548	-	-	-	-
<b>Total Expenditures</b>		<b>680,577</b>	<b>690,558</b>	<b>729,831</b>	<b>744,979</b>	<b>830,200</b>
<b>Revenues less expenditures</b>		<b>94,758</b>	<b>120,121</b>	<b>170,655</b>	<b>82,147</b>	<b>81,700</b>
<b>508 Ending Fund Balance Balance</b>		<b>852,431</b>	<b>972,553</b>	<b>1,143,208</b>	<b>1,225,354</b>	<b>1,307,054</b>

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**Sewer Maintenance Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>361,939</b>	<b>401,696</b>	<b>523,096</b>	<b>640,628</b>	<b>823,118</b>
340	Charges For Services	990,383	1,147,598	1,223,507	1,286,805	1,300,000
350	Fines & Forfeitures	1,631	3,573	11,470	6,009	6,000
360	Misc Revenues	2,061	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>994,075</b>	<b>1,151,171</b>	<b>1,234,978</b>	<b>1,316,522</b>	<b>1,326,000</b>
535	Sewer	953,878	1,029,771	1,117,445	1,134,033	1,142,900
594	Capital Expenditures	440	-	-	-	-
	<b>Total Expenditures</b>	<b>954,318</b>	<b>1,029,771</b>	<b>1,117,445</b>	<b>1,134,033</b>	<b>1,142,900</b>
	<b>Revenues less expenditures</b>	<b>39,757</b>	<b>121,400</b>	<b>117,533</b>	<b>182,490</b>	<b>183,100</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>401,696</b>	<b>523,096</b>	<b>640,628</b>	<b>823,118</b>	<b>1,006,218</b>

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**Water Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>359,186</b>	<b>444,343</b>	<b>512,600</b>	<b>582,454</b>	<b>688,165</b>
330	Intergovernmental Revenues	-	-	-	-	-
340	Charges For Services	83,110	68,257	69,854	82,002	65,000
360	Misc Revenues	2,047	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>85,157</b>	<b>68,257</b>	<b>69,854</b>	<b>105,711</b>	<b>85,000</b>
594	Capital Expenditures	-	-	-	-	-
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>85,157</b>	<b>68,257</b>	<b>69,854</b>	<b>105,711</b>	<b>85,000</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>444,343</b>	<b>512,600</b>	<b>582,454</b>	<b>688,165</b>	<b>773,165</b>

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**Sewer Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>332,647</b>	<b>334,470</b>	<b>334,470</b>	<b>334,470</b>	<b>389,266</b>
340	Charges For Services	-	-	-	31,087	15,000
360	Misc Revenues	1,823	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>1,823</b>	<b>-</b>	<b>-</b>	<b>54,796</b>	<b>35,000</b>
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>1,823</b>	<b>-</b>	<b>-</b>	<b>54,796</b>	<b>35,000</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>334,470</b>	<b>334,470</b>	<b>334,470</b>	<b>389,266</b>	<b>424,266</b>

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**Stormwater Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>195,003</b>	<b>196,071</b>	<b>196,071</b>	<b>196,071</b>	<b>249,877</b>
330	Intergovernmental	-	-	-	-	-
340	Charges for Services	-	-	-	30,097	30,097
360	Misc Revenues	1,068	-	-	23,709	-
	<b>Total Revenues</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>53,806</b>	<b>30,097</b>
594	Capital Expenditures	-	-	-	-	-
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>53,806</b>	<b>30,097</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>196,071</b>	<b>196,071</b>	<b>196,071</b>	<b>249,877</b>	<b>279,974</b>



# Remaining Funds

## Drug Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 00 02	Beginning Balance	6,677	6,677	6,677
	<b>308 Beginning Balances</b>	<b>6,677</b>	<b>6,677</b>	<b>6,677</b>
	<b>TOTAL REVENUES</b>	-	-	<b>1,000</b>
	<b>TOTAL EXPENDITURES</b>	-	-	-
	<b>REVENUES LESS EXPENDITURES</b>	-	-	<b>1,000</b>
508 80 00 02	Ending Balance	6,677	6,677	7,677

## Rainy Day Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 01 05	Beginning Balance	123,465	321,465	345,174
	<b>308 Beginning Balances</b>	<b>123,465</b>	<b>321,465</b>	<b>345,174</b>
	360 Misc Revenues	-	23,709	20,000
	397 Transfer In	198,000	-	-
	<b>TOTAL REVENUES</b>	<b>198,000</b>	<b>23,709</b>	<b>20,000</b>
508 80 01 05	Ending Balance	321,465	345,174	365,174

## Capital Improvement Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 01 06	Beginning Balance	642,610	432,155	219,826
	<b>308 Beginning Balances</b>	<b>642,610</b>	<b>432,155</b>	<b>219,826</b>
	310 Taxes	109,544	102,672	100,000
	<b>TOTAL REVENUES</b>	<b>109,544</b>	<b>102,672</b>	<b>100,000</b>
	597 Interfund Transfers	320,000	315,000	315,000
	<b>TOTAL EXPENDITURES</b>	<b>320,000</b>	<b>315,000</b>	<b>315,000</b>
	<b>REVENUES LESS EXPENDITURES</b>	<b>(210,456)</b>	<b>(212,328)</b>	<b>(215,000)</b>
508 80 01 06	Ending Balance	432,155	219,826	4,826

**Park Impact Fee Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 01 10	Estimated Beginning Balance	136,680	170,377	208,500
	<b>308 Beginning Balances</b>	<b>136,680</b>	<b>170,377</b>	<b>208,500</b>
311 11 00 00	Parks Property Tax Levy	33,697	38,123	36,000
310	Taxes	33,697	38,123	36,000
	<b>TOTAL REVENUES</b>	<b>33,697</b>	<b>38,123</b>	<b>36,000</b>
	<b>TOTAL EXPENDITURES</b>	-	-	-
	<b>REVENUES LESS EXPENDITURES</b>	<b>33,697</b>	<b>38,123</b>	<b>36,000</b>
508 80 01 10	Ending Balance	170,377	208,500	244,500

**General Obligation Bond Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 00 25	Restricted Beginning Balance	6,002	7,764	3,764
	<b>308 Beginning Balances</b>	<b>6,002</b>	<b>7,764</b>	<b>3,764</b>
397 00 00 25	Transfer In	320,000	315,000	315,000
	<b>397 Interfund Transfers</b>	<b>320,000</b>	<b>315,000</b>	<b>315,000</b>
591 73 71 25	GO Bonds - Principal	277,411	285,000	291,100
592 73 83 25	GO Bonds - Interest	40,827	34,000	27,200
	<b>591 Debt Service</b>	<b>318,238</b>	<b>319,000</b>	<b>318,300</b>
508 10 00 25	Ending Balance	7,764	3,764	464

**Equipment Replacement Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 00 00 00	Estimated Beginning Balance	-	759,709	757,109
	<b>308 Beginning Fund Balance</b>	-	<b>759,709</b>	<b>757,109</b>
340 00 00 00	Charges For Services	818,500	124,200	115,100
594 10 64 00	Capital Outlay	58,791	126,800	100,000
	<b>508 Ending Fund Balance</b>	<b>759,709</b>	<b>757,109</b>	<b>772,209</b>

## Unemployment Trust Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 06 21	Beginning Balance	4,673	(6,413)	3,587
	<b>308 Beginning Balances</b>	<b>4,673</b>	<b>(6,413)</b>	<b>3,587</b>
	<b>TOTAL REVENUES</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
517 78 20 00	Unemployment Disbursement	11,086	-	-
	<b>TOTAL EXPENDITURES</b>	<b>11,086</b>	<b>-</b>	<b>-</b>
	<b>REVENUES LESS EXPENDITURES</b>	<b>(11,086)</b>	<b>10,000</b>	<b>-</b>
508 80 06 21	Ending Balance	(6,413)	3,587	3,587

## Explorers Trust Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 00 25	Estimated Beginning Balance	27,415	27,417	27,417
	<b>308 Beginning Balances</b>	<b>27,415</b>	<b>27,417</b>	<b>27,417</b>
	<b>360 Total Revenues</b>	<b>2</b>	<b>-</b>	<b>-</b>
	<b>521 Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
508 80 00 25	Ending Balance	27,417	27,417	27,417



# CITY COUNCIL REGULAR MEETING

Monday, November 13, 2023 at 7:00 PM

City Hall

## MINUTES

### 1. Call to Order

Mayor Troy Linnell called the meeting to order at 7:00 PM.

### 2. Flag Salute

### 3. Roll Call

#### PRESENT

Mayor Troy Linnell

Council Member Brenna Franco

Council Member Gordon Cook

Council Member Timothy Fairley

Council Member Lynda Osborn

Council Member William Thomas

Staff Present: Russ Avery, Public Works Director; James Schrimpscher, Chief of Police; Jessica Griess, City Administrator; Dana Parker, Deputy City Clerk

### 4. Presentation

#### A. 2024 Revenue Sources

Mayor Linnell opened the hearing at 7:01 PM. Tara Dunford briefed the 2024 revenue sources. Mayor Linnell closed the hearing at 7:03 PM.

#### B. Preliminary 2024 Budget

Mayor Linnell opened the hearing at 7:04 PM. Tara Dunford briefed the 2024 Preliminary Budget. Mayor Linnell closed the hearing at 7:05 PM.

### 5. Approval of Agenda

Motion made by Council Member Fairley to amend item 12 to Closed Session, Seconded by Council Member Fairley.

Voting Yea: Council Member Franco, Council Member Cook, Council Member Fairley, Council Member Osborn, Council Member Thomas

Motion made by Council Member Thomas to approve amended agenda, Seconded by Council Member Fairley.

Voting Yea: Council Member Franco, Council Member Cook, Council Member Fairley, Council Member Osborn, Council Member Thomas

6. Consent Agenda

Motion made by Council Member Thomas, Seconded by Council Member Franco.  
Voting Yea: Council Member Franco, Council Member Cook, Council Member Fairley,  
Council Member Osborn, Council Member Thomas

A. Minutes

B. Audit of Reports

1.Claims           #113245 - #113294           =   \$405,531.35

November 3 - November 13, 2023

2. Payroll           #61571 - #61574           =   \$177,856.99

October 27, 2023 & November 10, 2023

VOID #

7. Reports

Council Member Franco - None

Council Member Cook - None

Council Member Fairley - None

Council Member Osborn - Talked to insurance and bonding employees is actually a thing still.

Council Member Thomas - None

PW Director Avery - 2 water main breaks recently with asphalt repairs. The crew got it very quick. Water loss was minimal. Water main replacement is going well. Waiting for water test to come back to finish it up. Finished putting in a storm system on 3rd Ave to help 5-6 houses from flooding.

Chief Schrimpsheer - DOJ notified us that we have funding for an additional officer. We are hoping to keep this position past the grant funding with the population increase we are expecting. Two officers in field training. They will be sworn in at the next meeting. We are doing no shave November and painted fingernails if they'd like. Officer Johnson is going to Auburn December 1st. Blue Christmas is December 9th. Five families identified for gifts to be delivered. Doing a city wide banquet instead of our own this year.

City Administrator Griess - Elected Officials Training is on December 9th. Budget amendment at the next meeting for street retainage and City Admin position. Staff banquet will be December 7th from 12:00 to 2:00. Tree lighting will be December 9th from 5:00 to 7:00. Hoping to have an ordinance next meeting on a traffic impact fee. The City has been selected for direct funding from DNR through their forestry program. We will be asking for it to fund our seasonal parks position.

Mayor Linnell - Recognized by RMSA and Russ has been here one year today.

## 8. Audience Participation

The City Council encourages public participation during meetings of the City Council and welcomes your comments. This time is set-aside for you to speak to the City Council on any issue. The Council ordinarily takes non-agenda matters under advisement before taking action. You are also invited to comment on action items as they are considered during the meeting. Individual speakers will be limited to three (3) minutes each in addressing the City Council. When addressing the Council, please speak clearly and audibly and state your name and address for the record.

None

## 9. Discussion

### A. 2024 Property Tax Ordinance

Tara Dunford presented the property tax ordinance with a 1% increase.

### B. 2024 Olympic Environmental Resources Agreement

The City utilizes Olympic Environmental Resources (OER) every year to manage our annual recycling event and the grant reporting that comes with it. This agreement is for services in 2024.

### C. Algona Police Officers Contract Memorandum of Understanding

Chief Schrimpscher gave a update on on the agreement that he and the Algona Police Officers Association have that would change the language in the current contract to include merit pay step increases.

### D. Change to WaFed Bank

City Administrator Griess briefed the council on moving from Umpqua Bank to WaFed Bank.

### E. Auburn 2024 Water Rate

City Administrator Griess briefed that the City has received notice that Auburn will be raising the wholesale water rate by 2.5%. The last water rate increase was also for 2.5% and took effective January 2022.

### F. Ordinance 1228-23, Sewer Rate Increase for 2024

City Administrator Griess briefed the council that City has received notice that King County will be raising the sewer rate by 5.75% in 2024. The last sewer rate increase was for 7.5% and took effect June 2023. This increase was to catch up the 5.75% increase for 2023 and a little extra to go towards a sewer assessment

### G. Resolution 1266-23, Get Active Stay Active King County Grant Agreement

The City has been granted \$5,000 to implement healthy living programs. Gary is working with the Community Center Advisory Board to determine the best options for the community whether it's a Zumba class, healthy cooking class, or scholarships for the Skyhawks sports camps.

H. WA Department of Commerce Middle Housing Grant Agreement

The City has been awarded \$35,000 for activities that support the preparation and adoption of policies and/or codes and other measures specific to implement middle housing (RCW 36.70A.030(26)) by applicable statutory deadlines. This work will support the Comprehensive Plan middle housing work by Atwell.

**10. New Business**

**11. Ordinances & Resolution**

A. Purchase and Sale Agreement

Motion made by Council Member Franco, Seconded by Council Member Fairley.  
Voting Yea: Council Member Franco, Council Member Cook, Council Member Fairley, Council Member Osborn, Council Member Thomas

**12. Close Session**

A. For the purpose of discussing personnel issues with legal counsel pursuant to RCW 42.30.110(1)(g)

The council started their closed session at 7:45 p.m. and returned at 7:55 p.m.

**13. Next Workshop**

Drone footage of the 167 ditch in the south end of town and business recognition program.

**14. Adjournment**

Mayor Linnell adjourned the meeting at 7:58 PM.

**ATTEST:**

\_\_\_\_\_  
Jessica Griess – City Administrator

\_\_\_\_\_  
Troy Linnell – Mayor

**To:** Mayor Troy Linnell and City Council Members

**From:** Tara Dunford, CPA

**Date:** November 27, 2023

**Re:** Ordinance No. 1230-23 2023 Budget Amendment #2

**ATTACHMENTS:** Ordinance No. 1230-23; Exhibit A – Proposed Budget Amendment; Exhibit B – Authorized Positions; Exhibit C – Wage Scale

**TYPE OF ACTION:** Action. Recommended motion: “I move to adopt the attached ordinance 1230-23 amending the 2023 budget as outlined in Exhibits A, B, and C.”

**Discussion:**

This proposed budget amendment includes the following:

- General Fund – increase expenditures by \$99,000 for waterworks grant expenditures which were not included in the 2023 budget. This increase is mostly covered by grant funding of \$90,000, with the remaining \$9,000 coming out of fund balance.
- General Fund – increase revenues and expenditures by \$10,000 to reflect additional Police Officer position funded by COPS grant.
- Street Fund – increase expenditures by \$162,000 to reflect release of retainage associated with TIB grant projects. Funds were budgeted in 2022 but the final retainage payment was not released until 2023. This is funded by use of fund balance (actual beginning 2023 cash was higher than budgeted by this amount).
- Stormwater Management Fund - \$915,000 increase in expenditures to fund land purchase. Funded by use of fund balance.
- Authorized position list and wage scale:
  - Removing position of City Clerk/Treasurer and adding City Administrator.
  - Removing Police Sergeant and adding two additional Police Officers (one funded by COPS grant).



## CITY OF ALGONA, WASHINGTON

**ORDINANCE NO. 1230-23**

AN ORDINANCE OF THE CITY OF ALGONA, WASHINGTON, MAKING CERTAIN FINDINGS OF FACT AND AMENDING THE 2023 BUDGET ADOPTED WITH ORDINANCE NO. 1215-22 ON DECEMBER 12, 2022, AND AS AMENDED BY ORDINANCE NO. 1222-23 ADOPTED ON JUNE 26, 2023; AND PROVIDING FOR SEVERABILITY, AN EFFECTIVE DATE, AND FOR SUMMARY PUBLICATION BY ORDINANCE TITLE ONLY.

---

WHEREAS, the Algona City Council adopted the 2023 Budget with Ordinance No. 1215-22 on December 12, 2022; and

WHEREAS, the Algona City Council amended the 2023 Budget with Ordinance No. 1222-23 on June 26, 2023; and

WHEREAS, unplanned and unbudgeted expenditures have been identified; and

WHEREAS, the Algona City Council approved an employment contract with the City Administrator which should be reflected in the authorized position list and wage scale; and

WHEREAS, the City Council after public hearing has determined that it is in the best interest of the City of Algona to increase the General Fund budget by \$109,000; and

WHEREAS, the City Council after public hearing has determined that it is in the best interest of the City of Algona to increase the Street Fund budget by \$162,000; and

WHEREAS, the City Council has determined after public hearing that it is in the best interest of the City of Algona to increase the Stormwater Management Fund budget by \$915,000; and

WHEREAS, the increase in the General Fund expenditure budget will be offset by \$100,000 in grant revenue plus a decrease in ending fund balance of \$9,000; and

WHEREAS, the increase in the Street Fund expenditure budget will be offset by an increase of \$162,000 in budgeted beginning fund balance (cash); and

WHEREAS, the increase in the Stormwater Management Fund budget will decrease ending fund balance by \$915,000; and

WHEREAS, the City Council has determined after public hearing that it is in the best interest of the City of Algona to authorize the position of City Administrator; and

WHEREAS, the City Council has determined after public hearing that it is in the best interest of the City of Algona to authorize removal of the Police Sergeant position and addition of two Police Officer positions; and

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ALGONA, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. The above stated recitals are hereby adopted as the council's findings and reasons for the adoption of this ordinance.

Section 2. The 2023 budget, as adopted with ordinance 1215-22 and amended with ordinance 1222-23 is hereby amended with an increase of \$162,000 to beginning fund balance, an increase of \$90,000 to revenues, an increase of \$1,176,000 to expenditures, and a decrease of \$924,000 to ending fund balance, as detailed in the attached exhibit (Exhibit A – Proposed Budget Amendment) and positions are officially authorized as detailed in the attached exhibit (Exhibit B – Authorized Positions) and the wage scale is modified as detailed in the attached exhibit (Exhibit C – Wage Scale).

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

Section 4. Effective Date. This ordinance, being an exercise of power specifically delegated to the City legislative body, is not subject to referendum, and shall take effect five (5) days after passage and publication of an approved summary thereof consisting of the title.

Passed by the Algona City Council the \_\_\_\_ day of December 2023, and approved by the Mayor, the \_\_\_\_ day of December 2023.

CITY OF ALGONA

\_\_\_\_\_  
Troy Linnell, Mayor

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Jessica Griess, City Administrator

Approved as to form:

\_\_\_\_\_  
Greg Rubstello, City Attorney

Filed with the City Clerk:  
Passed by the City Council:  
Ordinance No.:  
Date of Publication:

**EXHIBIT A****2023 Budget Amendment #2***Amending Section 2 of Ordinances 1215-22 & 1222-23 and Page 11 of the City of Algona 2023 Budget*

<b>Fund</b>	<b>Beginning Fund Balance</b>		
	<b>As of 2023 Amendment #1</b>	<b>Amended</b>	<b>Increase (Decrease)</b>
General	756,341	756,341	-
Drug	6,677	6,677	-
Street	14,535	176,535	162,000
Rainy Day Fund	321,465	321,465	-
Capital Improvement	418,170	418,170	-
Park Impact	136,680	136,680	-
General Obligation Bond	7,003	7,003	-
Stormwater Management	1,635,864	1,635,864	-
Water Maintenance	1,113,223	1,113,223	-
Sewer Maintenance	662,504	662,504	-
Water Capital Improvement	585,673	585,673	-
Sewer Capital Improvement	334,470	334,470	-
Stormwater Capital Improvement	196,071	196,071	-
Equipment Replacement Fund	777,300	777,300	-
Unemployment Trust	4,673	4,673	-
Explorers Program	27,415	27,415	-
<b>Total</b>	<b>6,998,064</b>	<b>7,160,064</b>	<b>162,000</b>

<b>Fund</b>	<b>Revenues</b>		
	<b>As of 2023 Amendment #1</b>	<b>Amended</b>	<b>Increase (Decrease)</b>
General	3,143,610	3,243,610	100,000
Drug	1,000	1,000	-
Street	401,900	401,900	-
Rainy Day Fund	-	-	-
Capital Improvement	100,000	100,000	-
Park Impact	36,000	36,000	-
General Obligation Bond	315,000	315,000	-
Stormwater Management	447,000	447,000	-
Water Maintenance	899,000	899,000	-
Sewer Maintenance	1,312,000	1,312,000	-
Water Capital Improvement	297,100	297,100	-
Sewer Capital Improvement	-	-	-
Stormwater Capital Improvement	300,000	300,000	-
Equipment Replacement Fund	124,200	124,200	-
Unemployment Trust	-	-	-
Explorers Program	-	-	-
<b>Total</b>	<b>7,376,810</b>	<b>7,476,810</b>	<b>100,000</b>

**Expenditures**

<b>Fund</b>	<b>As of 2023 Amendment #1</b>	<b>Amended</b>	<b>Increase (Decrease)</b>
General	3,286,760	3,395,760	109,000
Drug	2,200	2,200	-
Street	401,900	563,900	162,000
Rainy Day Fund	-	-	-
Capital Improvement	315,000	315,000	-
Park Impact	-	-	-
General Obligation Bond	319,000	319,000	-
Stormwater Management	327,300	1,242,300	915,000
Water Maintenance	812,950	812,950	-
Sewer Maintenance	1,242,350	1,242,350	-
Water Capital Improvement	564,000	564,000	-
Sewer Capital Improvement	-	-	-
Stormwater Capital Improvement	400,000	400,000	-
Equipment Replacement Fund	126,800	126,800	-
Unemployment Trust	-	-	-
Explorers Program	-	-	-
<b>Total</b>	<b>7,798,260</b>	<b>8,984,260</b>	<b>1,186,000</b>

**Ending Fund Balance**

<b>Fund</b>	<b>As of 2023 Amendment #1</b>	<b>Amended</b>	<b>Increase (Decrease)</b>
General	613,191	604,191	(9,000)
Drug	5,477	5,477	-
Street	14,535	14,535	-
Rainy Day Fund	321,465	321,465	-
Capital Improvement	203,170	203,170	-
Park Impact	172,680	172,680	-
General Obligation Bond	3,003	3,003	-
Stormwater Management	1,755,564	840,564	(915,000)
Water Maintenance	1,199,273	1,199,273	-
Sewer Maintenance	732,154	732,154	-
Water Capital Improvement	318,773	318,773	-
Sewer Capital Improvement	334,470	334,470	-
Stormwater Capital Improvement	96,071	96,071	-
Equipment Replacement Fund	774,700	774,700	-
Unemployment Trust	4,673	4,673	-
Explorers Program	27,415	27,415	-
<b>Total</b>	<b>6,576,614</b>	<b>5,652,614</b>	<b>(924,000)</b>

**EXHIBIT B**  
**2023 Budget Amendment #2**  
*Amending Page 12 of the City of Algona 2023 Budget*

	Authorized Positions					
	2020 Final	2021 Final	2022 (Amended)	2023 (Original)	2023 (Amendment #1)	2023 (Proposed Amendment #2)
<b>Administration:</b>						
City Administrator	1	--	--	--	--	1
City Clerk	1	1	1	1	1	--
Deputy City Clerk	1	1	1	1	1	1
Clerical Assistant	1	1	1	1	1	1
Community Connector	1	1	1	1	1	1
Code Enforcement Officer/Permit Tech	--	--	--	--	1	1
Permit Technician	1	--	--	--	--	--
<b>Total Administration</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b>Police:</b>						
Police Chief	1	1	1	1	1	1
Police Clerk	2	1	1	1	1	1
Police Sergeant	1	1	1	1	1	--
Police Corporal	--	--	1	1	1	1
Police Officer	6	6	5	5	5	7
Police Office Manager	--	--	--	--	1	1
Reserve Officer	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>
<b>Total Police</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>10</b>	<b>11</b>
<b>Public Works:</b>						
Public Works Director	1	1	1	1	1	1
Utility Superintendent	1	1	1	1	--	--
Utility Worker 2	1	1	1	1	1	1
Utility Worker 1	2	3	3	3	3	3
<b>Total Public Works</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>
<b>City-Wide Total</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>21</b>

## EXHIBIT C

## 2023 Budget Amendment #2

Amending Page 13 of the City of Algona 2023 Budget

## Wage Scale

<b><i>Elected Officials</i></b>	<b><u>Annual</u></b>
Mayor	35,000
Councilmembers	3,600

	<b><u>Annual Rates</u></b>				
<b><i>Non-Represented Full Time Positions</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Chief	132,295				
Public Works Director	106,590				
City Administrator	105,000				
Deputy Clerk/Treasurer	52,336	54,957	57,709	60,591	63,630

<b><i>Non-Represented Part Time/Temp</i></b>	<b><u>Hourly</u></b>
Police Reserve Officers	34.31
Temp EHM/Court Security	27.85

	<b><u>Annual Rates Per Collective Bargaining Agreement</u></b>				
<b><i>Represented - Non-Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Clerk	55,224	57,990	60,743	63,787	66,982
Clerical Assistant	52,678	55,307	58,073	60,978	63,731
Community Connector	68,144	71,547	75,130	78,658	82,586
Code Enforcement Officer/Permit Tech	67,826	71,215	74,770	78,506	82,434
Utility Worker 2	65,115	68,407	71,824	75,421	79,197
Utility Worker 1	56,524	59,277	62,237	65,350	68,615

	<b><u>Annual Rates Per Collective Bargaining Agreement</u></b>				
<b><i>Represented - Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Sergeant	94,908	99,658	104,647	109,875	115,370
Police Corporal	76,743	80,578	84,611	88,842	93,284
Police Office Manager	76,743	80,578	84,611	88,842	93,284
Police Officer	72,399	76,017	79,822	83,813	88,004

**To:** Mayor Troy Linnell and City Council Members

**From:** Tara Dunford, CPA

**Date:** November 27, 2023

**Re:** Ordinance No. 1231-23 2024 Final Budget

**ATTACHMENTS:** Ordinance 1231-23; Exhibit A – Budget Book

**TYPE OF ACTION:** None. First Read.

**Discussion:**

Council received the Preliminary budget on October 16, 2023. The required Public Hearing on revenue sources was held on November 13, 2023. The required Public Hearing on the Preliminary budget was held on November 13, 2023 and required Public Hearing on the Final budget will occur on November 27, 2023. The second reading of this ordinance and adoption of the budget is scheduled for December 11, 2023. The 2024 Budget must be adopted prior to December 31, 2023.

The following changes were made to the budget document presented on October 16, 2023:

- Added \$15,000 to Street Fund expenditures for additional lighting. This also increases General Fund transfers out/Street Fund transfers in.
- Added \$50,000 to Stormwater Maintenance Fund expenditures for additional ditch/drainage work.
- Updated Stormwater Maintenance Fund projected 2023 expenditures & 2024 beginning fund balance to reflect land purchase.
- Removed Police Sergeant position and added an additional Police Officer position.
- Added additional Police Officer position and related COPS grant funding (\$125,000 increase to both revenues and expenditures in the General Fund).
- Removed Utility Worker II position and added an additional Utility Worker I position.

## CITY OF ALGONA, WASHINGTON

**ORDINANCE NO. 1231-23**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ALGONA, WASHINGTON, ADOPTING THE BUDGET FOR 2024; SETTING FORTH ESTIMATED REVENUES AND APPROPRIATIONS; ESTABLISHING JOB CLASSIFICATIONS AND PAY RANGES; AND ESTABLISHING AN EFFECTIVE DATE.

---

WHEREAS, the tax estimates and budget for the City of Algona, Washington, for the 2024 calendar year have been prepared and filed as provided by the laws of the State of Washington; and

WHEREAS, the preliminary budget was available to the public and notice published in the official paper of the City of Algona, setting the time and place for hearing on the budget; and

WHEREAS, the City Council of the City of Algona, held a public hearing on the Revenue Sources on November 13, 2023 as required by law, and considered the public testimony presented; and

WHEREAS, the City Council of the City of Algona properly noticed and held public hearings on the preliminary budget on November 13, 2023 and on the final budget on November 27, 2023 as required by law, and considered public testimony presented; and

WHEREAS, the City Council finds that the proposed budget for 2024 reflects revenues and expenditures that are intended to ensure the provision of vital municipal services at acceptable levels; and

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

Section 1. The budget document attached hereto as Exhibit “A”, is adopted as the budget for the City of Algona for 2024.

Section 2. In summary form, the totals of estimated resources and appropriations for each separate fund and aggregate totals (net totals between funds) for all such funds combined are as follows:



<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Ending Fund Balance</u>
General	1,069,693	3,123,630	3,257,189	936,134
Drug	6,677	1,000	-	7,677
Street	134,636	311,700	311,700	134,636
Rainy Day Fund	345,174	20,000	-	365,174
Capital Improvement	219,826	100,000	315,000	4,826
Park Impact	208,500	36,000	-	244,500
General Obligation Bond	3,764	315,000	318,300	464
Stormwater Management	843,746	469,200	393,800	919,146
Water Maintenance	1,225,354	911,900	830,200	1,307,054
Sewer Maintenance	823,118	1,326,000	1,142,900	1,006,218
Water Capital Improvement	688,165	85,000	-	773,165
Sewer Capital Improvement	389,266	35,000	-	424,266
Stormwater Capital Improvement	249,877	20,000	-	269,877
Equipment Replacement Fund	757,109	115,100	100,000	772,209
Unemployment Trust	3,587	-	-	3,587
Explorers Program	27,417	-	-	27,417
<b>Total</b>	<b>6,995,908</b>	<b>6,869,530</b>	<b>6,669,089</b>	<b>7,196,349</b>

Section 3. The job classifications and salary ranges for 2024 shall be as set forth on page 13 of the 2024 budget document, attached as exhibit “A”.

Section 4. The City Clerk is directed to transmit a complete copy of the 2024 budget to the Office of the State Auditor and to the Association of Washington Cities.

Section 5. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision and pre-emption shall not affect the validity of the remaining portions of this Ordinance or its application to other persons or circumstances.

Section 6. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after publication.

Passed by the City Council this 11<sup>th</sup> day of December 2023.

CITY OF ALGONA

\_\_\_\_\_  
Troy Linnell, Mayor

ATTEST/AUTHENTICATED:

---

Jessica Griess, City Clerk

Approved as to form:

---

Greg Rubstello, City Attorney

Filed with the City Clerk:

Passed by the City Council:

Ordinance No.: 1231-23

Date of Publication:



# City of Algona

## 2024 Annual Budget



200 Washington Blvd.

(253) 833-2897

[algonawa.gov](http://algonawa.gov)

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# Mayor's Budget Message

October 16, 2023

Dear City Councilmembers,

I am pleased to submit for your consideration the 2024 proposed annual budget for the City of Algona. Proposed 2024 appropriations compared to budgeted 2023 appropriations (through 2023 budget amendment #1) are as follows:

<b>Fund</b>	<b>2023 Budget (Amended)</b>	<b>2024 Proposed Budget</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
General	3,286,760	3,257,189	(29,571)	-1%
Drug	2,200	-	(2,200)	-100%
Street	401,900	311,700	(90,200)	-22%
Rainy Day Fund	-	-	-	--
Capital Improvement	315,000	315,000	-	0%
Park Impact	-	-	-	--
General Obligation Bond	319,000	318,300	(700)	0%
Stormwater Management	327,300	393,800	66,500	20%
Water Maintenance	812,950	830,200	17,250	2%
Sewer Maintenance	1,242,350	1,142,900	(99,450)	-8%
Water Capital Improvement	564,000	-	(564,000)	-100%
Sewer Capital Improvement	-	-	-	--
Stormwater Capital Improvement	400,000	-	(400,000)	-100%
Equipment Replacement Fund	126,800	100,000	(26,800)	-21%
Unemployment Trust	-	-	-	--
Explorers Program	-	-	-	--
<b>Total Expenditures and Other Uses</b>	<b>7,798,260</b>	<b>6,669,089</b>	<b>(1,129,171)</b>	<b>-14%</b>

The total 2024 proposed budget is significantly lower than the 2023 budget due to utility capital projects included in the 2023 budget but not the 2024 budget.

Estimated 2024 resources compared to 2023 estimated resources are as follows:

<b>Fund</b>	<b>2023 Budget (Amended)</b>	<b>2024 Proposed Budget</b>	<b>Increase (Decrease)</b>	<b>% Change</b>
General	3,143,610	3,123,630	(19,980)	-1%
Drug	1,000	1,000	-	0%
Street	401,900	311,700	(90,200)	-22%
Rainy Day Fund	-	20,000	20,000	--
Capital Improvement	100,000	100,000	-	0%
Park Impact	36,000	36,000	-	0%
General Obligation Bond	315,000	315,000	-	0%
Stormwater Management	447,000	469,200	22,200	5%
Water Maintenance	899,000	911,900	12,900	1%
Sewer Maintenance	1,312,000	1,326,000	14,000	1%
Water Capital Improvement	297,100	85,000	(212,100)	-71%
Sewer Capital Improvement	-	35,000	35,000	--
Stormwater Capital Improvement	300,000	20,000	(280,000)	-93%
Equipment Replacement Fund	124,200	115,100	(9,100)	-7%
Unemployment Trust	-	-	-	--
Explorers Program	-	-	-	--
<b>Total Revenues and Other Sources</b>	<b>7,376,810</b>	<b>6,869,530</b>	<b>(507,280)</b>	<b>-7%</b>

The 2024 estimated resources are significantly lower than in 2023 due to the following factors:

- A decrease in projected sales tax and building/planning fees.
- The 2024 Street Fund budget reflects a decreased subsidy from the General Fund.
- Capital improvement funds included grant funding in 2023.

Sincerely,

*Troy Linnell, Mayor*

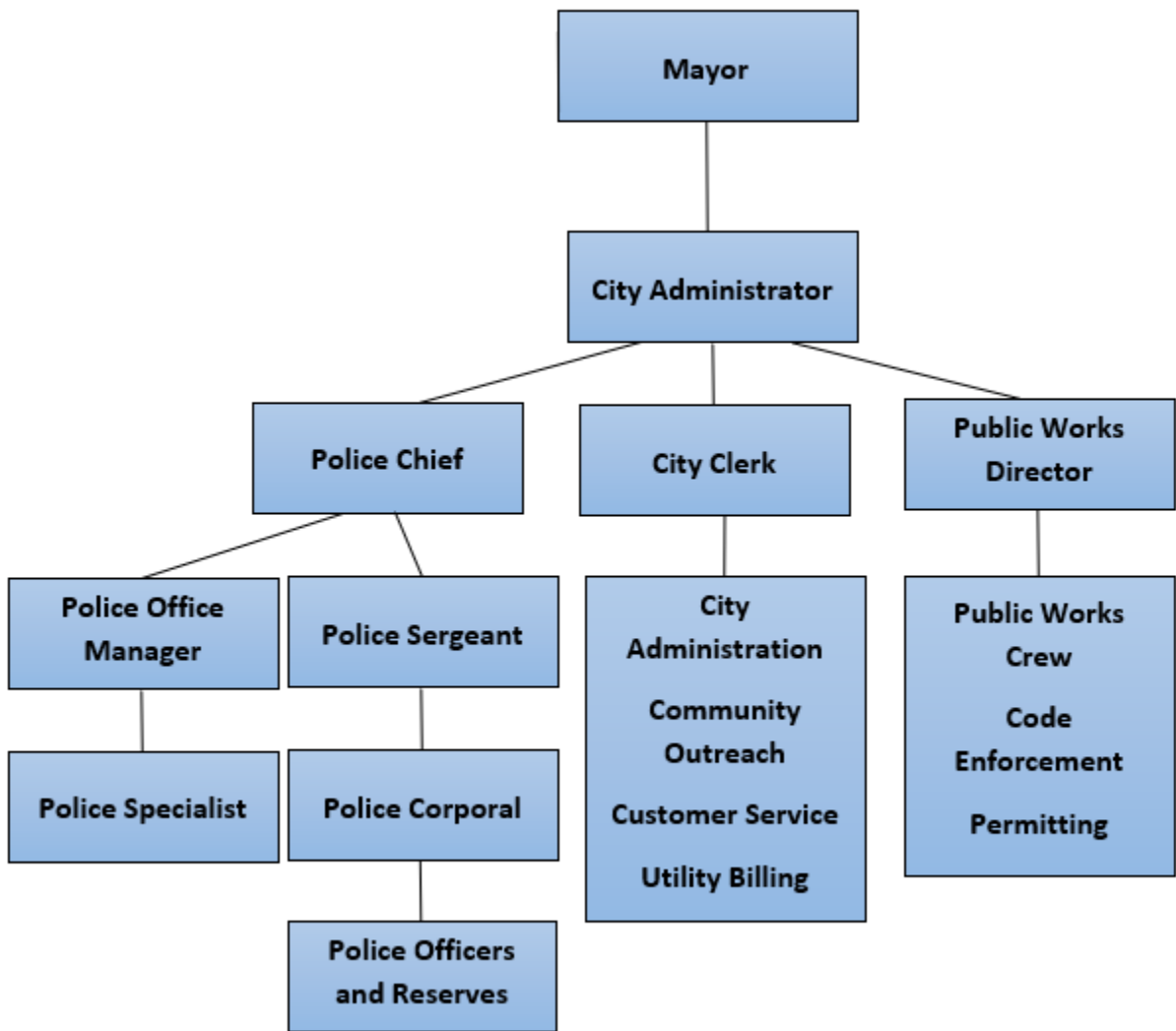
## Elected Officials

		<u>Term Expires:</u>
Troy Linnell	Mayor	December 31, 2023
Bill Thomas	Council Position #1	December 31, 2023
Lynda Osborn	Council Position #2	December 31, 2025
Tim Fairley	Council Position #3	December 31, 2023
Gordon Cook	Council Position #4	December 31, 2025
Brenna Franco	Mayor Pro-Tem Council Position #5	December 31, 2023

## Administrative Staff

Jessica Griess	City Administrator
James Schrimpsheer	Police Chief
Russ Avery	Public Works Director

# Organizational Chart





# Budget Development Process

The budget includes the financial planning and legal authority to obligate public funds. Additionally, the budget provides policy direction by the City Council to the staff and community.

The budget serves four functions:

## **It is a Policy Document**

The budget functions as a policy document in that the decisions made within the budget will reflect the general principles or plans that guide the actions taken for the future. As a policy document, the budget makes specific attempts to link desired goals and policy direction to the actual day-to-day activities of the City staff.

## **It is an Operational Guide**

The budget of the City reflects its operations. Activities of each City fund or department have been planned, formalized and described in the following sections. This process will help to maintain an understanding of the various operations of the City and how they related to each other and to the attainment of the policy issues and goals of the City Council.

## **It is a Link with the General Public**

The budget provides a unique opportunity to allow and encourage public review of City operations. The budget describes the activities of the City, the purpose of those activities, future implications, and the direct relationship to citizens.

## **It is a Legally Required Financial Planning Tool**

Preparing and adopting a budget is a state law requirement of all cities as stated in Title 35A of the Revised Code of Washington (RCW). The budget must be adopted as a balanced budget and must be in place prior to the beginning of the City's fiscal year. The budget is the legal authority to expend public funds and controls those expenditures by limiting the amount of appropriation at the fund level. The revenues of the City are estimated, along with available cash carry-forward, to determine funds available.

The City of Algona operates on a calendar-year basis. The City utilizes an incremental budgeting approach that assumes, for most functions of government, that the current year's budget is indicative of the base required for the following year. Any increases are incremental and based on need defined by budget policies, emerging issues, Council goals and available resources.

# Budget Calendar

**August 21, 2023** – preliminary estimates due from directors

**September 25, 2023** – preliminary revenue estimates presented to Council

**October 16, 2023** – Mayor’s proposed budget presented to Council

**November 13, 2023** – public hearing on revenue sources; public hearing on preliminary budget; first reading of tax levy ordinance

**November 27, 2023** – public hearing on final budget; first reading of budget ordinance; second (final) reading of tax levy ordinance.

**December 11, 2023** – second (final) reading of budget ordinance/budget adoption.

After the budget is adopted, the City enters a budget implementation and monitoring stage. Throughout the year, expenditures are monitored by the City Administrator and department directors to ensure that funds are within the approved budget. As required by RCW 35A.33.140, the City Administrator provides the City Council with quarterly reports to keep them current with the City’s financial condition.

The Mayor is authorized to transfer budgeted amounts within a fund; however, any revisions that alter the total expenditures of a fund, or that affect the number of authorized employee positions, position titles, salary ranges or other conditions of employment must be approved by the City Council.

When the City Council determines that it is in the best interest of the City to increase or decrease the appropriation for a fund, it may do so by ordinance adopted by Council.

# Budget Principles

## General Principles

- Department directors have primary responsibility for formulating budget proposals in line with City Council and Mayor directions, and for implementing them once they are approved.
- The City Administrator is responsible for coordinating the overall preparation and administration of the City's budget. This function is fulfilled in compliance with applicable State of Washington statutes governing local government budgeting practices.
- The City Administrator assists department staff in identifying budget problems, formulating solutions and alternatives, and implementing any necessary corrective actions.
- Interfund charges will be based on recovery of costs associated with providing those services.
- Budget adjustments requiring City Council approval will occur through the ordinance process at the fund level prior to the end of the fiscal year.
- The City's budget presentation will be directed at displaying the City's budget in a Council and Citizen-friendly format.

## Minimum Fund Balances

- The General Fund budget should be such that the budgeted ending fund balance is at least 10% of budgeted expenditures.

## Rainy Day Fund

- The balance in the Rainy Day fund should be, at a minimum, 10% of budgeted General Fund expenditures.

## Basis of Accounting

- Annual appropriated budgets are adopted for all funds on the cash basis of accounting.
- Budgets are adopted at the fund level that constitutes legal authority for expenditures. Annual appropriations lapse at the end of the fiscal period.
- The **General Fund** is the primary fund of the City. It accounts for all financial resources except those required or elected to be accounted for in another fund.
- **Special Revenue Funds** account for revenue sources that are legally restricted or designated to finance certain activities. Special revenue funds include the following:

*Drug Fund	*Street Fund	*Rainy Day Fund
*Park Impact Fee Fund	*Capital Improvement (Real Estate Excise Tax) Fund	

- The **Debt Service Fund** accounts for principal and interest payments on long-term debt, related to financing of the City Hall/Community Center.
- **Enterprise Funds** account for operations that provide goods and services to the general public and are supported primarily by user charges. Enterprise funds include the following:
 

*Stormwater Management	*Water Maintenance	*Sewer Maintenance
*Stormwater Capital	*Water Capital	*Sewer Capital
- The Equipment Replacement **Internal Service Fund** accounts for funding and replacement of vehicles and major equipment.

## City-Wide Budget Summary

<u>Fund</u>	<u>Beginning Fund Balance</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Increase (Decrease)</u>	<u>Ending Fund Balance</u>
General	1,069,693	3,123,630	3,257,189	(133,559)	936,134
Drug	6,677	1,000	-	1,000	7,677
Street	134,636	311,700	311,700	-	134,636
Rainy Day Fund	345,174	20,000	-	20,000	365,174
Capital Improvement	219,826	100,000	315,000	(215,000)	4,826
Park Impact	208,500	36,000	-	36,000	244,500
General Obligation Bond	3,764	315,000	318,300	(3,300)	464
Stormwater Management	843,746	469,200	393,800	75,400	919,146
Water Maintenance	1,225,354	911,900	830,200	81,700	1,307,054
Sewer Maintenance	823,118	1,326,000	1,142,900	183,100	1,006,218
Water Capital Improvement	688,165	85,000	-	85,000	773,165
Sewer Capital Improvement	389,266	35,000	-	35,000	424,266
Stormwater Capital Improvement	249,877	20,000	-	20,000	269,877
Equipment Replacement Fund	757,109	115,100	100,000	15,100	772,209
Unemployment Trust	3,587	-	-	-	3,587
Explorers Program	27,417	-	-	-	27,417
<b>Total</b>	<b>6,995,908</b>	<b>6,869,530</b>	<b>6,669,089</b>	<b>200,441</b>	<b>7,196,349</b>

- Employee salaries and benefits include the following changes:
  - Cost of living (COLA) adjustments:
    - Police – 4.5%
    - Non uniform union – 0% pending settlement of contract
    - Non represented – 4.5%
  - Medical – 5.0%
  - Dental – 0%

# Historical Staffing

	Authorized Positions				
	<u>2020 Final</u>	<u>2021 Final</u>	<u>2022 Final</u>	<u>2023</u> <u>(Amended)</u>	<u>2024</u> <u>(Proposed)</u>
<b><u>Administration:</u></b>					
City Administrator	1	--	--	1	1
City Clerk	1	1	1	--	1
Deputy City Clerk	1	1	1	1	--
Clerical Assistant	1	1	1	1	1
Community Connector	1	1	1	1	1
Code Enforcement Officer/Permit Tech	--	--	--	1	1
Permit Technician	1	--	--	--	--
<b>Total Administration</b>	<b>6</b>	<b>4</b>	<b>4</b>	<b>5</b>	<b>5</b>
<b><u>Police:</u></b>					
Police Chief	1	1	1	1	1
Police Clerk	2	1	1	1	1
Police Sergeant	1	1	1	--	--
Police Corporal	--	--	1	1	1
Police Officer	6	6	5	7	7
Police Office Manager	--	--	--	1	1
Reserve Officer	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>	<i>part time</i>
<b>Total Police</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>11</b>	<b>11</b>
<b><u>Public Works:</u></b>					
Public Works Director	1	1	1	1	1
Utility Superintendent	1	1	1	--	--
Utility Worker 2	1	1	1	1	--
Utility Worker 1	2	3	3	3	4
<b>Total Public Works</b>	<b>5</b>	<b>6</b>	<b>6</b>	<b>5</b>	<b>5</b>
<b>City-Wide Total</b>	<b>21</b>	<b>19</b>	<b>19</b>	<b>21</b>	<b>21</b>

# Wage Scale

<b><i>Elected Officials</i></b>	<b><u>Annual</u></b>
Mayor	35,000
Councilmembers	3,600

	<b>Annual Rates</b>				
<b><i>Non-Represented Full Time Positions</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Chief	138,248				
City Administrator	110,250				
Public Works Director	111,387				
City Clerk/Treasurer	90,350				

<b><i>Non-Represented Part Time/Temp</i></b>	<b><u>Hourly</u></b>
Police Reserve Officers	32.59
Temp EHM/Court Security	29.11

	<b>Annual Rates Per Collective Bargaining Agreement</b>				
<b><i>Represented - Non-Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Clerk	55,224	57,990	60,743	63,787	66,982
Clerical Assistant	52,678	55,307	58,073	60,978	63,731
Community Connector	68,144	71,547	75,130	78,658	82,586
Utility Superintendent	67,826	71,215	74,770	78,506	82,434
Utility Worker 1	56,524	59,277	62,237	65,350	68,615
Code Enforcement Officer/Permit Tech	67,826	71,215	74,770	78,506	82,434

	<b>Annual Rates Per Collective Bargaining Agreement</b>				
<b><i>Represented - Uniform</i></b>	<b><u>Step A</u></b>	<b><u>Step B</u></b>	<b><u>Step C</u></b>	<b><u>Step D</u></b>	<b><u>Step E</u></b>
Police Corporal	80,196	84,204	88,419	92,840	97,482
Police Officer	75,657	79,438	83,414	87,585	91,964
Police Officer Manager	80,196	84,204	88,418	92,840	97,482

# Indirect Cost Allocation

## **Background**

Indirect cost allocation is a method to determine and assign the cost of central services to the internal users of those services. Cost allocation enables local governments to more accurately account for the complete cost of the services it provides, and to provide a clear/concise method to use in budget development.

Indirect costs include central services costs related to legislative, executive, finance, legal and human resources expenses.

Cost allocation plans share indirect costs across programs, activities, funds and departments. The term “allocation” implies that there is no precise method for charging indirect costs, however cost allocations should be designed to provide a consistent, reasonable and equitable means to allocate costs.

## **Funds to Be Charged**

An indirect cost allocation plan is intended to charge restricted funds for a fair and equitable portion of central services costs. The City has two fund types that could be eligible for indirect cost allocation – special revenue funds and business-type funds.

Special revenue funds must be at least partially funded by an externally restricted or internally assigned revenue source; however, the special revenue funds can be, and many are, subsidized by the general fund. Therefore, there is no benefit to be had by including most special revenue funds in the indirect cost allocation plan (increasing expenses in funds subsidized by the general fund would simply increase the amount of general fund subsidy required).

The City’s business-type funds must be self-supporting and cannot receive general fund support in the form of subsidization or services provided at no charge. An indirect cost allocation plan is the appropriate way to charge business-type funds for services provided by the general fund. The City’s current business type funds subject to allocation are Water, Sewer and Stormwater.

The indirect cost allocation plan shall be developed based on the principle that costs will be split between general government activities (those pertaining to the general fund and special revenue funds) and business-type activities. Business-type activities will be further allocated by fund, based on the criteria described below. General government activities will remain in the general fund.

## **Costs to Be Allocated**

The following costs are subject to allocation:

- ❖ Salaries, benefits, supplies, training, equipment, etc. associated with:
  - Mayor and City Council
  - City Administrator
  - Finance Department
- ❖ Contracted legal, audit and accounting services



All the costs listed above are paid for out of the general fund and primarily exist for the support of the City as a whole. Costs included in the allocation plan should be administrative in nature and must be reasonably perceived to benefit all City funds. Therefore, the cost of services such as public safety, street maintenance, community events, etc. are excluded from the plan and are not subject to allocation.

### **Activities & Measurement Criteria**

The activities on which to base allocations and the measurement criteria for those activities are identified in the following table.

<b>ACTIVITIES</b> <i>(based on April 2021 time study)</i>	<b>MEASUREMENT CRITERIA</b>
Accounts Payable	Non-salary expenses (2021 budget)
Mayor and Council	# of agenda items (2020 actual)
Payment Processing	Revenue (2021 budget)
Utility Billing	# of accounts (December 2020 actual)
Budget, Accounting, Annual reporting	Total expenses (2021 budget)

### **Percentages**

Salaries and benefits for the Mayor, Council, City Administrator, City Clerk-Treasurer and Administrative Assistant shall be allocated using the following percentages.

	<b><u>General</u></b>			
<b><u>Position</u></b>	<b><u>Government</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm</u></b>
Council	69.77%	10.47%	8.14%	11.63%
Mayor	69.77%	10.47%	8.14%	11.63%
City Administrator	57.09%	17.66%	15.93%	9.33%
Clerk/Treasurer	60.88%	13.36%	19.42%	6.34%
Admin Assistant	79.69%	7.32%	10.08%	2.91%

Supplies, training, and other expenses associated with the City Council and Mayor shall be directly coded to various funds based on the Council and Mayor allocation percentages shown above. These percentages are based on the allocation of actual council agenda items from 2020.

Supplies, training, and other expenses associated with the Clerk's Office, including payment of contracted accounting and auditing services shall be directly coded based on the percentages shown below. These percentages are based on 2021 budgeted expenditures. The same percentages shall be used to allocate legal expenses.

	<b><u>General Government</u></b>	<b><u>Water</u></b>	<b><u>Sewer</u></b>	<b><u>Storm</u></b>
Contracted Services	60.59%	13.46%	19.78%	6.17%

### **Updates to the Plan**

The cost allocation plan should be reviewed annually during budget development. It is not necessary to update the activities or measurement criteria on an annual basis as long as the plan has been reviewed for general reasonableness. If significant changes have been made which may affect the overall allocation percentages then the plan should be updated. The plan should be updated at least every five years. The current plan was established in 2021, with review and updates made for 2024. A full review and update of the plan should be performed in 2024 for use in the 2025 budget.

# Equipment Replacement Plan

The asset replacement plan includes funding for future replacement of the following assets:

Description	Department	Replacement		Replacement	Allocations						
		Year	Useful Life	Cost	Police	Finance	Parks	Streets	Water	Sewer	Storm
2018 Ford Explorer	Police 3	2025	7	50,000	100.00%						
2020 Ford Explorer	Police 4	2027	7	50,000	100.00%						
Chevy Tahoe	Police 5	2028	7	50,000	100.00%						
2022 Ford Explorer	Police 6	2030	7	50,000	100.00%						
2020 Ford Fusion	Police 7	2027	7	50,000	100.00%						
2019 Ford Fusion	Police 8	2026	7	50,000	100.00%						
2023 Ford Truck	Police 9	2030	7	50,000	100.00%						
2003 Ford Ranger - Parks	PW 2	2026	15	40,000			50.00%	12.50%	12.50%	12.50%	12.50%
2008 Ford F250 w/ snow plow	PW 3	2026	15	50,400			20.00%	20.00%	20.00%	20.00%	20.00%
2012 John Deere Tractor	PW 4	2024	10	72,000				100.00%			
2011 Ford F250 utility truck	PW 5	2025	15	70,000			20.00%	20.00%	20.00%	20.00%	20.00%
2022 Kubota 3400 tractor/brush hog	PW 6	2037	15	66,600				100.00%			
2007 New Holland B95 Backhoe	PW 7	2027	10	100,000			20.00%	20.00%	20.00%	20.00%	20.00%
2000 Freightliner FL70 dump truck	PW 9	2028	15	140,000			20.00%	20.00%	20.00%	20.00%	20.00%
2002 Chevy Bucket Truck	PW 10	2029	15	130,000			50.00%	50.00%			
Riding Lawn Mower	PW 11	2027	6	12,500			50.00%	50.00%			
Ferris 48" Mower	PW 12	2024	10	8,000			50.00%	50.00%			
John Deere Gator 2wd	PW 13	2031	20	20,000			50.00%	12.50%	12.50%	12.50%	12.50%
Flail mower attachment	PW 14	2024	12	20,000				70.00%	10.00%	10.00%	10.00%
2015 Chevy Malibu	Admin 1	2025	10	43,868		57.00%			18.00%	16.00%	9.00%
				<b>1,123,368</b>							

The 2024 charges are as follows:

2024					
Police	Parks	Streets	Water	Sewer	Storm
<b>50,000</b>	<b>23,155</b>	<b>3,808</b>	<b>12,677</b>	<b>12,677</b>	<b>12,677</b>

# General Fund

## General Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>1,183,198</b>	<b>698,176</b>	<b>891,993</b>	<b>1,343,661</b>	<b>1,069,693</b>
310 Taxes		1,852,185	1,893,871	2,171,179	2,183,542	2,189,300
320 Licenses & Permits		255,758	294,163	310,399	350,227	350,300
330 Intergovernmental Revenues		272,026	651,342	622,545	158,927	409,630
340 Charges For Services		46,683	119,420	165,308	88,028	55,800
350 Fines & Forfeitures		57,497	38,682	1,402	-	-
360 Misc Revenues		118,195	48,996	908,401	123,742	118,600
380 Non Revenues		2,832	2,254	1,874	1,443	-
<b>Total Revenues</b>		<b>2,605,177</b>	<b>3,048,728</b>	<b>4,181,108</b>	<b>2,905,910</b>	<b>3,123,630</b>
511 Legislative		33,321	27,521	24,795	58,898	35,300
512 Judicial		79,816	73,426	60,578	71,296	75,000
513 Executive		62,252	28,449	29,771	28,628	32,000
514 Finance		264,710	303,369	281,760	299,068	317,500
515 Legal Services		62,891	47,743	77,525	59,100	45,000
518 Central Services		90,003	107,163	104,875	128,513	118,500
521 Law Enforcement		1,310,641	1,335,924	1,680,669	1,461,537	1,709,889
523 Jail Costs		78,732	33,717	57,967	60,828	101,750
524 Protective Inspections		14,812	79	-	-	-
528 Comm/Alarms/Dispatch		156,059	182,635	122,987	217,707	200,000
537 Garbage & Solid Waste Utilities		18,895	16,375	15,323	30,667	18,000
553 Conservation		5,410	5,124	50,879	115,533	3,000
554 Environmental Services		14,435	14,361	16,461	14,483	18,000
558 Planning & Community Devel		357,413	297,462	388,264	297,693	310,200
560 Social Services		9,916	7,694	3,911	5,512	10,000
570 Culture & Recreation		6,810	8,853	64,829	67,838	95,500
575 Cultural & Recreational Fac		2,960	4,980	4,232	10,614	10,000
576 Park Facilities		20,011	165,209	292,849	110,313	121,200
580 Non Expenditures		(93,026)	112,858	(16,620)	1,008	-
594 Capital Expenditures		89,138	81,970	17,387	-	-
597 Interfund Transfers		505,000	-	451,000	140,640	36,350
<b>Total Expenditures</b>		<b>3,090,199</b>	<b>2,854,911</b>	<b>3,729,441</b>	<b>3,179,878</b>	<b>3,257,189</b>
<b>Revenues less expenditures</b>		<b>(485,022)</b>	<b>193,817</b>	<b>451,667</b>	<b>(273,968)</b>	<b>(133,559)</b>
<b>508 Ending Fund Balance Balance</b>		<b>698,176</b>	<b>891,993</b>	<b>1,343,661</b>	<b>1,069,693</b>	<b>936,134</b>
<b>Less Restricted Fund Balance - ROW sale</b>		<b>-</b>	<b>-</b>	<b>370,350</b>	<b>370,350</b>	<b>370,350</b>
<b>Unrestricted Ending Balance</b>		<b>698,176</b>	<b>891,993</b>	<b>973,311</b>	<b>699,343</b>	<b>565,784</b>
<b>Unrestricted Ending Fund Balance as % of Expenditures</b>		<b>23%</b>	<b>31%</b>	<b>26%</b>	<b>22%</b>	<b>17%</b>

The decrease in fund balance includes continued funding of 3/4 (approx. \$80K) of the Community Connector position with American Rescue Plan Act (ARPA) funds received in 2021 and 2022; and one-time police remodel costs of \$50,000.

# Street Fund

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>142,047</b>	<b>124,108</b>	<b>115,785</b>	<b>232,541</b>	<b>134,636</b>
310 Taxes		182,419	185,467	192,357	186,850	188,700
320 Licenses & Permits		7,699	360	16,497	660	700
330 Intergovernmental Revenues		193,503	65,713	255,541	61,659	60,450
360 Misc Revenues		2,372	21,584	3,218	25,548	25,500
397 Interfund Transfers		150,000	-	253,000	140,640	36,350
<b>Total Revenues</b>		<b>535,993</b>	<b>273,125</b>	<b>720,613</b>	<b>415,357</b>	<b>311,700</b>
542 Streets - Maintenance		292,814	220,743	462,602	271,506	248,200
543 Streets - Admin & Overhead		28,330	52,585	63,998	79,845	63,500
594 Capital Expenditures		232,788	8,119	77,258	161,912	-
<b>Total Expenditures</b>		<b>553,932</b>	<b>281,447</b>	<b>603,857</b>	<b>513,263</b>	<b>311,700</b>
<b>Revenues less expenditures</b>		<b>(17,939)</b>	<b>(8,322)</b>	<b>116,756</b>	<b>(97,905)</b>	<b>-</b>
<b>508 Ending Fund Balance Balance</b>		<b>124,108</b>	<b>115,785</b>	<b>232,541</b>	<b>134,636</b>	<b>134,636</b>

# Utility Funds

## Stormwater Maintenance Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>1,400,295</b>	<b>1,534,020</b>	<b>1,645,778</b>	<b>1,684,666</b>	<b>843,746</b>
330 Intergovernmental Revenues		5,899	36,464	-	-	-
340 Charges For Services		385,875	427,583	437,496	404,811	445,000
350 Fines & Forfeitures		725	596	2,046	1,203	1,200
360 Misc Revenues		7,762	-	-	23,709	23,000
<b>Total Revenues</b>		<b>400,261</b>	<b>464,644</b>	<b>439,542</b>	<b>429,723</b>	<b>469,200</b>
538 Stormwater Operations		250,259	352,885	400,654	355,643	393,800
594 Capital Expenditures		16,277	-	-	915,000	-
<b>Total Expenditures</b>		<b>266,536</b>	<b>352,885</b>	<b>400,654</b>	<b>1,270,643</b>	<b>393,800</b>
<b>Revenues less expenditures</b>		<b>133,725</b>	<b>111,758</b>	<b>38,889</b>	<b>(840,921)</b>	<b>75,400</b>
<b>508 Ending Fund Balance Balance</b>		<b>1,534,020</b>	<b>1,645,778</b>	<b>1,684,666</b>	<b>843,746</b>	<b>919,146</b>

## Water Maintenance Fund - 5 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308 Beginning Fund Balance</b>		<b>757,673</b>	<b>852,431</b>	<b>972,553</b>	<b>1,143,208</b>	<b>1,225,354</b>
340 Charges For Services		761,370	804,041	861,891	790,608	890,900
350 Fines & Forfeitures		9,764	5,052	18,326	10,219	1,000
360 Misc Revenues		4,201	1,587	20,270	26,299	20,000
<b>Total Revenues</b>		<b>775,335</b>	<b>810,679</b>	<b>900,486</b>	<b>827,126</b>	<b>911,900</b>
534 Water Utilities		656,029	690,558	729,831	744,979	830,200
594 Capital Expenditures		24,548	-	-	-	-
<b>Total Expenditures</b>		<b>680,577</b>	<b>690,558</b>	<b>729,831</b>	<b>744,979</b>	<b>830,200</b>
<b>Revenues less expenditures</b>		<b>94,758</b>	<b>120,121</b>	<b>170,655</b>	<b>82,147</b>	<b>81,700</b>
<b>508 Ending Fund Balance Balance</b>		<b>852,431</b>	<b>972,553</b>	<b>1,143,208</b>	<b>1,225,354</b>	<b>1,307,054</b>

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**Sewer Maintenance Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>361,939</b>	<b>401,696</b>	<b>523,096</b>	<b>640,628</b>	<b>823,118</b>
340	Charges For Services	990,383	1,147,598	1,223,507	1,286,805	1,300,000
350	Fines & Forfeitures	1,631	3,573	11,470	6,009	6,000
360	Misc Revenues	2,061	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>994,075</b>	<b>1,151,171</b>	<b>1,234,978</b>	<b>1,316,522</b>	<b>1,326,000</b>
535	Sewer	953,878	1,029,771	1,117,445	1,134,033	1,142,900
594	Capital Expenditures	440	-	-	-	-
	<b>Total Expenditures</b>	<b>954,318</b>	<b>1,029,771</b>	<b>1,117,445</b>	<b>1,134,033</b>	<b>1,142,900</b>
	<b>Revenues less expenditures</b>	<b>39,757</b>	<b>121,400</b>	<b>117,533</b>	<b>182,490</b>	<b>183,100</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>401,696</b>	<b>523,096</b>	<b>640,628</b>	<b>823,118</b>	<b>1,006,218</b>

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**Water Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>359,186</b>	<b>444,343</b>	<b>512,600</b>	<b>582,454</b>	<b>688,165</b>
330	Intergovernmental Revenues	-	-	-	-	-
340	Charges For Services	83,110	68,257	69,854	82,002	65,000
360	Misc Revenues	2,047	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>85,157</b>	<b>68,257</b>	<b>69,854</b>	<b>105,711</b>	<b>85,000</b>
594	Capital Expenditures	-	-	-	-	-
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>85,157</b>	<b>68,257</b>	<b>69,854</b>	<b>105,711</b>	<b>85,000</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>444,343</b>	<b>512,600</b>	<b>582,454</b>	<b>688,165</b>	<b>773,165</b>

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**Sewer Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>332,647</b>	<b>334,470</b>	<b>334,470</b>	<b>334,470</b>	<b>389,266</b>
340	Charges For Services	-	-	-	31,087	15,000
360	Misc Revenues	1,823	-	-	23,709	20,000
	<b>Total Revenues</b>	<b>1,823</b>	<b>-</b>	<b>-</b>	<b>54,796</b>	<b>35,000</b>
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>1,823</b>	<b>-</b>	<b>-</b>	<b>54,796</b>	<b>35,000</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>334,470</b>	<b>334,470</b>	<b>334,470</b>	<b>389,266</b>	<b>424,266</b>

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**Stormwater Capital Fund - 5 Year Comparative**


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<u>Account</u>	<u>Description</u>	<u>2020 Actual</u>	<u>2021 Actual</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
<b>308</b>	<b>Beginning Fund Balance</b>	<b>195,003</b>	<b>196,071</b>	<b>196,071</b>	<b>196,071</b>	<b>249,877</b>
330	Intergovernmental	-	-	-	-	-
340	Charges for Services	-	-	-	30,097	30,097
360	Misc Revenues	1,068	-	-	23,709	-
	<b>Total Revenues</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>53,806</b>	<b>30,097</b>
594	Capital Expenditures	-	-	-	-	-
	<b>Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Revenues less expenditures</b>	<b>1,068</b>	<b>-</b>	<b>-</b>	<b>53,806</b>	<b>30,097</b>
<b>508</b>	<b>Ending Fund Balance Balance</b>	<b>196,071</b>	<b>196,071</b>	<b>196,071</b>	<b>249,877</b>	<b>279,974</b>



# Remaining Funds

## Drug Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 00 02	Beginning Balance	6,677	6,677	6,677
	<b>308 Beginning Balances</b>	<b>6,677</b>	<b>6,677</b>	<b>6,677</b>
	<b>TOTAL REVENUES</b>	-	-	<b>1,000</b>
	<b>TOTAL EXPENDITURES</b>	-	-	-
	<b>REVENUES LESS EXPENDITURES</b>	-	-	<b>1,000</b>
508 80 00 02	Ending Balance	6,677	6,677	7,677

## Rainy Day Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 01 05	Beginning Balance	123,465	321,465	345,174
	<b>308 Beginning Balances</b>	<b>123,465</b>	<b>321,465</b>	<b>345,174</b>
	360 Misc Revenues	-	23,709	20,000
	397 Transfer In	198,000	-	-
	<b>TOTAL REVENUES</b>	<b>198,000</b>	<b>23,709</b>	<b>20,000</b>
508 80 01 05	Ending Balance	321,465	345,174	365,174

## Capital Improvement Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 01 06	Beginning Balance	642,610	432,155	219,826
	<b>308 Beginning Balances</b>	<b>642,610</b>	<b>432,155</b>	<b>219,826</b>
	310 Taxes	109,544	102,672	100,000
	<b>TOTAL REVENUES</b>	<b>109,544</b>	<b>102,672</b>	<b>100,000</b>
	597 Interfund Transfers	320,000	315,000	315,000
	<b>TOTAL EXPENDITURES</b>	<b>320,000</b>	<b>315,000</b>	<b>315,000</b>
	<b>REVENUES LESS EXPENDITURES</b>	<b>(210,456)</b>	<b>(212,328)</b>	<b>(215,000)</b>
508 80 01 06	Ending Balance	432,155	219,826	4,826

**Park Impact Fee Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 01 10	Estimated Beginning Balance	136,680	170,377	208,500
	<b>308 Beginning Balances</b>	<b>136,680</b>	<b>170,377</b>	<b>208,500</b>
311 11 00 00	Parks Property Tax Levy	33,697	38,123	36,000
310	Taxes	33,697	38,123	36,000
	<b>TOTAL REVENUES</b>	<b>33,697</b>	<b>38,123</b>	<b>36,000</b>
	<b>TOTAL EXPENDITURES</b>	-	-	-
	<b>REVENUES LESS EXPENDTURES</b>	<b>33,697</b>	<b>38,123</b>	<b>36,000</b>
508 80 01 10	Ending Balance	170,377	208,500	244,500

**General Obligation Bond Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 10 00 25	Restricted Beginning Balance	6,002	7,764	3,764
	<b>308 Beginning Balances</b>	<b>6,002</b>	<b>7,764</b>	<b>3,764</b>
397 00 00 25	Transfer In	320,000	315,000	315,000
	<b>397 Interfund Transfers</b>	<b>320,000</b>	<b>315,000</b>	<b>315,000</b>
591 73 71 25	GO Bonds - Principal	277,411	285,000	291,100
592 73 83 25	GO Bonds - Interest	40,827	34,000	27,200
	<b>591 Debt Service</b>	<b>318,238</b>	<b>319,000</b>	<b>318,300</b>
508 10 00 25	Ending Balance	7,764	3,764	464

**Equipment Replacement Fund - 3 Year Comparative**

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 00 00 00	Estimated Beginning Balance	-	759,709	757,109
	<b>308 Beginning Fund Balance</b>	-	<b>759,709</b>	<b>757,109</b>
340 00 00 00	Charges For Services	818,500	124,200	115,100
594 10 64 00	Capital Outlay	58,791	126,800	100,000
	<b>508 Ending Fund Balance</b>	<b>759,709</b>	<b>757,109</b>	<b>772,209</b>

## Unemployment Trust Fund - 3 Year Comparative

<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 06 21	Beginning Balance	4,673	(6,413)	3,587
	<b>308 Beginning Balances</b>	<b>4,673</b>	<b>(6,413)</b>	<b>3,587</b>
	<b>TOTAL REVENUES</b>	<b>-</b>	<b>10,000</b>	<b>-</b>
517 78 20 00	Unemployment Disbursement	11,086	-	-
	<b>TOTAL EXPENDITURES</b>	<b>11,086</b>	<b>-</b>	<b>-</b>
	<b>REVENUES LESS EXPENDITURES</b>	<b>(11,086)</b>	<b>10,000</b>	<b>-</b>
508 80 06 21	Ending Balance	(6,413)	3,587	3,587

## Explorers Trust Fund - 3 Year Comparative

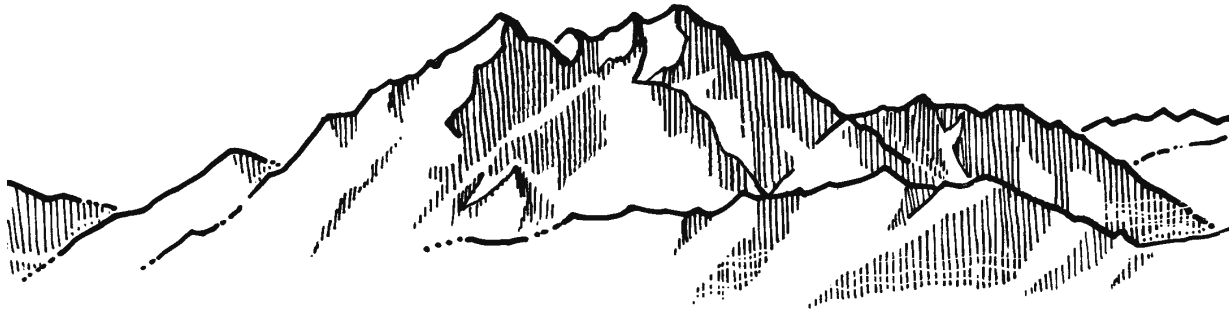
<u>Account</u>	<u>Description</u>	<u>2022 Actual</u>	<u>2023 Projected</u>	<u>2024 Budget</u>
308 80 00 25	Estimated Beginning Balance	27,415	27,417	27,417
	<b>308 Beginning Balances</b>	<b>27,415</b>	<b>27,417</b>	<b>27,417</b>
	<b>360 Total Revenues</b>	<b>2</b>	<b>-</b>	<b>-</b>
	<b>521 Total Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>
508 80 00 25	Ending Balance	27,417	27,417	27,417

**CITY COUNCIL****AGENDA BILL # AB23-0105**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

**ITEM INFORMATION**

<b>SUBJECT:</b>  <b>Olympic Environmental Resources Agreement</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	<b>Department/Committee/Individual</b>	<b>Created</b>	<b>Reviewed</b>
	Mayor		
	City Administrator		X
	City Attorney		
	City Clerk		
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
<b>Cost Impact:</b>	Police Dept		
<b>Fund Source:</b>	Finance Committee		
<b>Timeline: 1<sup>st</sup> review – 11/13/23</b>	Planning Commission		
<b>2<sup>nd</sup> review – 11/27/23</b>	Civil Service Committee		
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: Olympic Environmental Resources Agreement</b>			
<b>SUMMARY STATEMENT:</b> The City utilizes Olympic Environmental Resources (OER) every year to manage our annual recycling event and the grant reporting that comes with it. This agreement is for services in 2024.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
<b>RECORD OF COUNCIL ACTION</b>			
<i>Meeting Date:</i>	<i>Action:</i>	<i>Vote:</i>	



## ***Olympic Environmental Resources***

*4715 SW Walker Street Seattle, WA 98116  
Tel. 206 938-8262 Email: pauldevine@msn.com*

### **Memorandum of Understanding**

To: The City of Algona  
From: Olympic Environmental Resources  
Date: November 1, 2023  
RE: City of Algona/Olympic Environmental Resources Agreement for Implementing 2024 Recycling Projects

This Memorandum of Understanding is intended to detail Olympic Environmental Resource's (OER) services and responsibilities in implementing City of Algona Recycling Projects. In 2024, OER will implement one Recycling Collection Event for the City of Algona. The City may request that OER carry out additional activities.

The proposed projects include:

#### **One Recycling Event**

The event is tentatively scheduled to take place at Algona City Hall. At the event the following materials will be collected and recycled: used tires, bulky yard waste (large material only), scrap wood, appliances (including refrigerators, freezers, household air conditioners, and other appliances), electronic equipment, cellular phones, computer equipment, ferrous metals, nonferrous metals, textiles/reusable or recyclable household goods (if a service provider is available), porcelain toilets and sinks, mattresses, propane tanks, and other materials whenever practical. User fees will apply to the collection of some materials. Collection of materials may change depending on grant funding and service providers available.

OER wishes to involve the Algona staff at the level most comfortable for the City. OER will meet with the City of Algona staff at any time during the project for updates on activities or will pursue activities independently if desired by the City.

The project budget will incorporate the City of Algona grant funds available from the Seattle-King County Health Department and the King County Solid Waste Division. Total grant funds are estimated at \$15,933.55 and include all items that will be billed to the grants directly by the City, such as City staff time. The specific project activities to be carried out by OER are detailed in the grant scopes of work. OER will cover project expenses as they arise, such as the costs of printing and vendor services.

OER will then request reimbursement of staff time and expenses on a monthly basis with thirty-day payment terms. OER will assist the City in requesting reimbursement for these costs from the King County Solid Waste Division and Seattle-King County Health Department.

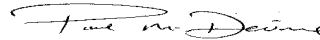
OER's goal is to conduct events with very limited City staff time and no City cost. However, there are a number of "official acts" necessary for the City to bring the programs on line:

- Sign necessary grant agreements.
- Keep OER informed of any changes made to grant agreements.
- Reimburse OER for staff time and expenses from grant funding.

Recycling related programs continue on an annual basis. OER will continue to provide service to the City of Algona until the City decides to no longer participate. We ask that you provide thirty-days (30) notice to discontinue services. This agreement solidifies our relationship. Please sign both copies of this agreement and return one to OER. We look forward to working with the City of Algona in 2024.

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City of Algona




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Olympic Environmental Resources

### ***2024 Algona Recycling Program Grants***

The City of Algona is eligible and has applied for the following grants. It is expected that no non-grant City funds will be expended on recycling projects in 2024. In 2024, the Washington State Department of Ecology Grant will be administered by the City of Pacific. The City has applied/will apply for the following:

1) 2024 King County Health Department Local Hazardous Waste Management Plan Grant. Grant total \$5,933.55.

2) 2024 King County Waste Reduction and Recycling Grant Program. Grant total \$10,000.00.

**TOTAL: \$15,933.55.**

**CITY COUNCIL****AGENDA BILL # AB23-0104**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

ITEM INFORMATION			
<b>SUBJECT:</b>  <b>Algona Police Officers Association Memorandum of Understanding</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator		X
	City Attorney		X
	City Clerk		
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept	X	
Fund Source:	Finance Committee		
Timeline: 1 <sup>st</sup> review – 11/13/23	Planning Commission		
2 <sup>nd</sup> review – 11/27/23	Civil Service Committee		
<b>Staff Contact: James Schrimpscher, Police Chief</b>			
<b>Attachments: Draft MOU</b>			
<b>SUMMARY STATEMENT:</b> The Algona Police Officers Association and Chief Schrimpscher have come to an agreement to change the language in the current contract to include merit pay step increases. The current language only allows for time served for step increases.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
<b>RECORD OF COUNCIL ACTION</b>			
<i>Meeting Date:</i>		<i>Action:</i>	<i>Vote:</i>

First Amendment of Employment MOU  
By and between  
The City of Algona, Washington  
And  
Algona Police Officers Association/ Washington State Fraternal Order of Police Labor Committee

The Memorandum of Understanding entered into between the CITY OF ALGONA, WASHINGTON ("CITY") and the Algona Police Officers Association/ Washington State Fraternal Order of Police Labor Committee.

**Dated: January 1, 2023**

("the MOU") is hereby amended as set forth below in order to provide merit pay step increases to employees who have demonstrated a higher level of proficiency in their job classification.

**Section 15 Wages**

**15.2** The police chief can meritoriously advance an employee to a higher pay step based on above-standard work performance. The chief can only award one meritorious step increase per calendar year. The justification for the meritorious step increase shall outlined in writing and outlined in the employee's annual evaluation. The pay steps are identified in Appendix A of the current collective bargaining agreement dated January 1<sup>st</sup>, 2023

In all other respects, the MOU shall remain unchanged and in full force and effect between the parties.

SIGNATURES

CITY OF ALGONA

\_\_\_\_\_/\_\_\_\_\_  
Troy Linnell, Mayor      Date

Algona Police Officers Association

\_\_\_\_\_/\_\_\_\_\_  
\_\_\_\_\_  
Date

POLICE CHIEF

\_\_\_\_\_/\_\_\_\_\_  
James Schrimpsheer      Date

\_\_\_\_\_/\_\_\_\_\_  
Dan Thennell      Date

Attorney for the City of Algona

\_\_\_\_\_/\_\_\_\_\_  
Zach Lell      Date





**CITY COUNCIL****AGENDA BILL # AB23-0106**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

ITEM INFORMATION			
<b>SUBJECT:</b>  <b>WaFed Bank</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator		X
	City Attorney		
	City Clerk		
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		X
Timeline: 1 <sup>st</sup> review – 11/13/23	Planning Commission		
2 <sup>nd</sup> review – 11/27/23	Civil Service Committee		
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: WaFed Treasury Management Terms &amp; Conditions; draft resolution</b>			
<b>SUMMARY STATEMENT:</b> The City continues to have customer service issues with Umpqua Bank and would like to move away from them. After talking to a few options, Washington Federal (WaFed) Bank appears to be the best fit. They offer remote depositing for checks which would save staff time in running to the bank. For cash payments, there is a branch in downtown Auburn that would work for weekly deposits (possible with a policy change). The cost would be about equal to what we're paying now even with the additional direct deposit service.  This was brought to the Finance Committee in October and they are in favor of the move.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
<b>RECORD OF COUNCIL ACTION</b>			
<i>Meeting Date:</i>	<i>Action:</i>	<i>Vote:</i>	

**CITY OF ALGONA**  
**WASHINGTON**  
**RESOLUTION NO. 1267-23**

**A RESOLUTION OF THE CITY OF ALGONA,  
WASHINGTON, AUTHORIZING THE CHANGE FROM  
UMPQUA BANK TO WASHINGTON FEDERAL BANK**

WHEREAS, in order to lawfully transact City business, Algona requires banking services,  
and

WHEREAS, a significant period of time has elapsed since Algona reviewed the scope and  
cost of banking services available to the City, and

WHEREAS, in order to assess the scope and cost of banking services currently available  
to the City, three qualified banks were contacted about providing banking services to Algona, and

WHEREAS, of the three, Washington Federal Bank is the most favorable for the City in  
both scope of services and cost of services, and

WHEREAS, the City Council finds that it would be in the best interest of the City to utilize  
Washington Federal Bank for banking services;

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

Section 1. That the City Clerk Treasurer of the City of Algona is authorized on behalf of the  
City of Algona under Algona Policy Manual Chapter 213 to change banking services to Washington  
Federal Bank for the purposes hereinabove described; and further authorized to execute any necessary  
agreements and documents to obtain the change in banking services.

Section 2. That the following are authorized signers on behalf of the City of Algona:

Troy Linnell, Mayor

Jessica Griess, City Administrator

Dana Parker, Deputy City Clerk

PASSED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE  
\_\_\_\_ DAY OF \_\_\_\_\_, 2023.

CITY OF ALGONA

\_\_\_\_\_  
Troy Linnell, Mayor

ATTEST/AUTHENTICATED:

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Jessica Griess  
City Administrator

# Treasury Management

Terms & Conditions



Effective February 7, 2022





## Treasury Management Terms and Conditions

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## I. INTRODUCTION

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Thank you for choosing Washington Federal Bank for treasury management services. We appreciate the opportunity to serve your business needs through an array of treasury services described in these Treasury Management Terms and Conditions ("Agreement"). We offer many of our treasury management services through WaFd Treasury Prime, our commercial online and mobile banking portal. Treasury Prime enables you to efficiently manage your cash and banking activities through a single access point. We also offer certain online and mobile banking services to our small business customers through WaFd Treasury Express, our small business online and mobile banking portal.

This Agreement sets out the terms and conditions for your use of WaFd Bank's treasury management services described in this Agreement ("Treasury Services"). Please read this Agreement carefully. Your use of the Treasury Services is subject to the General Terms section of this Agreement, and the sections of this Agreement that contain the specific terms and conditions that relate to the Treasury Services we provide you. If you would like an additional Treasury Service, it will be covered by the terms and conditions of this Agreement once we have approved your use of the Treasury Service. Your use of Treasury Services through Treasury Prime and Treasury Express is also subject to any instructions provided on our Website when using Treasury Prime or Treasury Express. Whenever you use any of the Treasury Services, you agree to be bound by this Agreement, as amended from time to time, and to follow any instructions or procedures we provide you.

In this Agreement, the words "we", "us", "our", and "Bank" means Washington Federal Bank and the words "you" and "your" mean each Owner of an Eligible Account. Your use of the Treasury Services is also governed by our Business Deposit Agreement and Disclosures, Schedule of Business Fees and Service Charges, Schedule of Commercial Fees and Transactions, Schedule of Analyzed Fees and Service Charges, our website Terms of Use, and any related Loan Account agreement (collectively, the "Account Agreements").

## II. ONLINE AND MOBILE BANKING

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### II.A. Enrolling in Treasury Prime and Treasury Express Online and Mobile Banking

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When you enroll in Treasury Prime or Treasury Express, we will provide a company identification number, unique user identification number and a temporary online password to the Online Administrator. Additional users will select a user ID and will be assigned a temporary online password. We reserve the right to change any aspect of the user identification and password system (i.e., the security system) associated with Treasury Prime and Treasury Express at any time without prior notice.

### II.B. Security and User Responsibility for Online and Mobile Banking

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#### **Passwords**

User Passwords can be changed within Treasury Prime and Treasury Express. User Passwords must meet the standards we establish from time to time. These standards will be available for your reference whenever you create or change a User Password. We may require you to change or update a User Password at any time. For security, Treasury Prime and Treasury Express will not allow access if anyone attempts to use a wrong password three times or more consecutively. We use additional log-in security that incorporates multiple factors to authenticate you as a customer.

#### **User Responsibility for Treasury Prime and Treasury Express**

You should never provide your User Passwords or related user identification information to a third party. If you do so, you are authorizing that party to conduct transactions on your Eligible Accounts. Therefore, you are responsible

for any transactions, including transfers from or between your Eligible Accounts, resulting from your furnishing your User Passwords or related user identification information to a third party. We will not be liable and will not reimburse you for any losses that may occur as a result of this authorized use of your User Password and related user identification information.

We will have no liability to you for any unauthorized payment or transfer made using your User Passwords that occurs before you have notified us of possible unauthorized use, and we have had a reasonable opportunity to act on that notice. We may suspend or cancel your access even without receiving such notice from you if we suspect your User Passwords are being used in an unauthorized or fraudulent manner. You recognize that anyone possessing the User Passwords can access your Eligible Accounts and initiate transactions on those Accounts. You agree that you are responsible for maintaining the confidentiality and security of all User Passwords and related user identification information, and for implementing the necessary internal controls, balancing and reconciliation functions, and audit procedures to protect your Treasury Prime services and all your Eligible Accounts from theft or misuse.

### **Security Procedures**

You agree that we may place session cookies and other identifiers on the computers and other devices you use to access Commercial Banking Online. Session cookies help us confirm your identity and help us keep your transactions secure when you do online banking. We also use cookies for various purposes such as maintaining continuity during an online session and optimizing the performance of our Website.

You agree that the use of the User Passwords and other security techniques that we have established for Treasury Prime constitutes a commercially reasonable security procedure for you. You agree to be bound by all payment requests, communications, or other instructions to us that are initiated through Treasury Prime and Treasury Express and in compliance with this security procedure (including any payment order and any cancellation or amendment of a payment order), regardless of whether or not you actually authorized the instruction. The use of User Passwords and other security measures have been established by us to verify your authorization of the use of Treasury Prime and Treasury Express and are not designed for the detection of errors. If any instruction initiated through Treasury Prime or Treasury Express and accepted by us in compliance with this security procedure contains any error, to the full extent allowed by law you shall be liable for, and shall indemnify us against any claims, losses and expenses we may incur that arise from or relate to the erroneous instructions. Our records demonstrating compliance with this security procedure will be deemed conclusive proof that any payment request received by us was authorized and that you are bound by those instructions.

You acknowledge and agree that in the event you request us to accept any request for Treasury Services using any security procedures other than the security procedures set forth in this Agreement (which we may accept or refuse at our discretion), then you will be deemed to have chosen other security procedures after we offered and you refused security procedures that were commercially reasonable for you, and you expressly agree to be bound by any request, whether or not authorized, issued in your name in accordance with such other security procedures.

### **Notification to Bank**

You agree to immediately notify us of the following:

- You believe that any User Password or other user identification information may have been lost or stolen, or subject to unauthorized use; a device you use to access Treasury Prime or Treasury Express has been lost, stolen or compromised; or someone has viewed, downloaded, or deleted electronic records from your account, Treasury Prime, or Treasury Express service without your permission.
- You suspect any fraudulent activity on your accounts.
- An individual with knowledge of the security procedures, User Passwords, codes, security devices, and/or related instructions is reassigned or leaves your employ or is no longer authorized to act in regard to your Treasury Prime or Treasury Express services.

You will notify us by:

- calling 1- 877-423-9742;
- sending a secure message through Treasury Prime;
- writing to us at Washington Federal, Attn: Commercial Account Service Center, 5777 N Meeker Ave, Boise, ID 83713; or
- visiting your local branch.

Please refer to the Business Account Agreement for additional information regarding your obligation to notify us and your liability for unauthorized transactions on your account.

## II.C. Access Requirements

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In order to use Treasury Prime or Treasury Express, you will need a personal computer (PC), Mobile Device, or other Internet-enabled system ("Computer"), and any software and required equipment that can support the list of approved web browsers. The Website is best viewed using the most current version of Internet Explorer, Safari, Chrome, or Firefox. If you choose to use another browser to access the Website, we assume no responsibility for the resulting layout or content. You will also need a functioning email address. You are responsible for the installation, maintenance and operation of your Computer and all related costs. You are responsible for installing and maintaining appropriate virus protection on your Computer. We are not responsible for any errors or failures caused by any malfunction of your Computer, or your use of Treasury Prime or Treasury Express. We are not responsible for any viruses, spyware, malware, worms or related problems that may be associated with your Computer. We are also not responsible for any losses or delays in transmission of information that you provide to us or otherwise arising out of or incurred in connection with the use of any internet or other service provider providing your connection to the internet or any browser software. You are also responsible for all telephone, mobile remote access and other similar charges incurred in connecting to Treasury Prime or Treasury Express and for charges by any internet service providing connection to the internet.

## II.D. Conditions and Limitations of Treasury Prime and Treasury Express Services

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**Internal Transfers.** Funds can be transferred the same day or on a future date between your Eligible Accounts. Future-dated and recurring transfers are processed each calendar day at 7 AM Pacific Time. Same day transfers between Eligible Accounts are processed when received. If the transfer request is submitted prior to 10 PM Pacific Time it will be dated the same day as the request. Transfer requests submitted after 10 PM Pacific Time will be dated the next Transaction Processing Day.

**Additional Accounts.** To request additional Eligible Accounts in Treasury Prime, or Treasury Express you must establish valid ownership and access of the account and request the addition of that account to your online profile through the Commercial Account Service Center at 877-423-9742 or 206-626-8108.

### Secure Messaging

Normal internet e-mail transmissions may not be secure. Treasury Prime and Treasury Express provide secure messaging ("Secure Messaging Inbox") for you to ask questions about your Eligible Accounts or give comments on Treasury Prime and Treasury Express. Secure Messaging provides the ability to securely communicate sensitive or confidential information. Secure Messaging is accessible after you sign on with your password to a secure session of Treasury Prime or Treasury Express. To ensure the security of your account information, we recommend that you use only Secure Messaging when asking specific questions about your accounts or when sharing sensitive or confidential account information about your Washington Federal accounts. You cannot use email to initiate transactions on your accounts. For transactions, please use the appropriate functions within Treasury Prime or Treasury Express, call the Washington Federal Commercial Account Service Center at 1-877-423-9742 or 206-626-8108, or visit your local branch.

## II.E. Electronic Statements (eStatements) and Notices

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You will receive electronic account statements for your Eligible Accounts (eStatements) and electronic disclosures, agreements, documentation, and other communications (Notices) from us for the Eligible Accounts. We will not mail account statements to your address of record unless you request that we mail a paper copy. You agree to be bound by any and all laws, rules, regulations and official issuances applicable to eStatements now existing or which may hereafter be enacted, issued or enforced.

We will send you a notification by e-mail when your eStatement or a Notice is available for review with instructions on how to access the document. This is the only notification you will receive of the availability of your eStatement or Notice. We will archive eStatements and Notices for your Eligible Accounts for a rolling 18 months.

You must promptly review your e-Statement or Notices and any accompanying items and notify us immediately of any error, unauthorized transaction, or any other irregularity. The Business Account Agreement details all timelines for reporting errors on your account statement.

At any time, you may request a paper copy of your account statement. Paper copies may be acquired by contacting us: by phone at 1-877-423-9742 or 206-626-8108, by email to [cas@wafd.com](mailto:cas@wafd.com), by US mail at Washington Federal, Attn: Commercial Account Service Center, 5777 N Meeker Ave, Boise, ID 83713, through Treasury Prime or Treasury Express Secure Messenger, or by visiting your local branch. Fees may apply.

## II.F Third Party Services

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### Third Party Services

Through our Website we offer access to the following services provided by third parties. These services are conducted on the website of these third parties and we are not responsible for the services offered on these sites. These other sites may have their own terms and conditions and their own privacy policies and may send their own cookies to users, collect data, and solicit personal information. These services include:

- CheckFree® Small Business
- Intuit Direct Connect™
- scanDeposit

- Federal Taxes
- Harland Clarke

### III. TREASURY PRIME TREASURY SERVICES

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#### III.A. Available Treasury Prime Services

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Treasury Prime allows you to perform the following actions:

- Perform online administration of your Treasury Prime accounts and services.
- Review a summary of your Eligible Accounts and account activity, check images, wires, and ACH transfers for a period of 18 months.
- Advance funds from Eligible Loan Accounts to Eligible Deposit Accounts.
- Transfer funds between Eligible Accounts (one-time and recurring).
- Submit payments to Eligible Loan Accounts.
- Change passwords.
- Stop payment on checks that have not been paid.
- View 18 months of electronic statements.
- Send and receive secure electronic messaging.
- Initiate outgoing domestic and international (USD and Foreign Currency) wire transfers (eWire).
- Initiate payment transactions through the Automated Clearing House Network (eACH).
- Upload information about issued checks and review checks presented for payment (Positive Pay).
- Define ACH Filters (ACH Positive Pay)
- Transmit files to us via Secure File Transfer (SFT).
- Deposit checks with a Mobile Device using the Treasury Prime mobile app.
- Deliver combined remittance information electronically for processing (Consolidated Payables).
- Deliver file of payment instructions for checks to be printed and mailed by our vendor (Check Print).
- Pay invoices electronically (CheckFree®).

We may periodically make available new services or products through Treasury Prime. You agree that if you use or acquire any such services or products after they become available, you will be legally bound by all additional terms, as well as by this Agreement.

#### III.B Treasury Prime Plus

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You may choose to use Treasury Prime Plus to access your Treasury Prime services. Treasury Prime Plus is a restricted-use web browser available for download within Treasury Prime that provides users additional security. Treasury Prime Plus verifies user and device identity through Multi-Factor Authentication, includes encrypted keyboard software, limits websites that may be accessed, validates the websites it accesses through mutual authentication, and encrypts data that is exchanged through Treasury Prime Plus.

### III.C. Electronic Automated Clearing House Transactions (eACH)

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#### Definitions

*ACH* means the Automated Clearinghouse House electronic payments system or, as the context implies, an individual Automated Clearing House association.

*ACH Operator* means a financial institution or other company selected by Bank in its sole discretion that accepts ACH files from ODFIs, sorts and distributes ACH files to RDFIs, and effects settlement between the financial institutions that are parties to ACH transaction.

*Credit Entry* means an Entry originated by you to transfer funds to the account of a Designated Account Holder.

*Debit Entry* means an Entry originated by you to transfer funds from the account of a Designated Account Holder.

*Designated Account Holder* means persons or entities whose accounts you request to initiate funds transfers into or out of.

*Designated Account Holder's Account* means the account specified in the ACH authorization form executed by the Designated Account Holder.

*eACH Service* means the ACH Service offered through Treasury Prime.

*Effective Entry Date* means the date on which settlement of an Entry is scheduled to occur.

*Entry* means an electronic fund transfer transmitted via the ACH system under this Agreement.

*Entries* shall have the meaning provided in the NACHA Rules and shall also mean (i) the data received from you hereunder from which we prepare Entries, and (ii) for purposes of the Sections entitled "Cancellation and Amendment of Entries; Reversals," "Dual Control," and "Exceeding Exposure Limits," any request from you for reversal of an Entry.

*Maximum Settlement Limit* means the maximum dollar value of all unsettled (i.e. outstanding) Debit and Credit Entries under all company identification numbers that we will allow.

*NACHA* is an acronym for the National Automated Clearing House Association.

*NACHA Rules* means the NACHA Operating Rules and Guidelines, as amended or created from time to time, together with any NACHA Operations Bulletins in effect.

*ODFI* is an acronym for Originating Depository Financial Institution. We operate as an ODFI when we initiate (originate) entries on your behalf.

*On-Us Entry* means a debit or credit entry made between you and an account at the Bank.

*Participating Depository Financial Institution* means a financial institution that (i) is authorized by applicable legal requirements to accept deposits, (ii) has been assigned a routing number by Acuity, and (iii) has agreed to be bound by the NACHA Rules.

*Payment Date* means the pre-set date you choose for the entry to post to the Designated Account Holder's account. The actual posting will take place on the Settlement Date (see below).

*RDFI* is an acronym for Receiving Depository Financial Institution. We operate as an RDFI when we receive an entry from ACH Operator and debit or credit your accounts as instructed by the entry.

*Same Day Credit Entry* means a Credit Entry we receive via a Payment Order on the same Business Day as its Effective Entry Date or that has a Same Day Indicator, as applicable.

*Same Day Debit Entry* means a Debit Entry we receive via a Payment Order on the same Business Day as its Effective Entry Date or that has a Same Day Indicator, as applicable.

*Same Day Entry* means a Same Day Credit Entry or a Same Day Debit Entry.

*Security Procedures* means, collectively, all of those procedures contained within this Agreement and the NACHA Rules that are designed to stop the dissemination and transmission of unauthorized Entries.

*Settlement Date* means the date that an exchange of funds with respect to an Entry is reflected on the books of the Federal Reserve Bank(s). Funds will post to the Designated Account Holder's account on Settlement Date.

*Third-Party Sender* means an intermediary between the company originating the Entries and ODFI of that transaction, as defined in the NACHA Rules. The Bank may require that Third-Party Senders execute a separate agreement covering these Entries.

## **NACHA Rules**

By using the eACH Service, you agree to comply with the NACHA Rules. If you are a Third-Party Sender, you agree to inform us and agree to cooperate in our registration of you as a Third-Party Sender, as provided in the NACHA Rules. We reserve the right to audit your compliance with the NACHA Rules and this Agreement. At your request, we will make a copy of the NACHA Rules available for you.

## **Compliance with Law**

You agree that you will not initiate any ACH entries in violation of federal, state, or local law. You are responsible for ensuring that any Entries initiated through the eACH Service are not subject to sanctions enforced by the Office of Foreign Assets Control (OFAC). You agree that if we identify a potential violation of OFAC sanctions that we may act upon the Entry as required by law and in accordance with the NACHA Rules. You are restricted to only transmitting PPD (Prearranged Payment and Deposit), CCD (Corporate Credit or Debit), and CTX (Corporate Trade Exchange) Entries.

## **Delivery of Entries to Bank**

**Delivery Requirements.** You will deliver all Entries to us in compliance with the formatting and other requirements provided by us, including those in this Agreement.

**Maximum Settlement Limit.** We may set a Maximum Settlement Limit for you in writing and may from time to time increase or decrease this limit. We will also set batch limits commensurate with your ACH processing needs. The total dollar amount of Entries transmitted by you may not exceed this Maximum Settlement Limit. We will reject batches that exceed the limits set forth and will notify you if such rejection occurs. To avoid processing delays or rejection of batches, you agree not to send batches that exceed the limits set by us.

**Security Procedures.** You and we will comply with the security procedures with respect to Entries you transmit to us. We may reject any Entry that we believe or suspect do not comply with the security procedures.

**Designated Account Holder Authorizations and Record Retention.** Before you initiate the first Entry to a Designated Account Holder's Account, you will obtain from the Designated Account Holder an authorization that complies with NACHA Rules to initiate one or more Entries to the Designated Account Holder's Account. You will provide the Designated Account Holder with a copy of the authorization. Each Entry thereafter will be made pursuant to the authorization, and you will not initiate an Entry after the authorization has been revoked or the



arrangement between you and such Designated Account Holder has terminated. You will retain Designated Account Holder authorizations for two years after they are terminated. You will immediately furnish any authorizations and related documents to us upon our request. We will provide a sample ACH authorization form upon request.

**Cancellation and Amendment of Entries; Reversals.** Through the eACH Service, you may cancel an Entry if it has not yet been delivered to us or submit a reversal of an Entry up to five Business Days after the Settlement Date. We may at our discretion use reasonable efforts to act on a request by you for reversal of an Entry file pursuant to the NACHA Rules; provided, however, that we will not be liable for interest or losses if such reversal is not affected. Any request by you for reversal of an Entry must comply with the provisions of the sections entitled Delivery Requirements and Security Procedures. You will reimburse us for any expenses, losses, or damages we may incur in effecting or attempting to complete your request for the reversal of an Entry. We will be entitled to payment from you in the amount of any such reversal of a Debit Entry file prior to acting on any request, therefore.

**Designated Account Holder's Right to Refund Debit Entry.** You acknowledge that a Designated Account Holder, under the NACHA Rules, has the right to obtain a refund of funds debited from a Designated Account Holder's Account by such Designated Account Holder's sending of a notice to the RDFI that a Debit Entry was, in whole or in part, not authorized, and the right of the RDFI to obtain payment of the amount of such Entry from an ODFI by transmitting an adjustment entry (as described in the NACHA Rules, and hereinafter "Adjustment Entry") in the amount of such refund. You agree to pay us the amount of (i) any such adjustment entry upon our receipt, and (ii) with respect to any On-Us Entry, any refund paid by us to a Designated Account Holder in connection with such Designated Account Holder's claim that an Entry was, in whole or in part, not authorized.

**Notice to Designated Account Holders.** If the amount of a Debit Entry to a Designated Account Holder's Account varies in amount from the previous Debit Entry relating to the same authorization or preauthorized amount, you shall, at least 10 calendar days before the Effective Entry Date of such Debit Entry, send the Designated Account Holder written notice of the amount of such Debit Entry and its Effective Entry Date, unless Designated Account Holder has previously been notified of Designated Account Holder's right to receive such notice and Designated Account Holder has elected to receive such notice only when the Debit Entry does not fall within a specified range of amounts or varies from the most recent Debit Entry by an agreed amount. If any change is made by you in the scheduled Effective Entry Date of one or more Debit Entries, you shall, at least seven calendar days before the Effective Entry Date of the first such Debit Entry to be affected by such change, send the Designated Account Holder a written notice of the new Effective Entry Date(s) of such Entry or Entries.

### **Processing, Transmittal and Settlement by Bank**

Except as otherwise provided in this Agreement, we will process Entries we receive from you in conformance with the requirements set forth in this Agreement, transmit Entries as an ODFI to an ACH Operator, and settle Entries as provided in the NACHA Rules.

#### **Transmittal of Same Day Entries**

We will use reasonable efforts to transmit any Same Day Entry to the ACH Operator on the Business Day we receive it, if (1) we receive the Same Day Entry no later than 11 AM Pacific Time, (2) the Effective Entry Date of the Entry is the Business Day we receive it or you have selected the option for same day ACH processing, as applicable, and (3) the ACH Operator is open for business on the Business Day we receive the Same Day Entry. Under NACHA Rules, entries for international transactions and those above \$100,000 are not eligible for same day processing.

#### **Transmittal of Other Entries**

We will transmit Entries to the ACH Operator by the deadline of the ACH Operator either one or two Business Days prior to the Effective Entry Date shown in the Entries, provided that (i) we receive the Entries on a Business Day no later than 5 PM Pacific Time one Business Day prior to the Effective Entry date; (ii) the Effective Entry Date is at least one Business Day after the Business Day we receive the Entry, and (iii) the ACH Operator is open for business



on the Business Day we receive the Entry. Entries will be deemed received by us when the electronic transmission (and compliance with any related Security Procedure) is completed as provided in the Delivery Requirements.

If any of the requirements of clauses (i) or (ii) of the preceding paragraph are not met, we will use reasonable efforts to transmit Entries to the ACH Operator by the next deposit deadline of the ACH Operator that is a Business Day.

If the Effective Date of an Entry is a federal holiday, we will transmit the Entry on the Business Day prior to the federal holiday. You are responsible for the timing of Entries to correspond to the Settlement Date of such Entries.

#### **On-Us Entries**

Except as provided in the Section entitled "Rejection of Entries," in the case of an On-Us Entry, we will credit/debit the Designated Account Holder's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in the sections entitled "Transmittal of Same Day Entries" or "Transmittal of Other Entries," as applicable, are met. If these requirements are not met, we will use reasonable efforts to credit/debit the Designated Account Holder's account in the amount of the Entry on the next Business Day following the original Effective Entry Date.

#### **Rejection of Entries**

We may reject any Entry for any reason. We will in good faith attempt to notify you of such rejection (either electronically, in writing, by telephone, or as otherwise agreed to by us and you) no later than the Effective Entry Date of the rejected Entry. We will not be liable to you for the rejection of any Entry, for your non-receipt of a notice given to you, or for the failure to give notice of rejection at an earlier time than that provided for herein. We will not be required to pay you interest on a rejected Entry for the period from rejection of the Entry to your receipt of the notice of rejection.

#### **Notice of Returned Entries**

We will notify you either electronically, in writing, by telephone, or as otherwise agreed to by us and you of the receipt of an Entry returned by the ACH Operator no later than one Business Day after our receipt of the returned Entry. We have no obligation to re-execute a returned Entry.

#### **Provisional Payment**

You represent to us and agree to be bound by the provision of the NACHA Rules making payment of an Entry by the RDFI to the Designated Account Holder provisional until receipt by the RDFI of final settlement for such Entry, and specifically acknowledge receipt of notice of that NACHA Rule and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Designated Account Holder of the amount credited and you shall not be deemed to have paid the Designated Account Holder the amount of the Entry.

#### **Available Funds and Settlement**

You shall at all times maintain sufficient Available Funds in your Eligible Deposit Accounts to pay the amount of all Credit Entries, returned or reversed Debit Entries, Adjustment Entries, fees and other amounts which you are obligated to pay us under this Agreement.

We in our sole discretion may require you to have sufficient Available Funds in your Eligible Deposit Accounts to cover the amount of a Credit Entry prior to our transmittal of such Entry to the ACH Operator or our crediting of a Designated Account Holder's Account in the amount of an On-Us Entry. In the absence of such a requirement, you will be obligated to have sufficient available funds in your Eligible Deposit Accounts at such time on the Settlement Date with respect to such Entry or, in the case of an On-Us Entry, the date of crediting the Designated Account Holder's Account, as we, in our discretion, may determine.

#### **Provisional Credit for Debit Entries**

We in our sole discretion may defer any credit to your Eligible Deposit Account with respect to a Debit Entry until we have received final settlement for the Entry. Any credit provided prior to that time will be provisional and we have the right to immediate payment by you upon our receipt of notice that final settlement has not occurred. In

addition, we have the right to payment by you of the amount of any returned or rejected Entry for which you have previously received credit upon its receipt by us.

### **Security Procedures; Unauthorized and Authorized Entries; Inconsistent Entries**

**Purpose of Security Procedures.** You agree that the purpose of the security procedures set out in this Section is to verify the authenticity of Entries transmitted to us in your name and not to detect an error in the transmission or content of any Entry, and that no security procedure for the detection of such errors has been agreed upon by you and us.

**Single Approval and Dual Approval.** We may require Single Approval (two separate individuals) or Dual Approval (three separate individuals) on all Entries initiated through the eACH Service. In effect, you will be required to have one individual initiate and at least one individual approve any file submission to us. You may establish a dollar limit threshold that will allow submission of files with no approval or Single Approval if the threshold is not exceeded. This limit is established at the User level and can vary within the Owner to not exceed the Bank-determined limit.

**Exceeding Exposure Limits.** The eACH Service will reject any file that exceeds the exposure limits designated by us ("Exposure Limits"). Requests to exceed the Exposure Limits must be approved prior to any transmission of files that would exceed the designated Exposure Limit.

**Authorized Entries.** If we receive an Entry received transmitted or authorized by you, it will be effective as your Entry as provided herein, whether or not we complied with the security procedures with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if we had complied with such procedure.

**Unauthorized Entries.** If an Entry delivered to us was not in fact authorized by you, it will be considered authorized if we accepted the Entry in compliance with the security procedures with respect to such Entry. In the event you are aware of the possibility of error or lack of authority in the transmission of an Entry or any request or communication relating thereto, regardless of source of information regarding such error or lack of authority, you shall immediately notify us by telephone, followed by confirmation in writing. **YOU ARE LIABLE FOR ANY UNAUTHORIZED ENTRIES THAT COMPLY WITH THE SECURITY PROCEDURES.**

**Inconsistent Entries.** You acknowledge and agree that (i) if an Entry describes the Designated Account Holder inconsistently by name and account number, payment of the Entry we transmit to an RDFI might be made by the RDFI (or by us in the case of an On-Us Entry) on the basis of the account number even if it identifies a person different from the named Designated Account Holder, and that your obligations to pay us the amount of the Entry is not excused in such circumstances, and (ii) if an Entry describes a RDFI inconsistently by name and identifying number, payment of the Entry might be made on the basis of the identifying number even if it identifies an RDFI different from the named RDFI, and that your obligation to pay the amount of the entry to us is not excused in such circumstances.

### **Your Representations and Warranties**

You represent and warrant that for each Entry you deliver to us: (i) the Entry complies with the terms of this Agreement and the NACHA Rules; (ii) you have complied with the NACHA Rules with respect to the Entry; (iii) there has not been and shall not later be any breach of any warranty by you as an originator and the Entry will not cause any breach of warranty by us as an ODFI under the NACHA Rules; (iv) you have not breached any warranty contained in this Agreement; and (v) the Entry complies with all applicable local, state, and federal regulations, including but not limited to the Electronic Fund Transfer Act and Regulation E.

### **Notices and Statements**

We are not required to and may not provide you or Designated Account Holders with notice of receipt, our transmittal, or crediting/debiting of Entries. Entries and other debits and credits to your Eligible Deposit Account will be reflected on the periodic statement for your Eligible Deposit Account. You will notify us of any unauthorized

or erroneous Entries or any other discrepancy or error on the periodic statement as provided in the Business Account Agreement. We will not be liable for any interest or losses resulting from your failure to give such notice.

### **Confidentiality**

You acknowledge that you will have access to certain confidential information regarding our execution of Entries, the Security Procedures, and the services contemplated by this Agreement. You will not disclose any confidential information of the Bank and shall use such confidential information only in connection with the transactions contemplated by this Agreement.

### **Delivery Media and Records**

All delivery media, Entries, Security Procedures, and records used by us for transactions contemplated by this Agreement shall be and remain our property. We may, in our sole discretion, make available such information upon your request. Any expenses incurred by us in making any such information available to you will be paid by you.

### **Instructions and Notices**

We will be entitled to rely on any oral or written notice, response, or other communication we believe to be genuine and to have been provided by the Online Administrator, and any such communication shall be deemed to have been provided by such person on your behalf. Any Entry or other data or information we receive from or transmit to a third party data processor selected by you will be deemed to have been received from or transmitted to you, and such vendor shall be deemed your agent. You must provide us with notice of use of such vendors and notice of change of vendors. Such notice shall be effective on a date agreed to by both parties.

## **III.D. Wire Transfer Services (eWire)**

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You may initiate outgoing domestic wire transfers and international US Dollar and foreign currency wire transfers from certain types of Eligible Accounts (the "eWire Service"). Each Eligible Account from which we allow you to initiate wire transfers is referred to as a "Wire Transfer Account." You may request additional Wire Transfer Accounts by completing an updated Authorization Form. New Wire Transfer Accounts are available within 24 hours of our receipt of the completed form.

You may request the eWire Service by completing and submitting an Authorization Form. By completing and submitting an Authorization Form or permitting anyone to initiate a request for a wire transfer from a Wire Transfer Account ("Wire Transfer Request"), you agree to the terms and conditions of this Section.

This Section incorporates: (i) the designations and other information you provide in the Authorization Form; and (ii) any instructions or additional information that may be provided to you regarding the eWire Service by us or through Treasury Prime.

### **Authorization for eWire Service**

You authorize and direct us to process each Wire Transfer Request submitted through the eWire Service and in compliance with the security procedures described in this Agreement. We have no obligation at any time to process any Wire Transfer Request that exceeds the Available Balance in the Wire Transfer Account and any related linked account, at the time that you initiate the Wire Transfer Request. We have the right, but not the obligation, to refuse to process any Wire Transfer Request for the purpose of determining whether you authorized the Wire Transfer Request and shall incur no liability for any delay caused by exercising this right. Wire transfers are "funds transfers" under and for purposes of Article 4A of the Uniform Commercial Code, as adopted in the state of Washington.

### **Security Procedures.**

In addition to using the User Passwords, you must use the security techniques we have established specifically for the eWire Service, which may include out of band authentication. These additional security techniques, together

with the User Passwords and user identification information, are referred to as the "Wire Transfer Security Procedures." We may change the Wire Transfer Security Procedures and will provide instructions to you about the requirements of the Wire Transfer Security Procedures in effect from time to time. You agree that you will take all actions required to comply with the Wire Transfer Security Procedures. You agree to assume the risk of loss with respect to any wire transfer initiated through the eWire Service using a User Password when the user has failed to comply with the Wire Transfer Security Procedures, and you agree to hold us harmless from and against any loss caused by this failure.

You agree that the Wire Transfer Security Procedures constitute a commercially reasonable security procedure for you. You agree to be bound by any Wire Transfer Request (or any request for cancellation or amendment of a Wire Transfer Request) initiated through the eWire Service and accepted by us in compliance with the Wire Transfer Security Procedures, regardless of whether or not you actually authorized the Wire Transfer Request. If we accept a Wire Transfer Request in compliance with the Wire Transfer Security Procedures, and the Wire Transfer Request contains any error, to the full extent allowed by law you shall be liable for, and shall indemnify us against, the amount of the Wire Transfer Request and all claims and all of our losses and expenses, including attorneys' fees, relating to the erroneous Wire Transfer Request. Our records demonstrating compliance with the Wire Transfer Security Procedures with respect to any Wire Transfer Request will be deemed conclusive proof that the Wire Transfer Request we received was authorized and you are bound by that Wire Transfer Request.

### **Liability for Authorized Requests**

If the Wire Transfer Request (or any request for cancellation or amendment of a Wire Transfer Request) we receive was transmitted or authorized by you, you shall be obligated to pay the amount of the Wire Transfer Request regardless of (i) whether or not we complied with the Wire Transfer Security Procedures with respect to that Wire Transfer Request, (ii) whether or not that Wire Transfer Request was erroneous in any respect, and (iii) whether or not that error would have been detected if we had complied with the Wire Transfer Security Procedures.

### **Compliance with Applicable Law**

You agree that your use of the eWire Services and all Wire Transfer Requests will comply with Applicable Law. The term "Applicable Law" means all federal and state laws, rules and regulations governing the eWire Service and Wire Transfer Requests, including, without limitation, the rules of the Fedwire payment system or any other similar funds transfer system, the rules administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"), and the terms and provisions of Article 4A of the Uniform Commercial Code, as adopted in the state of Washington.

### **Wire Transfer Requests**

**Initiating Wire Transfers.** Wire transfers may only originate from Wire Transfer Accounts and may be to any other account with the Bank, an affiliate of the Bank, or another bank or financial institution. You agree that all Wire Transfer Requests you originate through the eWire Service, will comply with the Wire Transfer Security Procedures.

**Honoring Wire Transfers.** We will accept a Wire Transfer Request only if the request is placed in accordance with the terms and requirements stated in this Agreement and the onscreen terms. We have no obligation to honor, either in whole or in part, the Wire Transfer Request (or the cancellation or amendment thereto) that: (i) exceeds the Available Balance in the Wire Transfer Account and any related linked account from which the transfer is requested; (ii) is not in accordance with each term and condition provided for in this Agreement and applicable law; (iii) is not, or we believe may not be, authorized or correct; or (iv) is impracticable or not feasible to accept. In addition, we shall be excused from failure or delay in issuing or accepting a Wire Transfer Request if such issuance or acceptance would result in the Bank's exceeding any limitation upon its intraday net funds position established pursuant to present or future guidelines or otherwise violating any provision of any present or future bank regulatory statute, rule, regulation or risk control program. If the applicable Wire Transfer Account does not contain sufficient funds for the requested wire transfer, we may, at our option, accept the Wire Transfer Request and debit any such account into overdraft, and we shall not be liable for damages to you as a result thereof; provided, we have no obligation to debit any such account into overdraft. If we create an overdraft to complete a wire transfer, you

agree to pay to us the amount of the overdraft upon demand, and, if applicable, interest accruing on the amount of the overdraft from the date of its creation at the maximum rate of interest permitted under applicable law. You hereby authorize us to charge any of your accounts held by us at any time for such amount.

Except as otherwise provided in this Section, we agree to use reasonable efforts to execute each Wire Transfer Request on the date received, provided that: (i) we receive your Wire Transfer Request no later than 2PM, Pacific Time; and (ii) such day is a Business Day for us, the Federal Reserve, and the beneficiary's bank. In executing the Wire Transfer Request, we may utilize such means of transmission as we reasonably select. If you originate multiple Wire Transfer Requests for execution on the same day, we may execute the Wire Transfer Requests in any order convenient to us. If you direct us to use a specific intermediary bank or specific means of execution, you assume all risks of failure or of non-payment by the intermediary bank and all risks of loss by the means directed.

**Canceling and Amending Wire Transfer Requests.** If you wish to cancel or amend a Wire Transfer Request previously transmitted to us, you must transmit notice of the requested cancellation or amendment in compliance with this Agreement, and you must include the amount and recipient of the Wire Transfer Request in the notice. We will make a commercially reasonable effort to comply with any request you make to cancel or amend a Wire Transfer Request that is made before our acceptance of the Wire Transfer Request but only if our Wire Transfer Department has been given sufficient notice and a reasonable opportunity to act on it. We have no obligation or duty to cancel or amend a Wire Transfer Request received from you after we accept the Wire Transfer Request. If we consent to cancel or amend an accepted Wire Transfer Request, you shall indemnify and hold us harmless for all loss and expense, including attorneys' fees, relating to the cancellation and amendment or attempted cancellation and amendment.

### **Types of Wire Transfers**

The eWire Service permits you to submit one-time Wire Transfers Requests and to develop templates for semi-repetitive and repetitive Wire Transfer Requests.

### **Foreign Currency (FX) Conversion**

Wire Transfer Requests to a beneficiary in a foreign country can be submitted in U.S. Dollars or the applicable foreign currency. The exchange rate determined by the Bank in its discretion will be presented within the eWire Service. You will accept the exchange rate prior to submitting the Wire Transfer Request. If the Wire Transfer Request is withdrawn, rejected, or returned for any reason after submission, you agree to accept the refund in U.S. Dollars based on the current buying rate on the day of the refund, less any charges or expenses incurred by us. Foreign transfers may be subject to changes in the foreign currency exchange rates. Fees imposed by intermediary banks may be deducted from the amount of the Wire Transfer Request.

You acknowledge that the exchange rates used in processing foreign currency Wire Transfer Requests may vary from the rate we and other intermediaries receive or the government mandated rate (if in effect).

### **Fees**

You agree to pay and reimburse us for all governmental and third party fees or taxes arising out of or related to our providing the eWire Service to you.

### **Reliance on Your Instructions**

You understand and agree that, unless we, in our sole discretion, elect to confirm any Wire Transfer Request, we will not verify the terms of any Wire Transfer Request submitted under this Section. You are solely responsible for the accuracy and completeness of all data, instructions or other information provided to us regarding any wire transfer initiated. You authorize us to process each Wire Transfer Request submitted in accordance with the information that we receive from you in accordance with the security procedures in this Agreement. We shall have no responsibility for any erroneous information you provide and no liability for any losses you may suffer that arise from or relate to any erroneous information you provide for any Wire Transfer Request submitted hereunder.

## Representations and Warranties

You represent and warrant that each electronic communication submitted to us through the eWire Service, including without limitation, each Wire Transfer Request, shall comply with this Agreement and all applicable law. You also represent and warrant that: (a) no Wire Transfer Account is a "consumer account" as contemplated by the Electronic Fund Transfer Act, 15 U.S.C. 1693 et seq., and Regulation E, 12 CFR Part 205; and (b) you will submit a Wire Transfer Request on a Wire Transfer Account only for commercial purposes, and never for personal, family or household purposes. You agree to provide any additional information and to execute any additional documents or agreements that we may request in connection with your use of the eWire Service.

## Identifying Information

You understand and agree that all wire transfers shall be executed on the basis of the following information provided in your Wire Transfer Request (which is referred to collectively as "Identifying Numbers"): (i) account number or other Identifying Number for the beneficiary; and (ii) the Identifying Number for any bank to or through which the funds are to be sent (a "Receiving Bank"). We and any other bank processing the Wire Transfer Request (a "Processing Bank") may rely solely on the Identifying Numbers that you provide in your Wire Transfer Request, regardless of whether the order also identifies the beneficiary or Receiving Bank by name, and no Processing Bank has any obligation to confirm that any Identifying Number applies to any named beneficiary or Receiving Bank or to identify any discrepancy between any Identifying Number and the name provided for any beneficiary or Receiving Bank. We have no obligation to determine whether the recipient identified in any Wire Transfer Request is the accountholder for the account to which funds are to be transferred. If your instructions for any Wire Transfer Request contain any inconsistent information or other discrepancy regarding the name of the intended recipient and the account into which the funds are to be transferred, we shall make the transfer on the basis of the account number, even if that number identifies an account held by a person or entity other than the named recipient. If a Wire Transfer Request issued by you identifies an intermediary bank or beneficiary's bank only by an Identifying Number or by both name and Identifying Number, the Receiving Bank may rely on the Identifying Number as the proper identification of the intermediary bank or beneficiary's bank, even if such number identifies a person or entity different from the bank identified by name; and the Receiving Bank need not determine whether the name and number refer to the same person or entity or whether the number refers to the bank. The foregoing is intended to be consistent with and subject to the terms and provisions of Sections 4A-207 and 4A-208 of the Uniform Commercial Code as in effect in the state of Washington.

## Wire Drawdowns

You may authorize us to honor periodic wire drawdown requests originated by the third-party financial institution(s) you identify on the Authorization Form. Such authorization allows us to transfer funds from an Eligible Account you designate on the Authorization Form and referred to herein as a Drawdown Account. The transfer will be made via FedWire to such third-party financial institution. Such transfer will be directed to the account of the beneficiary as indicated on the Authorization Form.

Upon receipt of a wire drawdown request, we will validate that funds are available in the Drawdown Account prior to honoring the wire drawdown request. We will not honor wire drawdown requests exceeding your available balance. We also will not honor wire drawdown requests that do not satisfy any transaction limitations or other requirements applicable to the Drawdown Account, except to the extent we elect otherwise in our sole and exclusive discretion. Notwithstanding the foregoing, in the event an overdraft occurs on the Drawdown Account by us completing a wire drawdown request pursuant to this Agreement, you shall be obligated to us for such overdraft in accordance with the terms and conditions of the applicable Account Agreement.

Each wire drawdown request received by our cut-off time on a Business Day will be executed that same day if that day is also a Business Day for our correspondent facility and the receiving financial institution, and the Drawdown Account has sufficient available funds. A wire drawdown request received after the cut-off time on a Business Day or on a non-Business Day will be processed on the next Business Day.

You are required to provide accurate name, address and account number information for the beneficiary on the



Authorization Form. We shall have no liability for wire drawdown requests processed by us as directed hereunder which cannot be completed or which are returned due to incorrect information furnished by you or by the third-party financial institution that initiates the wire drawdown request. Your obligation to pay us the amount of a wire drawdown request is not excused in the event that the FedWire message does not identify the correct account or financial institution. We shall be entitled to rely upon the numbers supplied by you to identify the beneficiary and the initiating third-party financial institution, even if those numbers disagree or are inconsistent with the names of those parties as provided by you. We shall have no obligation to determine whether a name and number identify the same person or institution. You acknowledge that a wire drawdown request or related instructions may be processed based on an account number even if it identifies a person different from the named beneficiary. When names and numbers are inconsistent, the numbers shall control.

WE SHALL HAVE NO LIABILITY FOR REFUSING TO EXECUTE ANY WIRE DRAWDOWN REQUESTS DUE TO INCORRECT INFORMATION PROVIDED BY YOU OR DUE TO A WIRE DRAWDOWN REQUEST INITIATED BY THE INITIATING INSTITUTION ON THE BENEFICIARY'S BEHALF THAT DOES NOT MATCH INFORMATION PROVIDED BY YOU.

You do not have the right to reverse, adjust, or revoke any FedWire message after it is received by us if the information provided by you with respect to the message was complete and accurate, and the message is otherwise consistent with these terms and conditions.

In addition to but not in lieu of the terms of the Account Agreement, in the event any actions by you or the initiating third-party financial institution hereunder result in an overdraft in any of your deposit accounts with us, including but not limited to your failure to maintain sufficient available funds in your Drawdown Account, you shall be responsible for repaying the overdraft immediately and without notice or demand. We have the right, in addition to all other rights and remedies available to us, to set-off the unpaid balance of any amount owed it in connection with this service against any debt owing to you by us, including, without limitation, any obligation under a repurchase agreement or any funds held at any time by us, whether collected or in the process of collection, or in any other deposit account maintained by you with us or evidenced by any certificate of deposit issued by us. If any of your deposit accounts with us become overdrawn, under-funded or for any reason contain a negative balance, then we shall have the right of set-off against all of your deposit accounts and other property maintained with us, and we shall have the right to enforce our interests in collateral held by us to secure your debts to us arising from notes or other indebtedness now or hereafter owing or existing hereunder, whether or not matured or liquidated.

By authorizing wire drawdown requests, you agree to the following acknowledgments, representations, obligations and responsibilities:

- You have authorized the beneficiary to initiate wire drawdown requests, through the initiating third-party financial institution, against your Drawdown Account in accordance with this Agreement;
- You shall be responsible for providing all necessary information about the beneficiary required by us including, but not limited to, the beneficiary name, address and account number information, as provided on the Authorization Form;
- You will provide the beneficiary with all data necessary for the Initiating Institution to initiate wire drawdown requests and shall make periodic examinations to ensure that such payment data is complete, current and accurate;
- You acknowledge that any inaccuracy in any information provided by you or the beneficiary hereunder may result in an unintended transfer of funds, and that we bear no responsibility and shall not be liable to you for any information provided by the Beneficiary in a wire drawdown requests that is inaccurate, incomplete or otherwise incorrect;
- You will maintain sufficient available funds in the Drawdown Account to cover all wire drawdown requests initiated by the Initiating Institution in accordance with your authorization, as well as associated fees, if applicable;

- You acknowledge that we are not obligated to honor, and will reject, any wire drawdown requests which exceeds the amount of available funds in the Drawdown Account. We also will not honor any wire drawdown requests that does not comply with our validation procedures, except to the extent we elect otherwise in its sole and exclusive discretion; and
- You have entered into and will maintain, while this Agreement is in effect, a written agreement with the Beneficiary authorizing the Beneficiary to initiate wire drawdown requests as reflected in this Agreement, and:
  - You will provide a copy or certification of such agreement with the Beneficiary to us upon our request; and
  - In the event of any change to the Beneficiary or associated drawdown authorization, you will comply with the terms of this Agreement.

### III.E. Mobile Deposit

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Mobile Deposit is offered by accessing our Treasury Prime mobile banking app and selecting Mobile Deposit. The Mobile Deposit Service allows you to utilize your camera-enabled Mobile Device to deposit checks to your Eligible Accounts by scanning a check and electronically delivering the digital image of the check and associated deposit information to us. You are responsible for the operation of your camera-enabled Mobile Device.

#### Eligible Checks

Items deposited must be checks as defined under Regulation CC and must meet all the following requirements to be eligible for deposit through the Mobile Deposit Service: (a) they are payable to you and not to "Cash" or any indefinite payee or to a person other than you, even if endorsed to you; (b) they have the original signature of the drawer; (c) they were not created from an electronic image; (d) they are not irregular in any way, as determined by us in our sole discretion; (e) they were not previously returned unpaid; (f) they are dated; (g) they are not postdated or more than six months old; (h) they are drawn on a US financial institution payable in US dollars; and (i) they are not a traveler's check. We may at our discretion return or reject a deposited item that does not comply with the Eligible Checks requirements.



## Use of the Mobile Deposit Service

By using the Mobile Deposit Service, you represent and warrant that; (a) you will not use the Mobile Deposit Service in connection with or in furtherance of money laundering or other illicit purposes; (b) none of your transactions to be processed by us are prohibited by any applicable law, regulation, rule, order, or judgment; (c) none of your employees are on the Specially Designated Nationals List of the United States Office of Foreign Assets Control; (d) each imaged check is made payable or endorsed to your order; (e) all signatures on the imaged checks are authentic and authorized; (f) no imaged check has been altered; (g) each imaged check is drawn on a U.S. financial institution and made payable in U.S. dollars; (h) no imaged check has been paid, previously scanned, imaged or otherwise presented or transmitted to us or any other financial institution, entity or person for payment or anything else of value.

## Collection

The manner in which the checks you deposit are cleared, presented for payment, and collected from the makers of the checks and the financial institutions upon which they are drawn is in our sole discretion.

## Image Quality

The image of an item transmitted to us using the Mobile Deposit Service must be legible. The image quality of the check or item must comply with the requirements established from time to time by the American National Standard Institute, the Board of Governors of the Federal Reserve Board, or any other regulatory agency, clearing house or association.

## Endorsement

You agree to endorse properly each check you deposit using the Mobile Deposit Service and to conspicuously and indelibly mark 'For Deposit Only at Washington Federal' beneath your endorsement.

## Confirmation

You will receive an electronic confirmation that the check image you transmitted to us via the Mobile Deposit Service has been accepted for deposit (or alternatively, an adjustment notice setting forth the reason it could not be deposited through the Mobile Deposit Service.)

## Risk Management and Periodic Audits

You agree to cooperate with us to facilitate our adherence to regulatory guidance concerning risk management of remote deposit capture, including agreeing that we may require specific internal controls and periodically request additional information regarding your use of the Mobile Deposit Service. You will comply with requests for periodic audits we deem necessary. Audits maybe in the form of (a) a request to complete a survey or assessment or (b) an onsite audit we or our designated representative perform. You agree to provide us with notice of any significant changes to users, activity, security or policies relating to the Mobile Deposit Service. You will notify us of any security incidents or breaches related to the Mobile Deposit Service.

## Retention, Storage, and Disposal of Original Checks

With respect to any original check for which you have transmitted a check image to us via the Mobile Deposit Service, you agree to (1) to destroy or cause to be destroyed all original imaged checks no earlier than 14 Business Days after transmission and no later than 45 Business Days after transmission, and (2) to store all original imaged checks by bundling them by date and storing them in a locked file cabinet, safe, lockbox, or other form of secure storage. You will use a paper shredder with cross-cut shredding or destruction service to destroy all original imaged checks. If we determine that we require the original paper check, you will promptly provide any check you have not destroyed to us to aid us in the clearing and collection process, to resolve claims by third parties with respect to any item, or for our audit purposes.

## Deposit Limits

We have no obligation to accept for deposit any check you transmit using the Mobile Deposit Service: (a) if more than one check is included in the transmission; (b) if you have already transmitted five checks using the Mobile Deposit Service on that Business Day; (c) that is in an amount greater than \$50,000; or (d) if the amount of the check, when added to the amount of checks you already transmitted for deposit as of that Business Day, would exceed \$100,000. We reserve the right to modify these limits at any time and will provide you with any notice required by applicable law or regulation.

## Processing Mobile Deposits and Availability of Funds

You may deposit checks using your Mobile Device seven days a week; however we only process the deposits on Business Days. Accepted deposits made prior to 3 PM Pacific Time on a Business Day will be credited by 6 PM Pacific Time the same Business Day. Accepted deposits made after 3 PM Pacific Time or on a day that is not a Business Day will be credited the following Business Day. We reserve the right to place a hold on or to reject any item(s) deposited through the Mobile Deposit Service. The availability of funds deposited through Mobile Deposit is subject to our availability of funds policy set out in the Business Deposit Agreement.

## III.F. Positive Pay

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### Definitions

*ACH Policy* means the parameters established by you through Treasury Prime to allow payment of ACH withdrawals. The ACH Policy is also referred to as ACH Filter.

*Authorized Account* means your accounts maintained at the Bank, to which the Positive Pay Services rendered by the Bank will apply.

*Check Issue Report* means a record describing checks drawn by you on an Authorized Account you provide to us under the Section entitled "Check Issue Report."

*Exception ACH Debit Entry* means an ACH debit entry that is not within your ACH Policy.

*Exception ACH Debit Entry Notice* means notice provided by Bank to you of any Exception ACH Debit Entries.

*Exception Check* means a Presented Check that does not match a check included in a Check Issue Report.

*Exception Item* means an Exception Check or an Exception ACH Debit Entry.

*Exception Check List* means a record describing Exception Checks we make available to you through Treasury Prime.

*Pay/Return Request* means your instructions to us ordering us to pay or return an Exception Check or Exception ACH Debit Entry.

*Presented ACH Debit Entry* means an ACH debit entry presented to us for payment from an Authorized Account.

*Presented Check* means a check drawn on an Authorized Account and presented to us for payment through the check collection system.

## General Terms of Positive Pay

**Report and Return Request Transmittal.** All Check Issue Reports, Exception Check Lists, and Pay/Return Requests will be and must be transmitted electronically through the use of Treasury Prime.

In the event of a system failure at the Bank that results in a Check Issue Report, Exception Check List, or Pay/Return Request that cannot be received, made available or processed by us, we will attempt to contact you. If we cannot reach you, we will act pursuant to your default selection. In the event of your system failure, we request that you contact the Commercial Account Service Center at 1-877-423-9742 or 206-626-8108 to provide us with instructions. If you do not contact us, we will act pursuant to your default selection.

**Errors.** We are not responsible for detecting any error contained in any Check Issue Report or Pay/Return Request you send us. On occasion, a Presented Check may inadvertently appear on an Exception Check List when such Presented Check had been provided to us in a previous Check Issue Report. You, and not the Bank, are responsible for reconciling such reporting and providing us with appropriate instructions per this Agreement.

**Not Covered.** This Agreement does not apply to a check that we have already cashed, negotiated or paid or which we are already committed to honor or pay under applicable laws, regulations or rules governing such items.

**Wrongful Honor.** It shall constitute wrongful honor by us to pay an Exception Item that was listed in a timely Exception Check List or Exception ACH Debit Entry Notice and which you rejected in a timely Pay/Return Request. In the event that there is wrongful honor, we will be liable to you for the lesser of the amount of the wrongfully paid Exception Item or your actual damages resulting from our payment of the Exception Item. We retain all rights and remedies related to any wrongful honor.

**Wrongful Dishonor.** Except as provided in this section, it shall constitute wrongful dishonor by us to dishonor an Exception Item you approved in a timely Pay/Return Request. We will have no liability to you for wrongful dishonor when we, acting in good faith, return an Exception Item: (i) we reasonably believed was not properly payable; (ii) because there are insufficient Available Funds on deposit in the Authorized Account; or (iii) because we are required to do so by the service of legal process on us or the instructions of regulatory or government authorities or courts.

**Rightful Payment and Dishonor.** Except as provided in the Faulty Information section of this Agreement: (i) If we dishonor an Exception Item because you rejected the Exception Item in a Pay/Return Request, the dishonor shall be rightful, and you waive any right it may have to assert that the dishonor was wrongful; and (ii) you agree that we exercise ordinary care whenever we rightfully pay or return an Exception Item consistent with the provisions of the Agreement.

**Faulty Information.** We will be liable for direct losses caused by its honor of an item that was not properly payable, or its dishonor of an item that was properly payable, if the honor or dishonor occurred because we, in accordance with this Agreement, (a) should have shown the item on an Exception Check Report or Exception ACH Debit Entry Notice but failed to do so; or (b) showed the check on an Exception Check Report but referenced the wrong check number, unless we provided you with timely information that disclosed the error.

**Sufficient Funds.** You will maintain sufficient Available Funds in the Authorized Account to cover the aggregate debits made from the Authorized Account. If sufficient funds are not available, we may, in our sole discretion, either (a) reject any checks or other debit items drawn on the Authorized Account or (b) accept any checks or other debit items drawn on any Authorized Account, even if such acceptance would bring the Authorized Account negative. If we must reverse a provisional credit and such reversal causes the Authorized Account to have a negative balance, you agree that we may reverse the transfer of any funds and then reject any items not finally paid. Fees may apply. Please review the current *Fee Schedules*.

## Traditional (Check) Positive Pay Services

**Check Issue Report.** You will submit a Check Issue Report to us through Treasury Prime each day you issue checks on an Authorized Account. The Check Issue Report will accurately state the check number and the exact dollar amount of each check drawn on each Authorized Account since the last Check Issue Report was submitted.

**Payment of Presented Checks and Reporting of Exception Checks.** We will compare each Presented Check by check number and amount against each Check Issue Report we receive. On each Business Day, we: (a) may pay and charge to the Authorized Account each Presented Check that matches by check number and amount a check shown in any Check Issue Report; and (b) will make available through Treasury Prime by 8 AM Pacific Time an Exception Check List that indicates whether we have received any Exception Checks and, if so, specifies the complete check number and amount of any such Exception Check.

### Payment of Exception Checks; Return Requests.

We will pay or return Exception Checks pursuant to your Pay/Return Request or pursuant to ONLY ONE of the following default selections:

Return Default. If the Return Default Option is selected, the Bank shall return to the depository bank any Exception Check drawn on the Authorized Account(s), unless Customer issues a timely Pay/Return Request to the Bank.

Pay Default. If the Pay Default option is selected, the Bank shall pay and charge to the Authorized Account(s), any Exception Check drawn on the Authorized Account(s) unless the Customer issues a timely Pay/Return Request to the Bank.

A Pay/Return Request shall identify each Exception Check that you desire us to pay or return by the complete check number and amount specified in the Exception Check List and shall instruct us to pay or return the Exception Check. You must submit the Pay/Return Request to us via Treasury Online by 11 AM Pacific Time of the day we make the Exception Check List available. We will then charge to the Authorized Account or return to the depository bank any Exception Check that you instruct us to pay or return. We will not be obligated to comply with any Pay/Return Request received in a format or medium, after a deadline, or in a manner not permitted under this Agreement but may instead treat such a Pay/Return Request as though it had not been received.

## Payee Positive Pay Services

If you opt to utilize Payee Positive Pay you will supply the payee name for each item issued in addition to the check number and amount. You will be responsible for the accuracy and completeness of the payee information provided in your check issue file. We will make all reasonable efforts to report as exceptions any payee names that do not match the Issued Item File when presented for payment.

## ACH Positive Pay Services

You will establish ACH Filters/Policies through Treasury Prime designating which presented ACH Debit Entries should be permitted to post without your review. You may change your ACH Policies to add, modify or delete Permitted ACH Debit Entries. We will provide an Exception ACH Debit Entry Notice by email to the individuals you have designated in an Authorization Form. You may approve any Exception ACH Debit Entry on a one-time basis or by modifying the ACH Policies. We will reject any Exception ACH Debit Entry for which we have not received a Pay/Return Request by the specified cut-off time on the Business Day on which they are presented.

## Teller Positive Pay Services

Eligible Accounts utilizing the Positive Pay Service are subject to item verification at a Bank branch the teller window when presented for payment. We will compare items presented for cash at the branch to your Check Issue File. You acknowledge that under some conditions Check Issue File information may not be available until the next Business Day. In the event the Check Issue File information is not available to the teller we will take reasonable measures to contact you for verification. You acknowledge if we are unable to contact you, we may refuse to cash the Exception Item.

### III.G. Data File Exchange and File Vault Services

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Through Treasury Prime there are two options for transferring data files: WAFD File Exchange and FTP Pick Up/Delivery ("File Exchange Services"). WAFD File Exchange is a secure portal available on your desktop. WAFD File Exchange can be used to upload files to send to the Bank in an encrypted format and to receive files and reports from the Bank, which can be delivered directly to folders you specify. The FTP Pick Up/Delivery service is a direct connection to the Client's FTP/SFTP/FTPS server.

File Vault is a document repository within Treasury Prime that includes tabs for individual users (My Vault) and the Client (Company Vault), as well as tabs for documents delivered by the Bank to you (Bank Vault), and documents available to all clients (Public Vault).

In addition to using the User Passwords, you must use any security procedures we have established for the File Exchange Services and File Vault. We may change these security procedures and will provide instructions to you about the requirements of the security procedures in effect from time to time. You agree that you will take all actions required to comply with any security procedures. You agree to assume the risk of loss with respect to any data file exchange initiated through the File Exchange Services or File Vault using a User Password when the user has failed to comply with any applicable security procedures, and you agree to hold us harmless from and against any loss caused by this failure.

You agree that the security procedures applicable to the File Exchange Services and the File Vault constitute a commercially reasonable security procedure for you. You acknowledge that although we endeavor to ensure that all communication through the File Exchange Services are encrypted or otherwise protected against interception by a person whose access to those services is not authorized, you accept and assume all risk of loss or dissemination of data attributable to data exchange between you and the Bank through the File Exchange Services or the File Vault.

### III.H. Remote Image File Deposit--Image File Delivery

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The Image File Delivery Service allows you to use your own equipment and software to create image files of checks that meet the specifications we provide (including without limitation, x9.37 IQA requirements, x9.37 record type descriptions, and x9.37 record type breakdown) and to deliver those image files to us for deposit through Secure File Delivery.

#### Definitions

*Check* has the meaning set forth in Federal Reserve Board Regulation CC (12 C.F.R. 229.2).

*Image File* means the electronic image file of a check you submit for deposit.

*Image Date* with respect to any Image File, means the Business Day we received the Image File you transmitted pursuant to the terms of this Agreement. Any Image File we receive after our regular business hours will be deemed to have been received on the next Business Day.

*IRD* means an "Image Replacement Document", as defined in Check 21 (12 U.S.C. 5001-5018; the Check Clearing for the 21st Century Act).

*Item* includes a check for which an Image File has been created and any Image File or IRD that represents a check.

*Imaged Check* means any check deposited or processed as an Image File pursuant to this Agreement.

*Substitute Check* means a paper reproduction of a check that satisfies the requirements and definition of “substitute check” set forth in Federal Reserve Board Regulation CC (12 C.F.R. Part 229)

### **Eligible Items for Image File Delivery**

We cannot accept non-cash items for deposit through Image File Delivery. Only the following Checks are eligible for deposit through Image File Delivery: (a) they have the original signature of the drawer; (b) they were not created from an electronic image; (c) they are not irregular in any way, as determined by us in our sole discretion; (d) they were not previously returned unpaid; (e) they are dated; (f) they are not postdated or more than six months old; (g) they are drawn on a US financial institution payable in US dollars; (h) they are not a traveler’s check; (i) you are a holder-in-due-course; and (j) they are not Substitute Checks. We may at our discretion return or reject a deposited item that does not comply with these requirements.

### **Representations and Warranties**

With respect to each Image File deposited, you represent and warrant that: (a) it is a digitized image of the front and back of the Imaged Check, (b) it accurately represents all the information on the front and back of the Imaged Check as of the time you created the Image File, and (c) it contains all necessary endorsements applied by the parties that previously handled the Imaged Check for forward collection or return, and warrants all transfer and presentment warranties under applicable law and the Business Deposit Agreement.

### **Use of the Image File Delivery Service**

By using the Image File Delivery Service, you represent and warrant that; (a) you will not use the Image File Delivery Service in connection with or in furtherance of money laundering or other illicit purposes; (b) none of your transactions to be processed by us are prohibited by any applicable law, regulation, rule, order, or judgment; (c) none of your employees are on the Specially Designated Nationals List of the United States Office of Foreign Assets Control; (d) each Imaged Check is made payable or endorsed to your order, (e) all signatures on the Imaged Checks are authentic and authorized; (f) no Imaged Check has been altered; (g) each Imaged Check is drawn on a U.S. financial institution and made payable in U.S. dollars; (h) no Imaged Check has been paid, previously scanned, imaged or otherwise presented or transmitted to us or any other financial institution, entity or person for payment or anything else of value.

### **Accepting and Processing Image Files and Availability of Funds**

We will accept Image Files transmitted in compliance with this Agreement for deposit to the accounts designated in the Authorization Form. Image Files shall be deemed received upon successful receipt of the transmission of Image Files that are complete, usable, and adhere to the data specifications set forth in this Agreement and any documentation we have provided to you. If the Image Files are not complete, are not useable, or do not adhere to such data specifications, we may not process the Image Files and we will notify you and adjust your deposit.

Image Files will be processed after we have received your transmission of the Image Files on Business Days at 9 AM, 11 AM, 1 PM, 3 PM, and 5 PM, Pacific Time. Image Files received after 5 PM Pacific Time will be processed the following Business Day. We will use commercially reasonable efforts to present Image Files for collection. The availability of funds for items transmitted in accordance with the requirements of this Agreement within the timelines established by us is subject to our availability of funds policy set out in the Business Deposit Agreement. We reserve the right at any time to process Image Files on a collection basis and to place a hold on any Imaged Check deposited through the Image File Service. We may return any Item to you at any time for any reason.

If a payor financial institution returns an Item to us, we will charge the designated account for such returned Item, and may either (a) return the Item to you or (b) re-present it to the payor financial institution before returning it to you. Items may be returned as a digitized image, rather than Substitute Checks, as agreed by the parties. If a payor financial institution or other third party makes a claim against us or seeks a re-credit with respect to any Imaged

Check, we may provisionally freeze or hold aside a like amount in the designated account pending investigation and resolution of the claim.

### **Suspension of Service**

We may suspend immediately the Image File Delivery Service or the processing of any Image File if we believe that there has been a breach in the security of the File Delivery Services, fraud involving your accounts or the Imaged Check, or any uncertainty as to the authorization or accuracy of Image Files.

### **Eligible Accounts and Dollar Limits**

You will only deposit to Eligible Accounts up to but not exceeding limits we pre-determined. Limits are established for per item and aggregate dollar volume limits.

### **Software and Equipment**

You are solely responsible for obtaining, installing and operating any and all equipment or technology reasonably necessary to create and transmit Image Files, including without limitation, equipment or technology used to transmit items to us via the internet. We may provide minimum specifications for all such equipment or technology. You will ensure that the equipment used for the Services are operating properly and will inspect and verify the quality of the Image Files.

### **Risk Management and Periodic Audits**

You agree to cooperate with us to facilitate our adherence to regulatory guidance concerning risk management of remote deposit capture, including agreeing that we may require specific internal controls and periodically request additional information regarding your use of the Mobile Deposit Service. You will comply with requests for periodic audits we deem necessary. Audits maybe in the form of (a) a request to complete a survey or assessment or (b) an onsite audit we or our designated representative perform. You agree to provide us with notice of any significant changes to users, activity, security or policies relating to the Image File Delivery Services. You will notify us of any security incidents or breaches at the physical location equipment used for the Image File Delivery Services.

### **Security Procedures**

If you do not use a third party to create the Image Files, or if you use a third party that returns the Imaged Checks to you, you agree: (1) to destroy or cause to be destroyed all Imaged Checks no earlier than 14 Business Days after the Image Date and no later than 45 Business Days after the Image Date, and (2) to store all Imaged Checks by bundling them by date and storing them in a locked file cabinet, safe, lockbox, or other form of secure storage. You will use a paper shredder with cross-cut shredding or destruction service to destroy all Imaged Checks. If a third party is responsible for creating Image Files and stores the Imaged Checks, you will ensure that the third party follows security procedures regarding the storage and destruction of these Image Files at least equivalent to those described in this paragraph.

You will establish and maintain procedures to assure the confidentiality of secrecy of passwords, Imaged Checks, and image Files, and will provide training to employees on the security procedures.

You are solely liable for any transactions that are made using a correct password regardless of whether you authorized the transaction. You acknowledge and agree that this liability is based upon the fact that you are solely responsible for ensuring the secrecy of passwords and designating individuals who are authorized to use the Services.



### III.I. Stop Payments

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You can place stop payment orders using our Online Stop Payment service. To place a stop payment on a check or a series of checks, sign on to Treasury Prime and select the "Fraud Control" menu, then select "Stop Payments". All information requested must be provided before we can process a stop payment. Stop payment orders using the Online Stop Payment service are subject to the terms of the Business Account Agreement. If you send us an online stop payment order, we will send you a stop payment confirmation. If you wish to cancel the stop payment or change any information, follow the directions on the confirmation. There will be a fee for placing a stop payment, see the *Fee Schedules* for the current fee.

### III.J. Consolidated Payables

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The Consolidated Payables Service enables you to deliver combined remittance information to us electronically for processing. Using Treasury Prime's secure online portal or Secure File Transfer, you can upload a single file containing any combination of eACH, eWires, Account transfers, and Check Print files. We will then execute the payments as checks, wires, transfers, or ACH (electronic funds transfers). You may elect through Treasury Prime's subscriptions to receive a confirmation and a transmission report.

Each form of remittance request is subject to the terms of the applicable Treasury Service.

### III.K. Check Print

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The Check Print Service ("Check Print") enables you to securely deliver to us an electronic file of payment instructions that we forward to our designated vendor. The vendor will print and mail paper checks to the payees you designate. Checks will be drawn on the Eligible Account(s) you have chosen for the Check Print service.

#### File Transmission and Processing

You may transmit Check Print Files to us at any time. We will transmit Files to our vendor for processing on Business Days twice daily at 10 AM. and 3 PM. Pacific Time. Our vendor will print and mail checks within two Business Days of receipt of the transmission for processing. Files must contain all data required by us in order for the checks to be printed and mailed within the specified time frame. "File" means a data file containing check information, including, but not limited to, payee name, check amount, check number, mailing address, invoice information, and Eligible Account number. We will cause checks to be printed and mailed in accordance with each submitted File and this Agreement. You agree to comply with the security procedures we establish for Check Print.

#### Digital Signatures

You will provide us with an electronic copy of the signature of an authorized signer on each Eligible Account from which checks are to be drawn in accordance with the specifications and in a format we prescribe. You authorize and direct us (and, as applicable, our agents and vendors) to apply such digital signature to each check created from information contained in the File and drawn on the Eligible Accounts. You agree that checks issued in accordance with this Agreement will be deemed properly authorized by you for all purposes. You agree to notify us immediately of any change in the authorized signer whose signature you have provided for the Check Print service.

#### Notification of File Upload and Status

If you elect to receive notice through Treasury Prime's optional subscriptions, for each File you transmit through Check Print, we will notify you whether the File was successfully validated, as well as any changes in the status of the File. The notice may include, depending on the report selected, with respect to each File: (a) the total dollar



amount of records contained in the File, (b) the total number of requests in the File, (c) the File status, and (d) if applicable, certain errors systematically identified with respect to the information in the File.

### Print Confirmations

If you elect to receive notice through Treasury Prime's optional subscriptions, at the end of the Business Day after checks are printed and mailed on your behalf, we (or our vendor) will send you a confirmation that the requested checks have been printed and mailed ("**Print Confirmation**"). The Print Confirmation for each File will include a list of the checks printed and mailed with the account number, dollar amount, check number, and payee name for each check.

### Errors

A File can be uploaded and processed even if it contains some errors. Errors can occur if the File or an item does not conform to our requirements or specifications. During the upload process you will be notified of any File or item related errors that we detect. If you determine there was an error in a File that was successfully delivered to us through Check Print, notify us immediately by contacting the Commercial Account Service Center at 1-877-423-9742 or 206-626-8108. If you contact us prior to the time we transmit your File to our vendor, we may cancel the transmission of your File. If you contact us after your File has been transmitted to the vendor, we will use reasonable efforts to contact the vendor and attempt to retrieve the item before the check is printed and mailed. We cannot guarantee that we will be successful in retrieving any item that we have transmitted to the vendor. If you identify an error and the check cannot be retrieved before it is printed and mailed, you may use our Online Stop Payment service.

### Use of Vendors

You understand and agree that we may use vendors, agents, and subcontractors in connection with providing the Check Print Service, including to apply your digital signature to checks and to print and mail checks, and expressly authorize us to do so.

### Liability

You are solely responsible and liable for all checks issued, printed and mailed in accordance with this Agreement and release Bank, and its vendors, agents, and subcontractors, from any liability in connection therewith. Without limiting any provisions in this Agreement, we are not liable for any loss arising in connection with (a) the failure to cause any check to be printed and mailed as provided in this Agreement, if we do not receive the File containing the required data for such check in a timely and accurate manner, or (b) any check printed and mailed as a result of an error in a File that you transmitted to us.

### III.K. CheckFree®

We offer electronic bill payment services through Check Free Services Corporation's CheckFree® Small Business (CheckFree). Use of CheckFree is governed by the *CheckFree® Terms and Conditions of the Bill Payment Service*, which is available when you access the CheckFree service. CheckFree allows you pay invoices electronically, set up automatic payments, consolidate multiple invoices into one vendor payment, and create payment reminders. See the *Fee Schedules* for applicable fees.

## IV. TREASURY EXPRESS TREASURY SERVICES

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### IV.A. Available Treasury Express Services

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Treasury Express allows you to perform the following actions:

- Perform online administration of your Treasury Express services.
- Review a summary of your Eligible Accounts and account activity, check images, wires, and ACH transfers for a period of 18 months.
- Advance funds from Eligible Loan Accounts to Eligible Deposit Accounts.
- Transfer funds between Eligible Accounts (one-time and recurring).
- Submit payments to Eligible Loan Accounts.
- Change passwords.
- Stop payment on checks that have not been paid.
- View 18 months of electronic statements.
- Send and receive secure electronic messaging.
- Initiate outgoing domestic wire transfers (eWire).
- Deposit checks with a Mobile Device using the Treasury Express mobile app.
- Initiate payment transactions through the Automated Clearing House Network (eACH).
- Pay invoices electronically (CheckFree®).

We may periodically make available new services or products through Treasury Express. You agree that if you use or acquire any such services or products after they become available, you will be legally bound by all additional terms, as well as by this Agreement.

### IV.B. Electronic Automated Clearing House Transactions (eACH)

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#### Definitions

*ACH* means the Automated Clearinghouse House electronic payments system or, as the context implies, an individual Automated Clearing House association.

*ACH Operator* means a financial institution or other company selected by Bank in its sole discretion that accepts ACH files from ODFIs, sorts and distributes ACH files to RDFIs, and effects settlement between the financial institutions that are parties to ACH transaction.

*Credit Entry* means an Entry originated by you to transfer funds to the account of a Designated Account Holder.

*Designated Account Holder* means persons or entities whose accounts you request to initiate funds transfers into or out of.

*Designated Account Holder's Account* means the account specified in the ACH authorization form executed by the Designated Account Holder.

*eACH Service* means the ACH Service offered through Treasury Express.

*Effective Entry Date* means the date on which settlement of an Entry is scheduled to occur.

*Entry* means an electronic fund transfer transmitted via the ACH system under this Agreement.

*Entries* shall have the meaning provided in the NACHA Rules and shall also mean (i) the data received from you hereunder from which we prepare Entries, and (ii) for purposes of the Sections entitled "Cancellation and Amendment of Entries; Reversals," "Dual Control," and "Exceeding Exposure Limits," any request from you for reversal of an Entry.

*Maximum Settlement Limit* means the maximum dollar value of all unsettled (i.e. outstanding) Credit Entries under all company identification numbers that we will allow.

*NACHA* is an acronym for the National Automated Clearing House Association.

*NACHA Rules* means the NACHA Operating Rules and Guidelines, as amended or created from time to time, together with any NACHA Operations Bulletins in effect.

*ODFI* is an acronym for Originating Depository Financial Institution. For instance, we operate as an ODFI when it initiates (originates) entries on your behalf.

*On-Us Entry* means a debit or credit entry made between you and an account at the Bank.

*Participating Depository Financial Institution* means a financial institution that (i) is authorized by applicable legal requirements to accept deposits, (ii) has been assigned a routing number by Acuity, and (iii) has agreed to be bound by the NACHA Rules.

*Payment Date* means the pre-set date you choose for the entry to post to the Designated Account Holder's account. The actual posting will take place on the Settlement Date (see below).

*RDFI* is an acronym for Receiving Depository Financial Institution. For instance, we operate as an RDFI when it receives an entry from ACH Operator and debits or credits your accounts as instructed by the entry.

*Same Day Credit Entry* means a Credit Entry we receive via a Payment Order on the same Business Day as its Effective Entry Date or that has a Same Day Indicator, as applicable.

*Same Day Entry* means a Same Day Credit Entry.

*Security Procedures* means, collectively, all of those procedures contained within this Agreement and the NACHA Rules that are designed to stop the dissemination and transmission of unauthorized Entries.

*Settlement Date* means the date that an exchange of funds with respect to an Entry is reflected on the books of the Federal Reserve Bank(s). Funds will post to the Designated Account Holder's account on Settlement Date.

*Third-Party Sender* means an intermediary between the company originating the ACH payment and ODFI of that transaction, as defined in the NACHA Rules.

## **NACHA Rules**

By using the eACH Service, you agree to comply with the NACHA Rules. If you are a Third-Party Sender, you agree to inform us and agree to cooperate in our registration of you as a Third-Party Sender, as provided in the NACHA Rules. We reserve the right to audit your compliance with the NACHA Rules and this Agreement. At your request, we will make a copy of the NACHA Rules available for you.

## Compliance with Law

You agree that you will not initiate any ACH entries in violation of federal, state, or local law. You are responsible for ensuring that any Entries initiated through the eACH Service are not subject to sanctions enforced by the Office of Foreign Assets Control (OFAC). You agree that if we identify a potential violation of OFAC sanctions that we may act upon the Entry as required by law and in accordance with the NACHA Rules. You are restricted to only transmitting PPD (Prearranged Payment and Deposit) and CCD (Corporate Credit) Entries.

## Delivery of Entries to Bank

**Delivery Requirements.** You will deliver all Entries to us in compliance with the formatting and other requirements provided by us, including those in this Agreement.

**Maximum Settlement Limit.** We may set a Maximum Settlement Limit for you in writing and may from time to time increase or decrease this limit. We will also set batch limits commensurate with your ACH processing needs. The total dollar amount of Entries transmitted by you may not exceed this Maximum Settlement Limit. We will reject batches that exceed the limits set forth and will notify you if such rejection occurs. To avoid processing delays or rejection of batches, you agree not to send batches that exceed the limits set by us.

**Security Procedures.** You and we will comply with the security procedures with respect to Entries you transmit to us. We may reject any Entry that we believe, or suspect do not comply with the security procedures.

**Designated Account Holder Authorizations and Record Retention.** Before you initiate the first Entry to a Designated Account Holder's Account, you will obtain from the Designated Account Holder an authorization that complies with NACHA Rules to initiate one or more Entries to the Designated Account Holder's Account. You will provide the Designated Account Holder with a copy of the authorization. Each Entry thereafter will be made pursuant to the authorization, and you will not initiate an Entry after the authorization has been revoked or the arrangement between you and such Designated Account Holder has terminated. You will retain Designated Account Holder authorizations for two years after they are terminated. You will immediately furnish any authorizations and related documents to us upon our request. We will provide a sample ACH authorization form upon request.

**Cancellation and Amendment of Entries; Reversals.** Through the eACH Service, you may cancel an Entry if it has not yet been delivered to us or submit a reversal of an Entry up to five Business Days after the Settlement Date. We may at our discretion use reasonable efforts to act on a request by you for reversal of an Entry file pursuant to the NACHA Rules; provided, however, that we will not be liable for interest or losses if such reversal is not affected. Any request by you for reversal of an Entry must comply with the provisions of the sections entitled Delivery Requirements and Security Procedures. You will reimburse us for any expenses, losses, or damages we may incur in effecting or attempting to complete your request for the reversal of an Entry.

## Processing, Transmittal and Settlement by Bank

Except as otherwise provided in this Agreement, we will process Entries we receive from you in conformance with the requirements set forth in this Agreement, transmit Entries as an ODFI to an ACH Operator, and settle Entries as provided in the NACHA Rules.

### Transmittal of Same Day Entries

We will use reasonable efforts to transmit any Same Day Entry to the ACH Operator on the Business Day we receive it, if (1) we receive the Same Day Entry no later than 11 AM Pacific Time, (2) the Effective Entry Date of the Entry is the Business Day we receive it or you have selected the option for same day ACH processing, as applicable, and (3) the ACH Operator is open for business on the Business Day we receive the Same Day Entry. Under NACHA Rules, entries for international transactions and those above \$100,000 are not eligible for same day processing.

### **Transmittal of Other Entries**

We will transmit Entries to the ACH Operator by the deadline of the ACH Operator either one or two Business Days prior to the Effective Entry Date shown in the Entries, provided that (i) we receive the Entries on a Business Day no later than 5 PM Pacific Time one Business Day prior to the Effective Entry date; (ii) the Effective Entry Date is at least one Business Day after the Business Day we receive the Entry, and (iii) the ACH Operator is open for business on the Business Day we receive the Entry. Entries will be deemed received by us when the electronic transmission (and compliance with any related Security Procedure) is completed as provided in the Delivery Requirements.

If any of the requirements of clauses (i) or (ii) of the preceding paragraph are not met, we will use reasonable efforts to transmit Entries to the ACH Operator by the next deposit deadline of the ACH Operator that is a Business Day.

If the Effective Date of an Entry is a federal holiday, we will transmit the Entry on the Business Day prior to the federal holiday. You are responsible for the timing of Entries to correspond to the Settlement Date of such Entries.

### **On-Us Entries**

Except as provided in the Section entitled "Rejection of Entries," in the case of an On-Us Entry, we will credit the Designated Account Holder's account in the amount of such Entry on the Effective Entry Date contained in such Entry, provided the requirements set forth in the sections entitled "Transmittal of Same Day Entries" or "Transmittal of Other Entries," as applicable, are met. If these requirements are not met, we will use reasonable efforts to credit the Designated Account Holder's account in the amount of the Entry on the next Business Day following the original Effective Entry Date.

### **Rejection of Entries**

We may reject any Entry for any reason. We will in good faith attempt to notify you of such rejection (either electronically, in writing, by telephone, or as otherwise agreed to by us and you) no later than the Effective Entry Date of the rejected Entry. We will not be liable to you for the rejection of any Entry, for your non-receipt of a notice given to you, or for the failure to give notice of rejection at an earlier time than that provided for herein. We will not be required to pay you interest on a rejected Entry for the period from rejection of the Entry to your receipt of the notice of rejection.

### **Notice of Returned Entries**

We will notify you either electronically, in writing, by telephone, or as otherwise agreed to by us and you of the receipt of an Entry returned by the ACH Operator no later than one Business Day after our receipt of the returned Entry. We have no obligation to re-execute a returned Entry.

### **Provisional Payment**

You represent to us and agree to be bound by the provision of the NACHA Rules making payment of an Entry by the RDFI to the Designated Account Holder provisional until receipt by the RDFI of final settlement for such Entry, and specifically acknowledge receipt of notice of that NACHA Rule and of the fact that, if such settlement is not received, the RDFI shall be entitled to a refund from the Designated Account Holder of the amount credited and you shall not be deemed to have paid the Designated Account Holder the amount of the Entry.

### **Available Funds and Settlement**

You shall at all times maintain sufficient Available Funds in your Eligible Deposit Accounts to pay the amount of all Credit Entries, Adjustment Entries, fees and other amounts which you are obligated to pay us under this Agreement.

We in our sole discretion may require you to have sufficient Available Funds in your Eligible Deposit Accounts to cover the amount of a Credit Entry prior to our transmittal of such Entry to the ACH Operator or our crediting of a Designated Account Holder's Account in the amount of an On-Us Entry. In the absence of such a requirement, you will be obligated to have sufficient available funds in your Eligible Deposit Accounts at such time on the Settlement Date with respect to such Entry or, in the case of an On-Us Entry, the date of crediting the Designated Account Holder's Account, as we, in our discretion, may determine.

## Security Procedures; Unauthorized and Authorized Entries; Inconsistent Entries

**Purpose of Security Procedures.** You agree that the purpose of the security procedures set out in this Section is to verify the authenticity of Entries transmitted to us in your name and not to detect an error in the transmission or content of any Entry, and that no security procedure for the detection of such errors has been agreed upon by you and us.

**Single Approval and Dual Approval.** We may require Single Approval (two separate individuals) or Dual Approval (three separate individuals) on all Entries initiated through the eACH Service. In effect, you will be required to have one individual initiate and at least one individual approve any file submission to us. You may establish a dollar limit threshold that will allow submission of files with no approval or Single Approval if the threshold is not exceeded. This limit is established at the User level and can vary within the Owner to not exceed the Bank-determined limit.

**Exceeding Exposure Limits.** The eACH Service will reject any file that exceeds the exposure limits designated by us ("Exposure Limits"). Requests to exceed the Exposure Limits must be approved prior to any transmission of files that would exceed the designated Exposure Limit.

**Authorized Entries.** If we receive an Entry received transmitted or authorized by you, it will be effective as your Entry as provided herein, whether or not we complied with the security procedures with respect to that Entry and whether or not that Entry was erroneous in any respect or that error would have been detected if we had complied with such procedure.

**Unauthorized Entries.** If an Entry delivered to us was not in fact authorized by you, it will be considered authorized if we accepted the Entry in compliance with the security procedures with respect to such Entry. In the event you are aware of the possibility of error or lack of authority in the transmission of an Entry or any request or communication relating thereto, regardless of source of information regarding such error or lack of authority, you shall immediately notify us by telephone, followed by confirmation in writing. **YOU ARE LIABLE FOR ANY UNAUTHORIZED ENTRIES THAT COMPLY WITH THE SECURITY PROCEDURES.**

**Inconsistent Entries.** You acknowledge and agree that (i) if an Entry describes the Designated Account Holder inconsistently by name and account number, payment of the Entry we transmit to an RDFI might be made by the RDFI (or by us in the case of an On-Us Entry) on the basis of the account number even if it identifies a person different from the named Designated Account Holder, and that your obligations to pay us the amount of the Entry is not excused in such circumstances, and (ii) if an Entry describes a RDFI inconsistently by name and identifying number, payment of the Entry might be made on the basis of the identifying number even if it identifies an RDFI different from the named RDFI, and that your obligation to pay the amount of the entry to us is not excused in such circumstances.

## Your Representations and Warranties

You represent and warrant that for each Entry you deliver to us: (i) the Entry complies with the terms of this Agreement and the NACHA Rules; (ii) you have complied with the NACHA Rules with respect to the Entry; (iii) there has not been and shall not later be any breach of any warranty by you as an originator and the Entry will not cause any breach of warranty by us as an ODFI under the NACHA Rules; (iv) you have not breached any warranty contained in this Agreement; and (v) the Entry complies with all applicable local, state, and federal regulations, including but not limited to the Electronic Fund Transfer Act and Regulation E.

## Notices and Statements

We are not required to and may not provide you or Designated Account Holders with notice of receipt, our transmittal, or crediting/debiting of Entries. Entries and other debits and credits to your Eligible Deposit Account will be reflected on the periodic statement for your Eligible Deposit Account. You will notify us of any unauthorized or erroneous Entries or any other discrepancy or error on the periodic statement as provided in the Business Account Agreement. We will not be liable for any interest or losses resulting from your failure to give such notice.

## Confidentiality

You acknowledge that you will have access to certain confidential information regarding our execution of Entries, the Security Procedures, and the services contemplated by this Agreement. You will not disclose any confidential information of the Bank and shall use such confidential information only in connection with the transactions contemplated by this Agreement.

## Delivery Media and Records

All delivery media, Entries, Security Procedures, and records used by us for transactions contemplated by this Agreement shall be and remain our property. We may, in our sole discretion, make available such information upon your request. Any expenses incurred by us in making any such information available to you will be paid by you.

## Instructions and Notices

We will be entitled to rely on any oral or written notice, response, or other communication we believe to be genuine and to have been provided by the Online Administrator, and any such communication shall be deemed to have been provided by such person on your behalf. Any Entry or other data or information we receive from or transmit to a third party data processor selected by you will be deemed to have been received from or transmitted to you, and such vendor shall be deemed your agent. You must provide us with notice of use of such vendors and notice of change of vendors. Such notice shall be effective on a date agreed to by both parties.

## IV.C. Wire Transfer Services (eWire)

You may initiate outgoing domestic wire transfers from certain types of Eligible Accounts (the "eWire Service"). Each Eligible Account from which we allow you to initiate wire transfers is referred to as a "Wire Transfer Account." You may request additional Wire Transfer Accounts by completing an updated Authorization Form. New Wire Transfer Accounts are available within 24 hours of our receipt of the completed form.

You may request the eWire Service by completing and submitting an Authorization Form. By completing and submitting an Authorization Form or permitting anyone to initiate a request for a wire transfer from a Wire Transfer Account ("Wire Transfer Request"), you agree to the terms and conditions of this Section.

This Section incorporates: (i) the designations and other information you provide in the Authorization Form; and (ii) any instructions or additional information that may be provided to you regarding the eWire Service by us or through Treasury Express.

### Authorization for eWire Service

You authorize and direct us to process each Wire Transfer Request submitted through the eWire Service and in compliance with the security procedures described in this Agreement. We have no obligation at any time to process any Wire Transfer Request that exceeds the Available Balance in the Wire Transfer Account and any related linked account, at the time that you initiate the Wire Transfer Request. We have the right, but not the obligation, to refuse to process any Wire Transfer Request for the purpose of determining whether you authorized the Wire Transfer Request and shall incur no liability for any delay caused by exercising this right. Wire transfers are "funds transfers" under and for purposes of Article 4A of the Uniform Commercial Code, as adopted in the state of Washington.

### Security Procedures.

In addition to using the User Passwords, you must use the security techniques we have established specifically for the eWire Service, which may include out of band authentication. These additional security techniques, together with the User Passwords and user identification information, are referred to as the "Wire Transfer Security Procedures." We may change the Wire Transfer Security Procedures and will provide instructions to you about the requirements of the Wire Transfer Security Procedures in effect from time to time. You agree that you will take all



actions required to comply with the Wire Transfer Security Procedures. You agree to assume the risk of loss with respect to any wire transfer initiated through the eWire Service using a User Password when the user has failed to comply with the Wire Transfer Security Procedures, and you agree to hold us harmless from and against any loss caused by this failure.

You agree that the Wire Transfer Security Procedures constitute a commercially reasonable security procedure for you. You agree to be bound by any Wire Transfer Request (or any request for cancellation or amendment of a Wire Transfer Request) initiated through the eWire Service and accepted by us in compliance with the Wire Transfer Security Procedures, regardless of whether or not you actually authorized the Wire Transfer Request. If we accept a Wire Transfer Request in compliance with the Wire Transfer Security Procedures, and the Wire Transfer Request contains any error, to the full extent allowed by law you shall be liable for, and shall indemnify us against, the amount of the Wire Transfer Request and all claims and all of our losses and expenses, including attorneys' fees, relating to the erroneous Wire Transfer Request. Our records demonstrating compliance with the Wire Transfer Security Procedures with respect to any Wire Transfer Request will be deemed conclusive proof that the Wire Transfer Request we received was authorized and you are bound by that Wire Transfer Request.

### **Liability for Authorized Requests**

If the Wire Transfer Request (or any request for cancellation or amendment of a Wire Transfer Request) we receive was transmitted or authorized by you, you shall be obligated to pay the amount of the Wire Transfer Request regardless of (i) whether or not we complied with the Wire Transfer Security Procedures with respect to that Wire Transfer Request, (ii) whether or not that Wire Transfer Request was erroneous in any respect, and (iii) whether or not that error would have been detected if we had complied with the Wire Transfer Security Procedures.

### **Compliance with Applicable Law**

You agree that your use of the eWire Services and all Wire Transfer Requests will comply with Applicable Law. The term "Applicable Law" means all federal and state laws, rules and regulations governing the eWire Service and Wire Transfer Requests, including, without limitation, the rules of the Fedwire payment system or any other similar funds transfer system, the rules administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("OFAC"), and the terms and provisions of Article 4A of the Uniform Commercial Code, as adopted in the state of Washington.

### **Wire Transfer Requests**

**Initiating Wire Transfers.** Wire transfers may only originate from Wire Transfer Accounts and may be to any other account with the Bank, an affiliate of the Bank, or another bank or financial institution. You agree that all Wire Transfer Requests you originate through the eWire Service, will comply with the Wire Transfer Security Procedures.

**Honoring Wire Transfers.** We will accept a Wire Transfer Request only if the request is placed in accordance with the terms and requirements stated in this Agreement and the onscreen terms. We have no obligation to honor, either in whole or in part, the Wire Transfer Request (or the cancellation or amendment thereto) that: (i) exceeds the Available Balance in the Wire Transfer Account and any related linked account from which the transfer is requested; (ii) is not in accordance with each term and condition provided for in this Agreement and applicable law; (iii) is not, or we believe may not be, authorized or correct; or (iv) is impracticable or not feasible to accept. In addition, we shall be excused from failure or delay in issuing or accepting a Wire Transfer Request if such issuance or acceptance would result in the Bank's exceeding any limitation upon its intraday net funds position established pursuant to present or future guidelines or otherwise violating any provision of any present or future bank regulatory statute, rule, regulation or risk control program. If the applicable Wire Transfer Account does not contain sufficient funds for the requested wire transfer, we may, at our option, accept the Wire Transfer Request and debit any such account into overdraft, and we shall not be liable for damages to you as a result thereof; provided, we have no obligation to debit any such account into overdraft. If we create an overdraft to complete a wire transfer, you agree to pay to us the amount of the overdraft upon demand, and, if applicable, interest accruing on the amount of the overdraft from the date of its creation at the maximum rate of interest permitted under applicable law. You hereby authorize us to charge any of your accounts held by us at any time for such amount.



Except as otherwise provided in this Section, we agree to use reasonable efforts to execute each Wire Transfer Request on the date received, provided that: (i) we receive your Wire Transfer Request no later than 2PM, Pacific Time; and (ii) such day is a Business Day for us, the Federal Reserve, and the beneficiary's bank. In executing the Wire Transfer Request, we may utilize such means of transmission as we reasonably select. If you originate multiple Wire Transfer Requests for execution on the same day, we may execute the Wire Transfer Requests in any order convenient to us. If you direct us to use a specific intermediary bank or specific means of execution, you assume all risks of failure or of non-payment by the intermediary bank and all risks of loss by the means directed.

**Canceling and Amending Wire Transfer Requests.** If you wish to cancel or amend a Wire Transfer Request previously transmitted to us, you must transmit notice of the requested cancellation or amendment in compliance with this Agreement, and you must include the amount and recipient of the Wire Transfer Request in the notice. We will make a commercially reasonable effort to comply with any request you make to cancel or amend a Wire Transfer Request that is made before our acceptance of the Wire Transfer Request but only if our Wire Transfer Department has been given sufficient notice and a reasonable opportunity to act on it. We have no obligation or duty to cancel or amend a Wire Transfer Request received from you after we accept the Wire Transfer Request. If we consent to cancel or amend an accepted Wire Transfer Request, you shall indemnify and hold us harmless for all loss and expense, including attorneys' fees, relating to the cancellation and amendment or attempted cancellation and amendment.

### Types of Wire Transfers

The eWire Service permits you to submit one-time Wire Transfers Requests and to develop templates for semi-repetitive and repetitive Wire Transfer Requests. The eWire Service through Treasury Express permits only domestic Wire Transfer Requests.

### Fees

You agree to pay and reimburse us for all governmental and third party fees or taxes arising out of or related to our providing the eWire Service to you.

### Reliance on Your Instructions

You understand and agree that, unless we, in our sole discretion, elect to confirm any Wire Transfer Request, we will not verify the terms of any Wire Transfer Request submitted under this Section. You are solely responsible for the accuracy and completeness of all data, instructions or other information provided to us regarding any wire transfer initiated. You authorize us to process each Wire Transfer Request submitted in accordance with the information that we receive from you in accordance with the security procedures in this Agreement. We shall have no responsibility for any erroneous information you provide and no liability for any losses you may suffer that arise from or relate to any erroneous information you provide for any Wire Transfer Request submitted hereunder.

### Representations and Warranties

You represent and warrant that each electronic communication submitted to us through the eWire Service, including without limitation, each Wire Transfer Request, shall comply with this Agreement and all applicable law. You also represent and warrant that: (a) no Wire Transfer Account is a "consumer account" as contemplated by the Electronic Fund Transfer Act, 15 U.S.C. 1693 et seq., and Regulation E, 12 CFR Part 205; and (b) you will submit a Wire Transfer Request on a Wire Transfer Account only for commercial purposes, and never for personal, family or household purposes. You agree to provide any additional information and to execute any additional documents or agreements that we may request in connection with your use of the eWire Service.

### Identifying Information

You understand and agree that all wire transfers shall be executed on the basis of the following information provided in your Wire Transfer Request (which is referred to collectively as "Identifying Numbers"): (i) account number or other Identifying Number for the beneficiary; and (ii) the Identifying Number for any bank to or through which the funds are to be sent (a "Receiving Bank"). We and any other bank processing the Wire Transfer Request (a "Processing Bank") may rely solely on the Identifying Numbers that you provide in your Wire Transfer Request,

regardless of whether the order also identifies the beneficiary or Receiving Bank by name, and no Processing Bank has any obligation to confirm that any Identifying Number applies to any named beneficiary or Receiving Bank or to identify any discrepancy between any Identifying Number and the name provided for any beneficiary or Receiving Bank. We have no obligation to determine whether the recipient identified in any Wire Transfer Request is the accountholder for the account to which funds are to be transferred. If your instructions for any Wire Transfer Request contain any inconsistent information or other discrepancy regarding the name of the intended recipient and the account into which the funds are to be transferred, we shall make the transfer on the basis of the account number, even if that number identifies an account held by a person or entity other than the named recipient. If a Wire Transfer Request issued by you identifies an intermediary bank or beneficiary's bank only by an Identifying Number or by both name and Identifying Number, the Receiving Bank may rely on the Identifying Number as the proper identification of the intermediary bank or beneficiary's bank, even if such number identifies a person or entity different from the bank identified by name; and the Receiving Bank need not determine whether the name and number refer to the same person or entity or whether the number refers to the bank. The foregoing is intended to be consistent with and subject to the terms and provisions of Sections 4A-207 and 4A-208 of the Uniform Commercial Code as in effect in the state of Washington.

## IV.D. Mobile Deposit

Mobile Deposit is offered by accessing our Treasury Express mobile banking app and selecting Mobile Deposit. The Mobile Deposit Service allows you to utilize your camera-enabled Mobile Device to deposit checks to your Eligible Accounts by scanning a check and electronically delivering the digital image of the check and associated deposit information to us. You are responsible for the operation of your camera-enabled Mobile Device.

### Eligible Checks

Items deposited must be checks as defined under Regulation CC and must meet all the following requirements to be eligible for deposit through the Mobile Deposit Service: (a) they are payable to you and not to "Cash" or any indefinite payee or to a person other than you, even if endorsed to you; (b) they have the original signature of the drawer; (c) they were not created from an electronic image; (d) they are not irregular in any way, as determined by us in our sole discretion; (e) they were not previously returned unpaid; (f) they are dated; (g) they are not postdated or more than six months old; (h) they are drawn on a US financial institution payable in US dollars; and (i) they are not a traveler's check. We may at our discretion return or reject a deposited item that does not comply with the Eligible Check requirements.

### Use of the Mobile Deposit Service

By using the Mobile Deposit Service, you represent and warrant that; (a) you will not use the Mobile Deposit Service in connection with or in furtherance of money laundering or other illicit purposes; (b) none of your transactions to be processed by us are prohibited by any applicable law, regulation, rule, order, or judgment; (c) none of your employees are on the Specially Designated Nationals List of the United States Office of Foreign Assets Control; (d) each imaged check is made payable or endorsed to your order, (e) all signatures on the imaged checks are authentic and authorized; (f) no imaged check has been altered; (g) each imaged check is drawn on a U.S. financial institution and made payable in U.S. dollars; (h) no imaged check has been paid, previously scanned, imaged or otherwise presented or transmitted to us or any other financial institution, entity or person for payment or anything else of value.

### Collection

The manner in which the checks you deposit are cleared, presented for payment, and collected from the makers of the checks and the financial institutions upon which they are drawn is in our sole discretion.

## Image Quality

The image of an item transmitted to us using the Mobile Deposit Service must be legible. The image quality of the check or item must comply with the requirements established from time to time by the American National Standard Institute, the Board of Governors of the Federal Reserve Board, or any other regulatory agency, clearing house or association.

## Endorsement

You agree to endorse properly each check you deposit using the Mobile Deposit Service and to conspicuously and indelibly mark 'For Deposit Only at Washington Federal' beneath your endorsement.

## Confirmation

You will receive an electronic confirmation that the check image you transmitted to us via the Mobile Deposit Service has been accepted for deposit (or alternatively, an adjustment notice setting forth the reason it could not be deposited through the Mobile Deposit Service.)

## Risk Management and Periodic Audits

You agree to cooperate with us to facilitate our adherence to regulatory guidance concerning risk management of remote deposit capture, including agreeing that we may require specific internal controls and periodically request additional information regarding your use of the Mobile Deposit Service. You will comply with requests for periodic audits we deem necessary. Audits may be in the form of (a) a request to complete a survey or assessment or (b) an onsite audit we or our designated representative perform. You agree to provide us with notice of any significant changes to users, activity, security or policies relating to the Mobile Deposit Service. You will notify us of any security incidents or breaches related to the Mobile Deposit Service.

## Retention, Storage, and Disposal of Original Checks

With respect to any original check for which you have transmitted a check image to us via the Mobile Deposit Service, you agree: (1) to destroy or cause to be destroyed all original imaged checks no earlier than 14 Business Days after transmission and no later than 45 Business Days after transmission, and (2) to store all original imaged checks by bundling them by date and storing them in a locked file cabinet, safe, lockbox, or other form of secure storage. You will use a paper shredder with cross-cut shredding or destruction service to destroy all original imaged checks. If we determine that we require the original paper check, you will promptly provide any check you have not destroyed to us to aid us in the clearing and collection process, to resolve claims by third parties with respect to any item, or for our audit purposes.

## Deposit Limits

We have no obligation to accept for deposit any check you transmit using the Mobile Deposit Service: (a) if more than one check is included in the transmission; (b) if you have already transmitted five checks using the Mobile Deposit Service on that Business Day; (c) that is in an amount greater than \$50,000; or (d) if the amount of the check, when added to the amount of checks you already transmitted for deposit as of that Business Day, would exceed \$100,000. We reserve the right to modify these limits at any time and will provide you with any notice required by applicable law or regulation.

## Processing Mobile Deposits and Availability of Funds

You may deposit checks using your Mobile Device seven days a week, however we only process the deposits on Business Days. Accepted deposits made prior to 3 PM Pacific Time on a Business Day will be credited by 6 PM Pacific Time the same Business Day. Accepted deposits made after 3 PM Pacific Time or on a day that is not a Business Day will be credited the following Business Day. We reserve the right to place a hold on or to reject any item(s) deposited through the Mobile Deposit Service. The availability of funds deposited through Mobile Deposit is subject to our availability of funds policy set out in the Business Deposit Agreement.

## IV.E. CheckFree®

We offer electronic bill payment services through Check Free Services Corporation's CheckFree® Small Business (CheckFree). Use of CheckFree is governed by the *CheckFree® Terms and Conditions of the Bill Payment Service*, which is available when you access the CheckFree service. CheckFree allows you pay invoices electronically, set up automatic payments, consolidate multiple invoices into one vendor payment, and create payment reminders. See the *Fee Schedules* for applicable fees.

## IV.F. Check Validation

### Definitions

***Paid Record Deadline*** means the time on each Business Day that the Bank will make available to you via Treasury Express information regarding presented checks paid against the Authorized Account(s) the previous Business day.

***Return Decision Deadline*** means the time by which you must notify the Bank of your decisions on any reported presented checks that should be dishonored or returned.

***Return Decision*** means your decision that a reported check should be dishonored or returned.

***Paid Check Record***. By the Paid Record Deadline of 7:00 a.m. Pacific Time, the Bank will provide or otherwise make available to you, through Treasury Express, information regarding the presented checks paid against the Authorized Account(s) the previous Business Day. The presented information will include each check paid, along with the serial number and the amount processed through the Federal Reserve. You can compare this information to the checks actually issued by you.

***Payment Instructions***. You must compare the information provided by the Bank with your check or item issuance records. You shall notify the Bank prior to the Return Decision Deadline of 11:00 a.m. Pacific Time on the same Business Day via Treasury Express, of your Return Decision. The Bank may rely on any instructions and Return Decisions received from you that are made in accordance with the requirements described herein and any terms disclosed within Treasury Express. The Bank is authorized to finally pay any presented check listed in the Paid Check Record unless you instruct the Bank to return the check or item prior to the Return Decision Deadline.

***Payment and Dishonor of Presented Checks***. The Bank will pay or return presented checks in accordance with your Return Decision or pay as default.

***Return Decision***. When you provide a Return Decision, the Bank shall return to the depository bank any presented check drawn on an Authorized Account that you direct the Bank to return via a Return Decision. The Bank is not responsible for detecting your error(s) contained in any Return Decision you send to the Bank. The Bank reserves the right to require you to place a stop payment order on any check or item to be returned.

***Pay Default***. If you fail to provide a Return Decision to the Bank in accordance with these terms and conditions, the Bank will finally pay and charge to the Authorized Account, to the extent there are sufficient Available Funds in the Authorized Account, any presented check drawn on that Authorized Account.

***Checks Presented for Payment at Bank Teller Stations and Items-Converted-to-ACH***. Reverse Positive Pay is not designed to compare your list of issued checks against checks that are (a) presented for payment over-the-counter at the Bank teller stations ("Teller Cashed Checks") or (b) converted to an electronic transaction (such as an accounts receivable entry or "ARC") that will be presented for payment through the Automated Clearing House network ("Items-Converted-to-ACH"). Teller Cashed Checks and Items-Converted-to-ACH are not eligible for

**Return Decisions.** When presented with a Teller Cashed Check, the Bank will attempt to contact you to validate the check. If we are unable to reach you, we will pay the Teller Cashed Check and charge it to the Authorized Account. Teller Cashed Checks and Items-Converted-to-ACH will be processed and paid in accordance with the Bank's standard procedures as set forth in the Business Deposit Account Agreement and Disclosures or as otherwise provided by agreement of the parties or applicable ACH network rules. Teller Cashed Checks may be eligible for return in accordance with the Bank's standard procedures, which may require an affidavit. Checks converted to ACH may be eligible for return if they meet NACHA regulations. To determine if an item is eligible for return and to request a return, you must contact the Bank.

### **Remedies.**

**U.C.C. Liability.** To the extent applicable, the liability provisions of U.C.C. Articles 3 and 4 shall govern Reverse Positive Pay, except as modified below. To the extent permitted by U.C.C. Articles 3 and 4, the liability of the Bank related to Reverse Positive Pay shall in all cases be subject to the provisions of this Agreement, including, without limitation, any provisions thereof that exclude or limit warranties made by, damages payable to or remedies available from the Bank.

**Wrongful Honor.** It shall constitute wrongful honor by the Bank if the Bank pays a presented check for which you issued a Return Decision by the Return Decision Deadline set forth herein. In the event that there is wrongful honor, the following shall apply:

- A. The Bank shall be liable to you for the lesser of the amount of the wrongfully paid presented check or your actual damages resulting from the Bank's payment of the presented check.
- B. The Bank expressly waives any right it may have to assert that you are liable for the amount of the wrongfully honored presented check on the grounds that the presented check was properly payable under U.C.C. § 4-401.
- C. The Bank retains the right to assert your failure to exercise reasonable care under U.C.C. §§3-406 and 4-406.
- D. The Bank retains the right to assert the defense that you have sustained no actual damages because the Bank's honor of the presented check discharged for value your indebtedness.

**Wrongful Dishonor.** Except as provided below, it shall constitute wrongful dishonor by the Bank if the Bank dishonors a presented check for which you have not issued a Return Decision by the Return Decision Deadline set forth herein.

- A. The Bank's liability for wrongful dishonor of a presented check shall be limited to the damages for wrongful dishonor recoverable under U.C.C. Articles 3 and 4.
- B. Notwithstanding the above, the Bank shall have no liability to you for wrongful dishonor when the Bank, acting in good faith, returns a presented check:
  - (ii) that it reasonably believed was not properly payable; or
  - (iii) if there are insufficient Available Funds on deposit in the Authorized Account; or
  - (iv) if required to do so by the service of legal process on the Bank or the instructions of regulatory or government authorities or courts.
- C. **Rightful Payment and Dishonor.** Except as provided below under Information Regarding Presented Checks, the following shall apply:
  - (ii) If the Bank honors a presented check in accordance with the Pay Default described above, such honor shall be rightful, and you waive any right it may have to assert that the presented check was not properly payable under U.C.C. § 4-401.
  - (iii) If the Bank dishonors a presented check in accordance with a Return Decision issued by you, the dishonor shall be rightful, and you waive any right it may have to assert that the dishonor was wrongful under the U.C.C. § 4-402.
  - (iv) You agree that the Bank exercises ordinary care whenever it rightfully pays or returns a presented check consistent with the provisions of these terms and conditions.

**Information Regarding Presented Checks.** You shall notify the Bank by the Paid File Deadline set forth herein if the information regarding presented checks is not available in Treasury Express by the Paid Record Deadline. The

Bank will make reasonable efforts to make the information about presented checks available to you and honor your instructions. The Bank's failure to provide the information about presented checks will not discharge your obligation with regard to any check that was otherwise properly payable at the time of presentment.

**Assignment.** To the extent that you suffer a loss under these terms and conditions, the Bank assigns to you any claim that the Bank would have against a depository or collecting bank to recover the loss, including any claim of breach of warranty under U.C.C. §§ 4-207, 4-208, and 4-209.

**Security Procedure.** As an additional security procedure, you must ensure that one user compares the information about presented checks provided by the Bank against checks issued and a different user reviews and notifies the Bank of its Return Decision before the Return Decision Deadline.

## IV.G. Stop Payments

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You can place stop payment orders using our Online Stop Payment service. To place a stop payment on a check or a series of checks, sign on to Treasury Express and select "Stop Payments". All information requested must be provided before we can process a stop payment. Stop payment orders using the Online Stop Payment service are subject to the terms of the Business Account Agreement. If you send us an online stop payment order, we will send you a stop payment confirmation. If you wish to cancel the stop payment or change any information, follow the directions on the confirmation. There will be a fee for placing a stop payment, see the *Fee Schedules* for the current fee.

## V. OTHER TREASURY SERVICES

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### V.A. Wire Drawdown Requests

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If you have authorized a third party to submit wire requests to Bank on your behalf ("Wire Drawdown Request"), we will honor the Wire Drawdown Request until you notify us to discontinue. You will provide us with a copy of any form you execute to authorize a drawdown request. Upon receipt of a Wire Drawdown Request in the form of a Fedwire 1031 drawdown instruction, we will debit the account designated in the Wire Drawdown Request in the amount of the request and remit the funds to the requesting bank via a Fedwire 1032. Each Wire Drawdown Request received prior to 1:30 PM Pacific Time will be processed on the Business Day received. If the Wire Drawdown Request is received after 1:30 PM Pacific Time, we may process the request the following Business Day.

We will not honor a Wire Drawdown Request if (a) the amount of the Wire Drawdown Request exceeds the available funds in the account designated in the request; (b) we have reason to doubt that you have authorized the Wire Drawdown Request; (c) the Wire Drawdown Request involves funds subject to a hold, dispute or legal process preventing their withdrawal; or (d) we determine in our discretion that the Wire Drawdown Request violates any law or regulation. We will notify the requesting bank via Fedwire 1033 if we reject a Wire Drawdown Request.

You agree to pay any fees specified in the *Fee Schedule* for any Wire Drawdown Request we receive for an account you own

### V.B. Remote Deposit Services -- scanDeposit

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The scanDeposit Service allows you to create electronic images of paper checks and to transmit the electronic images to us for deposit into your designated Accounts.



## Definitions

*Check* has the meaning set forth in Federal Reserve Board Regulation CC (12 C.F.R. 229.2).

*Image File* means the image file created by scanning a check and transmitting it to Bank pursuant to this Agreement.

*Image Date* with respect to any Image File, means the Business Day the Bank received the Image File transmitted by you pursuant to the terms of this Agreement. Any Image File received by Bank after its regular business hours will be deemed to have been received on the next Business Day.

*IRD* means an "Image Replacement Document", as defined in Check 21 (12 U.S.C. 5001-5018; the Check Clearing for the 21st Century Act).

*Item* includes a scanned check and any Image File or IRD that represents a scanned check

*Scanner* means a scanner used to create the Image File, which may be purchased from our third party vendor, UniLink Inc., at [washingtonfederal.unilink.com](http://washingtonfederal.unilink.com), or provided by you and approved by us.

*Scanned Check* means any check deposited or processed as an Image File pursuant to this Agreement.

*scanDeposit Service* means the remote deposit capture service known as "scanDeposit", which enables customers to deposit checks electronically by digitally scanning the check using a Scanner and transmitting the electronic image to Bank through the internet using scanner driver software you downloaded from the Bank's designated provider.

*Substitute Check* means a paper reproduction of a check that satisfies the requirements and definition of "substitute check" set forth in the Federal Reserve Board's Regulation CC (12 C.F.R. Part 229).

## Eligible Items for scanDeposit

We cannot accept non-cash items for deposit through the scanDeposit Service. Only the following Checks are eligible for deposit through the scanDeposit Service: (a) they have the original signature of the drawer; (b) they were not created from an electronic image; (c) they are not irregular in any way, as determined by us in our sole discretion; (d) they were not previously returned unpaid; (e) they are dated; (f) they are not postdated or more than six months old; (g) they are drawn on a US financial institution payable in US dollars; (h) they are not a traveler's check; (i) you are a holder-in-due-course; and (j) they are not Substitute Checks. We may at our discretion return or reject a deposited item that does not comply with these requirements.

## Representations and Warranties

With respect to each Image File deposited, you represent and warrant that: (a) it is a digitized image of the front and back of the Scanned Check, (b) it accurately represents all the information on the front and back of the Scanned Check as of the time you created the Image File, and (c) it contains all necessary endorsements applied by the parties that previously handled the Scanned Check for forward collection or return, and warrants all transfer and presentment warranties under applicable law and the Business Deposit Agreement.

## Use of the scanDeposit Service

By using the scanDeposit Service, you represent and warrant that: (a) you will not use the Service in connection with or in furtherance of money laundering or other illicit purposes; (b) none of your transactions to be processed by us are prohibited by any applicable law, regulation, rule, order, or judgment; (c) none of your employees are on the Specially Designated Nationals List of the United States Office of Foreign Assets Control; (d) each Scanned Check is made payable or endorsed to your order, (e) all signatures on such Scanned Checks are authentic and authorized; (f) no Scanned Check has been altered; (g) each Scanned Check is drawn on a U.S. financial institution and made payable in U.S. dollars; (h) no Scanned Check has been paid, previously scanned, imaged or otherwise presented or transmitted to us or any other financial institution, entity or person for payment or anything else of value.

## Accepting and Processing Image Files and Availability of Funds

We will accept Image Files you transmit to us in compliance with this Agreement. Image Files shall be deemed received upon successful receipt of the transmission of Image Files that are complete, usable, and adhere to the data specifications set forth in this Agreement and any documentation we provide you. If the Image Files are not complete, are not useable, or do not adhere to such data specifications, we may not process the Image Files and we will adjust your deposit and notify you.

Image Files will be processed after we receive your transmission on Business Days at 9 AM, 11 AM, 1 PM, 3 PM, and 5 PM, Pacific Time. Image Files received after 5 PM Pacific Time will be processed the following Business Day. We will use commercially reasonable efforts to present Image Files for collection. The availability of funds for items



transmitted in accordance with the requirements of this Agreement within the timelines established by us is subject to our availability of funds policy set out in the Business Deposit Agreement.

If a payor financial institution returns an Item to us, we will charge the account into which the item was deposited for such returned item, and may either (a) return the Item to you or (b) re-present it to the payor financial institution before returning it to you. Items may be returned as a digitized image, rather than Substitute Checks, as agreed by the parties. If a payor financial institution or other third party makes a claim against us or seeks a re-credit with respect to any Scanned Check, we may provisionally freeze or hold aside a like amount in the designated account pending investigation and resolution of the claim.

### **Suspension of Service**

We may suspend immediately the scanDeposit Service or the processing of any Scanned Check or Image File if we have reason to believe that there has been a breach in the security of the scanDeposit Services, fraud involving your accounts or such Scanned Check, or any uncertainty as to the authorization or accuracy of Image Files. We reserve the right at any time to process Image Files on a collection basis. We may return any item at any time for any reason.

### **Eligible Accounts and Dollar Limits**

You will only deposit to authorized Eligible Accounts up to but not exceeding limits we pre-determine. Limits are established for per item and aggregate dollar volume limits.

### **Software and Equipment**

You are solely responsible for obtaining, installing and operating any and all equipment or technology reasonably necessary to create and transmit Image Files, including without limitation, equipment or technology used to transmit items to us via the internet. We may provide minimum specifications for all such equipment or technology. You will ensure that the Scanners and other equipment used for the scanDeposit Services are operating properly and will inspect and verify the quality of the Image Files. We make no warranties or representations regarding the Scanners.

Scanners will only be used for scanDeposit Services at physical locations identified on the Authorization.

We will offer training support as reasonably required for your implementation of the scanDeposit Services. Any onsite training support will be on such terms and conditions as the parties agree, including reimbursement of our reasonable travel costs.

### **Risk Management and Periodic Audits**

You agree to cooperate with us to facilitate our adherence to regulatory guidance concerning risk management of remote deposit capture, including agreeing that we may require specific internal controls and periodically request additional information regarding your use of the scanDeposit Service. You will comply with requests for periodic audits as we deem necessary. Audits maybe in the form of (a) a request to complete a survey or assessment or (b) an onsite audit performed by us or our designated representative. You agree to provide us with notice of any significant changes to users, activity, security or policies relating to the scanDeposit Services. You will notify us of any security incidents or breaches at the physical location of the Scanners or equipment used for the scanDeposit Services.

### **Security Procedures**

You agree to destroy or cause to be destroyed all Scanned Checks no earlier than 14 Business Days after the Image Date and no later than 45 Business Days after the Image Date. You will store all Scanned Checks by bundling them by date and storing them in a locked file cabinet, safe, lockbox, or other form of secure storage. You will use a paper shredder with cross-cut shredding or destruction service to destroy all Scanned Checks.

You will establish and maintain procedures to assure the confidentiality and secrecy of passwords, Scanned Checks, and image Files, and will provide training to employees on the security procedures.

You are solely liable for any transactions that are made using a correct password regardless of whether you, in fact, authorized the transaction. You acknowledge and agree that this liability is based upon the fact that you are solely responsible for ensuring the secrecy of passwords and designating individuals who are authorized to use the scanDeposit Services.

## V.C. Sweep Services

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### Definitions

*Available Balance* means the balance of funds available pursuant to Bank's funds availability policy, which balance excludes any holds we place.

*Investment Account* means the interest bearing account designated by you in the Authorization Form, the terms of which are described in the account opening disclosure. Not all Investment Accounts are FDIC insured.

*Line of Credit* means the line of credit we extended to you that is specified in the Authorization Form.

*Master Account* means the demand deposit account designated by you as the Master Checking Account in the Authorization Form.

*Maximum Target Balance* means the Available Balance you designated as the Maximum Balance in the Authorization Form.

*Minimum Target Balance* means the Available Balance designated as the Minimum Balance in the Authorization Form for the specified Service.

*Sweep Services* means the Investment Sweep Service, the Line of Credit Sweep Service, and ZBA Sweep Service, each of which is a "Sweep Service."

*Sweep Increment* means the amount designated as the Sweep Increment in the Authorization Form for the specified Service.

*Target Balance* means any of the Maximum Target Balance, the Minimum Target Balance, the ZBA Maximum Target Balance, and the ZBA Minimum Target Balance.

*Zero Balance Account* (or ZBA Account) is a demand deposit sub-account of the Master Account designated by you in the Authorization Form.

*ZBA Maximum Target Balance* means the Available Balance for a Zero Balance Account designated on the Authorization Form as the Maximum Balance that you wish to maintain in the specified ZBA Account.

*ZBA Minimum Target Balance* means the Available Balance for a Zero Balance Account designated on the Authorization Form as the Minimum Balance that you wish to maintain in the specified ZBA Account.

### Line of Credit Sweep Service

If you request the Line of Credit Sweep Service ("Line of Credit Sweep Service") and we agree, you authorize and direct us and we agree to advance available funds on the Line of Credit and transfer those funds to the Master Account to pay checks and other items presented for payment and to maintain the Minimum and Maximum Target Balances, as applicable, in the Master Account.

After the close of each Business Day, at a time determined solely by us, we will determine the Available Balance in the Master Account.

If the Available Balance is not sufficient to cover any checks and other items presented for payment, we will transfer funds in Sweep Increments, first from the Investment Sweep Account, if any, and then from the Line of Credit if the available funds in the Investment Sweep Account are not sufficient to cover the presented items. If the amount of credit available under the Line of Credit is not sufficient to cover an item presented for payment, we may, in our sole discretion, either (i) reject any checks or other debit items drawn on the Master Account or (ii) accept any checks or other debit items drawn on the Master Account, even if such acceptance would bring the Master Account below the Minimum Target Balance. We may decide in its sole discretion which checks or other debit items to accept or reject and the order in which to accept or reject any such debit items. Any debit items we dishonor and any overdrafts are subject to our standard fees for non-sufficient funds (NSF) and other charges.

If the Available Balance, after debiting any items presented for payment, is greater than the Maximum Target Balance, we will debit the Master Account in Sweep Increments for the amount of any unpaid principal under the Line of Credit, up to the amount of the excess above the Maximum Target Balance, and apply the amount of the debit to the unpaid principal balance of the Line of Credit. If the Available Balance, after debiting any items presented for payment, is less than the Minimum Target Balance, we will transfer funds from the Line of Credit in Sweep Increments, to bring the balance of the Master Account to the Minimum Target Balance.

If you have also requested the Investment Sweep Service, and the Available Balance is above the Maximum Target Balance after debiting any items presented for payment, we will process debits and transfers in the following order and according to the following terms: (i) debit the Master Account in Sweep Increments for the amount of any unpaid principal under the Line of Credit, up to the amount of the excess above the Maximum Target Balance, and apply the amount of the debit to the unpaid principal balance of the Line of Credit, (ii) if there is no unpaid principal balance under the Line of Credit or, the Available Balance remains above the Maximum Target Balance after debiting the amount of the unpaid principal under the Line of Credit, we will transfer in Sweep Increments the remaining amount above the Maximum Target Balance to the Investment Sweep Account.

If you have also requested the Investment Sweep Service, and the Available Balance is below the Minimum Target Balance after debiting any items presented for payment, we will process debits and transfers in the following order and according to the following terms: (i) debit the Investment Account in Sweep Increments and transfer the funds to the Master Account to bring the Available Balance of the Master Account to the Minimum Target Balance; and, (ii) if the Available Balance remains below the Minimum Target Balance after transferring funds from the Investment Account, we will transfer from the Line of Credit in Sweep Increments the remaining amount below the Minimum Target Balance to the Master Account.

We will not debit the Master Account for any accrued interest under the Line of Credit in connection with the Line of Credit Sweep Service, but this will not affect our right to set off against any account, including the Master Account, any amount due us under the Line of Credit and we expressly reserve such right of setoff.

We will not make any advance under the Line of Credit if the Line of Credit has expired, or if you are in default under the Line of Credit or any other debt or obligation owed to us and we reserve the right to suspend or cancel the Line of Credit Sweep Service without prior notice in the event of any such default.

### **Zero Balance Account (ZBA) Sweep Service**

If you have requested the Zero Balance Account Sweep Service ("ZBA Sweep Service") and we have agreed, you authorize and direct us and we agree after the close of each Business Day, at a time determined solely by us, to determine the Available Balance in the ZBA Accounts and to transfer in Sweep Increments any amount above the Maximum Target Balance Excess to the Master Account. We will also transfer available funds from the Master Account to any ZBA Account to pay debit items presented for payment against the ZBA Account in order to maintain the ZBA Accounts at the ZBA Minimum Target Balance.

You will designate the Master Account and ZBA Accounts in the Authorization Form. You may change the designated Master Account and ZBA Accounts and may add or delete ZBA Accounts by providing us with oral or written notice conforming to our specified security procedures. We will make requested changes within a reasonable time following receipt of such notice.

If the Available Balance in a ZBA Account is less than the ZBA Minimum Target Balance, we will transfer from the Master Account to the ZBA Account in Sweep Increments the amount of funds necessary to restore the balance in the ZBA Account to the ZBA Minimum Target Balance. If the Available Balance in the Master Account is insufficient to restore the balance in a ZBA Account to the ZBA Minimum Target Balance, a lesser amount may be transferred in our sole discretion. In no event will the amount transferred exceed the remaining Available Balance in the Master Account.

You will maintain sufficient available funds in the Master Account to cover the aggregate debits made to the ZBA Accounts and to allow the ZBA Accounts to be left with the ZBA Minimum Target Balance at the end of each Business Day. If there are not sufficient available funds in the Master Account, we may, in its sole discretion, either (i) reject any checks or other debit items drawn on any ZBA Account or (ii) accept any checks or other debit items drawn on a ZBA Account, even if such acceptance would bring the ZBA Account below the ZBA Minimum Target Balance. We may decide in our sole discretion which checks or other debit items to accept or reject and the order in which to accept or reject any such debit items. If we must reverse a provisional credit and such reversal causes the Master Account to have a negative balance, you agree that we may reverse the transfer of any funds, in whole or in part, between the ZBA Account and Master Account and then reject any items not finally paid. Any debit items we dishonor and any overdrafts are subject to our standard fees for NSF and other charges.

### **Investment Sweep Service**

If you have requested the Investment Sweep Service ("Investment Sweep Service") and we have agreed, you authorize and direct us and we agree to transfer funds between the Master Account and the Investment Account in order to pay checks and other items presented for payment and to maintain the Minimum and Maximum Target Balances, as applicable, in the Master Account.

After the close of each Business Day, at a time determined solely by us, we will determine the Available Balance in the Master Account.

If, after debiting the Master Account for all items presented for payment the Available Balance is greater than the Maximum Target Balance, we will transfer the amount over the Maximum Target Balance to the Investment Account in Sweep Increments.

If, after debiting the Master Account for all items presented for payment the Available Balance is less than the Minimum Target Balance, we will transfer funds from the Available Balance of the Investment Account to bring the Available Balance in the Master Account to the Minimum Target Balance in Sweep Increments. In no event will the amount transferred from the Investment Account exceed the Available Balance in the Investment Account. If the amount transferred from the Investment Account is not sufficient to cover an item presented for payment, we may, in our sole discretion, either (i) reject any checks or other debit items drawn on the Master Account or (ii) accept any checks or other debit items drawn on the Master Account, even if such acceptance would bring the Master Account below the Minimum Target Balance. We may decide in our sole discretion

which checks or other debit items to accept or reject and the order in which to accept or reject any such debit items. Any debit items we dishonor, and any overdrafts are subject to our standard fees for NSF and other charges.

We do not guarantee any particular rate of return on the investments made in the Investment Account.

### **Target Balances**

You may change a Target Balance at any time, subject to our approval, by executing and delivering to us a new Authorization Form. We will have two Business Days following receipt of the new Authorization Form to either notify you that the new Target Balance is not acceptable or to implement the new Target Balance. In our sole discretion, we may change a Target Balance at any time effective upon delivery of written notice (including electronic notice) to you.

### **Miscellaneous**

We may, in our sole discretion, refuse to complete any transfer of funds described in this Agreement if: (i) we, in our sole discretion, or a regulatory agency with supervision over us, determines a transfer is illegal or unsafe or unsound practice; (ii) you have filed for bankruptcy protection; (iii) the funds are subject to hold, setoff, third-party claim, dispute, legal process, or are otherwise unavailable for transfer; (iv) there are insufficient Available Funds to make the transfer; or (v) you are in breach of any agreement with us.

We will not be liable for any losses or expenses incurred by you due to our rejection or acceptance of any items presented for payment, due to insufficient funds in your Master Account, or our failure to transfer funds between any of the accounts described in this Agreement.

### **V.D. Direct Connect**

Intuit's Direct Connect™ service ("Direct Connect") allows QuickBooks™ to communicate directly with our system on your behalf to (1) automatically download transactions and match them with existing transactions; and (2) initiate internal transfers. You may enroll in Direct Connect by contacting us.

We may restrict access to certain Deposit Accounts via Direct Connect and may establish additional security procedures for enrollment in Direct Connect and authorization of any transactions involving Deposit Accounts connected to Direct Connect. All access to your Deposit Account(s) using Direct Connect must be done using an active User Password and associated user identification.

It is your responsibility to purchase and install QuickBooks™. Your use of QuickBooks™ is governed by the software license agreement included with QuickBooks™. You must agree to the terms and conditions of such licensing agreement prior to enrolling in Direct Connect. You are responsible for the correct setup and installation of QuickBooks™ as well as maintenance, updates and upgrades to QuickBooks™ and/or your Computer. We make no warranties nor accept any liability for QuickBooks™. We are not responsible for any problems related to QuickBooks™ itself, your Computer or your ability to connect using QuickBooks™ as described herein. You are responsible for all transfers that you authorize using QuickBooks™. If you permit other persons to access the services using QuickBooks™, you are responsible for all transactions they authorize. You must establish your own internal security procedures for employees that you authorize to use the services via QuickBooks™ and to prevent unauthorized use by other employees or persons. You should verify all Deposit Account data obtained and transactions executed on your Deposit Accounts using QuickBooks™. Our records of transactions, instructions and communications regarding your Deposit Accounts and use of the services supersedes any records stored or created on your computer equipment through the use of QuickBooks™. You are responsible for any and all obligations to any software vendor arising from your use QuickBooks™.

## VI. GENERAL TERMS

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These terms apply to all Treasury Services.

### Fees

You agree to pay all account fees and charges for Treasury Services in accordance with the *Fee Schedules*. We reserve the right to change fees for any Treasury Service. You agree that any fees may be deducted automatically from your account (or any other account you have with us if there are insufficient funds in that account).

### Privacy

We are committed to protecting your privacy. All information we gather from you in connection with using Treasury Services will be governed by the provisions of the Washington Federal Privacy Policy as set out in our Privacy Notice and our Online Privacy Policy.

### Liability Provisions; No Warranties

#### Your Liability

You agree that we are entitled to rely on and deem the use of your User Passwords to gain access to Treasury Prime and Treasury Express as your authorization for every transaction involving any Eligible Account until you have notified us of any possible unauthorized use or transactions. Neither we nor our service providers or affiliates will have any liability to you for any unauthorized payment or transfer made using your User Passwords that occurs before you have notified us of possible unauthorized use and we have had a reasonable opportunity to act on that notice. Authorization of transfer requests and payment requests through Treasury Prime and Treasury Express by means of your User Passwords shall be considered the same as your signed authorization and instruction for us to perform any and all actions relating to the requested transaction. You agree to be bound by any transaction on any of your Eligible Accounts using Treasury Prime or Treasury Express that is initiated by means of your User Passwords and accepted by us in accordance with the security procedure outlined in this Agreement or disclosed to you online, regardless of whether or not you actually authorized the transaction. You agree not to attempt to use

Treasury Prime or Treasury Express to make a transfer if you have reason to believe the service is not functioning properly.

### **System Unavailability and Force Majeure**

Treasury Prime and Treasury Express may be unavailable when systems require maintenance or upgrades or major unforeseen events occur, such as earthquakes, fires, floods, computer failures, interruptions in telephone service, electrical outages, civil unrest or riots, war or acts or threatened acts of terrorism or other circumstances beyond our control. In the event you or we fail to perform our obligations under this Agreement as a consequence of such an event, such failure shall not be considered a breach of this Agreement and the disabled party will use its best efforts to meet its obligations under this Agreement.

### **Limitations on Our Liability**

Notwithstanding any other provision in this Agreement, and to the fullest extent permitted by applicable law, neither we, our service providers nor any of our affiliates will be liable, and you release and waive any and all claims against all of them, for any and all losses, damages or costs incurred by you or by any other person, arising from or relating to any of our acts or omissions, or those of our service providers or affiliates, whether under this Agreement or otherwise, in connection with the Treasury Services or any Eligible Account (including, but not limited to, improper calculation or processing; transfer of funds or failure to transfer; dishonor or failure to dishonor; payment, stop payment, or failure to pay or stop payment; processing of electronic transfer entries; or loss or delay of electronic transfer entries, items, instruments, input data and materials during transfer to or from us) unless you prove that such losses, damages or costs resulted solely from our bad faith or gross negligence or from breach of this Agreement; provided, however, to the fullest extent permitted by applicable law, neither we, our service providers nor any of our affiliates will be liable to you or any other person for any of the following:

- For any failure to make a transfer or payment when your Eligible Account is frozen, or funds are otherwise unavailable under the terms of your Business Account Agreement;
- For any losses, damages or costs, relating to or in any way arising out of the use of the Treasury Services or the installation, use, or maintenance of your Computer or Software;
- For any losses, damages or costs arising from or relating to your failure to maintain the confidentiality and security of your User Passwords, or any other information that enables any other person to gain access to your Eligible Accounts or Treasury Prime; and
- For any losses, damages or costs arising from or relating to your failure to receive notices and other communications we sent to your current address or email address shown on our records, regardless of whether the address on that communication included any designation for delivery to the attention of any particular individual.
- Your sole remedy under this Agreement for any errors we made in completing any transfer or bill payment you have authorized through Treasury Prime in accordance with this Agreement, the applicable Account Agreements, and applicable law shall be limited as follows:
  - If the payment or transfer is not made or is delayed, or if a payment or transfer is made in an erroneous amount that is less than the amount authorized by your instructions, unless otherwise required by law, our liability, and the liability of our service providers and affiliates will be limited to correcting the transfer or payment.
  - If the payment or transfer is made in an erroneous amount that exceeds the amount provided in your instructions, or we permit an unauthorized payment or transfer after you have provided notice and we have had a reasonable time to act on your notice, unless otherwise required by law, our liability, and the liability of our service providers and affiliates will be limited to a refund of the amount erroneously paid or transferred.

The limitations on our liability, and the liability of our service providers and affiliates provided in this Agreement are in addition to, and shall not diminish, any limitations on liability contained in any applicable Account Agreement or any other agreement between you and us.



We agree to make reasonable efforts to ensure the full performance of Treasury Prime and Treasury Express. We will be responsible for acting only on those instructions that are actually received and cannot assume responsibility for malfunctions in communications facilities not under our control that may affect the accuracy or timeliness of messages you send. We are not responsible for any losses or delays in transmission of instructions arising out of the use of any Internet service provider, your connection to the Internet, your Computer, your Mobile Device, or caused by any browser software.

We are not responsible for any indirect, special, incidental or consequential damages arising in any way out of your use of the Treasury Services. In states that do not allow the exclusion or limitation of liability for indirect, special, incidental or consequential damages, our liability is limited to the maximum extent permitted by applicable law.

WE MAKE NO EXPRESS OR IMPLIED WARRANTIES CONCERNING THE TREASURY SERVICES, TREASURY PRIME, OR TREASURY EXPRESS, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF A THIRD PARTY'S PROPRIETARY RIGHTS, OR COMPLIANCE WITH REGULATION E OR ANY OTHER APPLICABLE RULES OR REGULATIONS, UNLESS DISCLAIMING SUCH WARRANTIES IS PROHIBITED BY APPLICABLE LAW.

### **Indemnification**

Except to the extent that we are liable under the terms of this Agreement or another agreement governing the applicable Eligible Account or Treasury Service, you agree to indemnify, defend, and hold us, our affiliates, officers, directors, employees, consultants, agents, service providers, and licensors harmless from any and all third-party claims, liability, damages, and/or costs (including but not limited to reasonable attorney's fees) arising from:

- a third-party claim, action, or allegation of infringement, misuse, or misappropriation based on information, data, files, or other materials submitted by you to us;
- any fraud, manipulation, or other breach of this Agreement;
- your violation of any law or rights of a third party; or
- your use of Treasury Services.

We reserve the right, at our own expense, to assume the exclusive defense and control of any matter otherwise subject to indemnification by you, in which event you will cooperate with us in asserting any available defenses. You will not settle any action or claims on our behalf without our prior written consent. This indemnification is provided without regard to whether our claim for indemnification is due to your use of Treasury Services or the use by your authorized representative or delegate.

### **Notices and Communication**

#### **Generally**

Except as expressly provided otherwise in this Agreement, we will provide you notices and other information regarding your Eligible Accounts or Treasury Services (collectively "Account-Related Information") through mail, electronically, or by other means available. This information will be sent to the postal or electronic address ("Electronic Address") of the Owner of the applicable Eligible Account or Treasury Service as reflected in our records, unless a different postal or electronic address has been specified in accordance with procedures we may establish from time to time. The Electronic Address may be an e-mail address, other Internet address, text messaging number, or other electronic access address provided to us in accordance with this Agreement. Account-Related Information posted on our Website will be deemed to be delivered to, and received by, you at the time that we display it to you, or send notice in accordance with this Agreement that it is posted on our Website, as applicable. The person receiving the notice is responsible for providing copies of all Account-Related Information to all joint Owners. We reserve the right at all times to communicate all Account-Related Information to you through the U.S. Postal Service or overnight courier, at our sole option.



### Electronic Delivery and Communication

Unless otherwise required by applicable law, if we are required to provide you with information in writing, we may, at our option, provide it:

- by sending it to your Electronic Address;
- by posting the information on our Website or to your Treasury Prime File Vault, and sending you a notice to your Electronic Address (either separately or as part of an account statement) telling you that the information has been posted and providing instructions on how to view it; or
- by posting the information to our Website.

At any time, you may request a paper copy of any communication which has been delivered electronically. Paper copies may be acquired by contacting us by phone at 1-877-423-9742 or 206-626-8108, by email to [casc@wafd.com](mailto:casc@wafd.com), by U.S. Mail at Washington Federal, Attn: Commercial Account Service Center, 5777 N Meeker Ave, Boise, ID 83713, or by visiting your local branch. Fees may apply.

You agree that we may from time to time make telephone calls and send text messages to you in order for us to: (i) service your accounts; (ii) collect any amount you may owe; or (iii) discuss our relationship, products and services with you. The ways we may call you include using prerecorded/artificial voice messages and through the use of an automatic telephone dialing system. The ways we may send text messages to you include through the use of an automatic telephone dialing system. We may call you and send text messages to your telephone number, including mobile/cellular telephone numbers that could result in charges to you.

### Returned, Unclaimed Account-Related Information

Unless otherwise prohibited by the laws governing your Eligible Account or Treasury Service, this section applies if two or more separate Account-Related Information documents are returned or, in the case of electronic notifications, one or more notices are returned as undeliverable. This means we may discontinue sending Account-Related Information or electronic notifications to you until you provide a valid postal or Electronic Address to us.

Additionally, we may, at our sole option:

- destroy Account-Related Information that is sent to you and returned to us as undeliverable; or
- discontinue sending the Account-Related Information through the delivery channel generating returns and utilize an alternative delivery channel.
- For example, if we are sending your Account-Related Information to you via the U.S. Postal Service, and the information is returned to us as undeliverable on two or more occasions, we may attempt to deliver the information to your Electronic Address, instead.

### Address Changes

You agree that you will notify us immediately in the event of a change to your address or Electronic Address. Address changes may be initiated at your request. You may instruct us to change the address or Electronic Address to which we send notices or Account-Related Information concerning your Account at any time. You may update your e-mail address information by logging in to Treasury Prime or Treasury Express and clicking on the "Administration" menu. You can only update your physical address by contacting your branch, sending us notice by U.S. Mail, or contacting the Commercial Account Service Center. Unless you instruct us otherwise, when you notify us of an address change for a specified account, we may change the postal or Electronic Address, as applicable, for all or some of your other account(s) with us.

### Implementation of Notices

Any notice you send us will not be effective until we actually receive it and have a reasonable opportunity to act on it. If there is more than one Owner on your Eligible Account, we may send Account-Related Information to any one of them. You assume the risk of loss in the mail or otherwise in transit. Any notice or Account-Related Information we send you will be effective when mailed, sent electronically or otherwise made available to you.

## Availability of Services; Business Days

You may access our Website 24 hours a day, every day except during Website maintenance, modification, or account update periods, when unexpected problems arise such as problems with internet connections, capacity, or the like, and when we, in our sole discretion, make all or part of it unavailable. Also, some Treasury Services are only available on Business Days. Accordingly, even though you can request at any time that we perform a service, we cannot necessarily process it immediately, and sometimes we will wait until the appropriate Business Day to act upon some of your requests. All requests that, for any reason, are not completed on that Business Day will be completed on the next Business Day, unless some other date has been designated by a prior arrangement with you, or unless otherwise provided for in the Agreement.

## Amendments to this Agreement

**Except as otherwise required by law, we may in our sole discretion change the terms of this Agreement from time to time and at any time. This may include adding new or different terms to, or removing terms from, this Agreement.** We reserve the right to change the terms and conditions of this Agreement at any time. We will update this Agreement on the Website and we may notify you of such changes by mail or electronic message to your most recent addresses listed on our records. The notice will be posted or sent at least 15 days in advance of the effective date of any additional fees, any stricter limits on the type, amount or frequency of transactions or any increase in your responsibility for unauthorized transactions, unless we determine in our sole discretion an immediate change is required for security purposes. By using the Treasury Services when such changes become effective, you agree to be bound by the revised terms and conditions contained in this Agreement. You can decline the changes by discontinuing use of the Treasury Services and notifying us of your election by phone at 1-877-423-9742 or 206-626-8108, by email at [casc@wafd.com](mailto:casc@wafd.com), or by US mail at Washington Federal, Attn: Commercial Account Service Center, 5777 N Meeker Ave, Boise ID 83713, or by visiting your local branch. Changes to fees or terms applicable to Eligible Accounts are governed by the agreement otherwise governing the applicable account. Except as otherwise required by law, any change to this Agreement applies only to transactions that occur, or claims that arise, after the amendment becomes effective.

## Termination of this Agreement

Unless otherwise required by applicable law, either you or we may terminate this Agreement, any Treasury Service, or your access to any Eligible Account through Treasury Prime, Treasury Express, or any Treasury Service, at any time without notice.

Access to a Treasury Service or an Eligible Account through Treasury Prime, Treasury Express, or any Treasury Service, may be suspended or reinstated by us, at our discretion, at any time. If reinstated, the then current terms of this Agreement will control. You may request reinstatement of an Eligible Account or Treasury Service by calling Washington Federal Commercial Account Service Center at 1-877-423-9742 or 206-626-8108 or by visiting your local branch.

If you do not access your Eligible Accounts through Treasury Prime for a period of 180 consecutive days, we may terminate your Treasury Prime service, including any Treasury Service accessed through the Treasury Prime, without prior notice to you. If you do not access your Eligible Accounts through Treasury Express for a period of 180 consecutive days, we may terminate your Treasury Express service, including any Treasury Service accessed through the Treasury Express, without prior notice to you.

If you wish to cancel any of your Treasury Services, contact us by phone at 1-877-423-9742 or 206-626-8108, by email at [casc@wafd.com](mailto:casc@wafd.com), by U.S. mail at Washington Federal, Attn: Commercial Account Service Center, 5777 N Meeker Ave, Boise, ID 83713, or by visiting your local branch.

All applicable provisions of this Agreement will survive termination by either you or us, including, without limitation, provisions related to intellectual property, warranty disclaimers, limitations of liability, indemnification, and the miscellaneous provisions.

## Governing Law and Attorney Fees

Each of your Eligible Accounts and Treasury Services will be governed by the laws described in the agreements you have with us regarding those Eligible Accounts or Treasury Services (for example, your Business Account Agreement). This Agreement is governed by federal law and the laws of the state of Washington, without regard to conflict-of-law rules. In any legal action or claim arising out of or relating to this Agreement, the prevailing party will be entitled to recover costs and reasonable attorney fees. Subject to applicable law, you agree that any action in relation to an alleged breach of this Agreement shall be commenced within one year of the date of the breach, without regard to the date the breach is discovered.

## Proprietary Rights

Other than your personal account information, all content included or available on the Website, such as advertisements, text graphics, logos, button icons, images, audio clips, and software, is the property of Washington Federal, and third parties where applicable, and is protected by copyrights, trademarks, or other intellectual and proprietary rights. The compilation (meaning the collection, arrangement, and assembly) of all content on the Website is the exclusive property of Washington Federal and its licensors and is protected by copyright or other intellectual property rights.

The trademarks, logos, and service marks displayed on the Website (collectively the "Trademarks") are the registered and unregistered trademarks of Washington Federal, or third parties. Under no circumstances may you use, copy, alter, modify, or change these Trademarks. Nothing contained on the Website should be construed as granting by implication or otherwise any license or right to use any Trademark without our express written permission, or the express written permission of the third party that has rights to such Trademarks, as appropriate.

## Entire Agreement

In combination with other Account Agreements, this Agreement represents the agreement between you and us regarding the Treasury Services and merges, replaces, and supersedes all previous and contemporaneous written or oral agreements and understandings regarding the Treasury Services. Each of the rules, terms, and conditions set forth in this Agreement stand alone. Any term or condition contained in this Agreement which is inconsistent with the laws governing the Treasury Services will be deemed to have been modified by us and applied in a manner consistent with such laws. Except as otherwise expressly provided in this Agreement, if any provision of this Agreement is held to be invalid or otherwise unenforceable, the remainder of the provisions will remain in full force and effect and will in no way be invalidated or otherwise affected.

## Bank Waivers

Our failure to act with respect to a breach by you or others does not waive our right to act with respect to subsequent or similar breaches.

## Jury Trial Waiver

YOU AND WE EACH AGREE THAT NEITHER YOU NOR WE SHALL (A) SEEK A JURY TRIAL IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR ANY OTHER ACTION BASED UPON, OR ARISING OUT OF, THIS AGREEMENT OR ANY ACCOUNT OR THE DEALINGS OF THE RELATIONSHIP BETWEEN YOU OR US, OR (B) SEEK TO CONSOLIDATE ANY SUCH ACTION IN WHICH A JURY TRIAL CANNOT BE OR HAS NOT BEEN WAIVED. THE PROVISIONS OF THIS SECTION SHALL BE SUBJECT TO NO EXCEPTIONS. NEITHER YOU NOR WE HAVE AGREED WITH OR REPRESENTED TO THE OTHER THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES. YOU AND WE EACH ACKNOWLEDGE THAT THIS WAIVER HAS BEEN KNOWINGLY AND VOLUNTARILY MADE.

## VI. DEFINITIONS

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**Authorization Form** means a Bank approved form designating the Online Administrator and any addenda or other written documents specifying limits, dollar thresholds, and approval requirements with respect to Treasury Services.

**Authorized Signer** has the meaning given that term in the Business Account Agreement.

**Available Balance** and **Available Funds** means funds on deposit in an Eligible Account and available for withdrawal, less monetary holds, pursuant to Regulation CC and our applicable funds availability schedule and policies.

**Business Account Agreement or Account Agreement** means the Business Deposit Agreement and Disclosures, as amended from time to time.

**Business Day** means Monday through Friday, excluding federal banking holidays.

**Commercial** means, with respect to an account, an account established for purposes other than personal, family or household and designated by us as commercial.

**Deposit Account** means a checking, savings, money market or certificate of deposit account that you have established with us primarily for business purposes.

**Eligible Account** means an Eligible Deposit Account or Eligible Loan Account.

**Eligible Deposit Account** means a Deposit Account that is accessible through Treasury Prime or Treasury Express.

**Eligible Loan Account** means Loan Accounts that are accessible through Treasury Prime.

**Fee Schedules** means the Schedule of Business Fees and Service Charges, the Schedule of Commercial Fees and Transactions, and Analyzed Fees Schedule, as amended from time to time.

**Loan Account** means your commercial loan accounts.

**Mobile Device** means a smartphone or tablet running either an Apple, Google Android, or Windows operating system.

**Online Administrator** means the individual designated in your Authorization Form as the online administrator of Treasury Prime or Treasury Express.

**Owner** means the business organization designated in our records as an owner of an Eligible Account.

**Transaction Processing Day** means a Business Day or any other day that we process transactions.

**User Password** means the password of the Online Administrator and any passwords created by the Online Administrator for secondary users of Treasury Prime or Treasury Express.

**Website** means Washington Federal's website and other websites and webpages maintained by us and accessible through wafdbank.com.



NMLSR #410394

[wafdbank.com](http://wafdbank.com)

**CITY COUNCIL****AGENDA BILL # AB23-0102**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

ITEM INFORMATION			
<b>SUBJECT:</b>  <b>Ordinance 1227-23, Water Rates</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator	x	
	City Attorney		x
	City Clerk		
	Finance Dept		x
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline: 1 <sup>st</sup> review – 11/13/23	Planning Commission		
2 <sup>nd</sup> review – 11/27/23	Civil Service Committee		
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: Draft Ordinance 1227-23; Auburn Rate Increase Notice and Ordinance; Rate Worksheet</b>			
<b>SUMMARY STATEMENT:</b> The City has received notice that Auburn will be raising the wholesale water rate by 2.5%. The last water rate increase was also for 2.5% and took effective January 2022.  A typical utility bill with no extra consumption is \$134.57. With the 2.5% increase, it would be \$135.53. With a 5.75% sewer rate increase, it would be \$140.10 (See proposed Ordinance 1228-23).			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
<b>RECORD OF COUNCIL ACTION</b>			
<i>Meeting Date:</i>		<i>Action:</i>	<i>Vote:</i>

# CITY OF ALGONA, WASHINGTON

## ORDINANCE NO. 1227-23

### AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ALGONA, WASHINGTON, AMENDING CHAPTER 2.50 OF THE ALGONA MUNICIPAL CODE TO INCREASE WATER RATES EFFECTIVE JANUARY 1, 2024; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.

WHEREAS, the City of Algona owns and operates a municipal water utility, and has adopted rates and charges for water service that are codified at Chapter 2.50 AMC; and

WHEREAS, the City's water utility obtains its water supply from the City of Auburn; and

WHEREAS, the City of Auburn will be increasing its own rates for water provided to the City of Algona; and

WHEREAS, it is necessary for the City to increase its own water service charges in order to reflect and account for the increased costs of obtaining water from the City of Auburn;

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

Section 1. AMC Section 2.50.030 Amended. Algona Municipal Code Section 2.50.030 (Water service charges) is hereby amended to provide in its entirety as follows:

#### **2.50.030 Water service charges.**

A. The water service charge for each metered and un-metered use per month shall be as follows:

Size of Service	Quantity Allowed Per Month	Monthly Service Charge
3/4-inch metered residential	400 cubic ft.	<del>\$34.79</del> <u>\$35.66</u>
Multiple residential units (apartments, duplexes, etc.)	400 cubic ft. per unit	<del>\$34.79</del> <u>\$35.66</u> per unit
Residential units where water has been disconnected per Section 13.02.200	0 cubic ft.	\$22.00

<u>Metered Bulk Rate</u>		<del>\$63.24</del> + <del>\$3.32</del> <del>\$64.82</del> + <del>\$3.40</del> per 100 cubic
Commercial/industrial up to one-inch meter	400 cubic ft.	<del>\$36.40</del> <u>\$37.00</u>

Commercial/industrial one-inch meter	400 cubic ft.	<del>\$40.57</del> <u>\$41.58</u>
Commercial/industrial two-inch meter	400 cubic ft.	<del>\$45.31</del> <u>\$46.44</u>
Commercial/industrial three-inch meter	400 cubic ft.	<del>\$49.34</del> <u>\$50.57</u>
Commercial/industrial four-inch meter	400 cubic ft.	<del>\$52.77</del> <u>\$54.09</u>

B. For all residential uses, the water service charge shall be billed monthly. Actual water consumption for residential uses shall be billed on a monthly basis for each one hundred cubic feet consumed over the quantity allowed at the following rates: (1) Four hundred and one (401) to one thousand (1,000) cubic feet shall be charged ~~three dollars and thirty two cents (\$3.32)~~ three dollars and forty cents (\$3.40) per cubic foot. (2) One thousand one (1,001) cubic feet to one thousand five hundred (1,500) cubic feet shall be charged ~~three dollars and seventy six cents (\$3.76)~~ three dollars and eighty five cents (\$3.85) per cubic foot, and (3) Each one hundred cubic feet over one thousand five hundred and one (1,501) shall be charged at ~~four dollars and twenty cents (\$4.20)~~ four dollars and thirty one cents (\$4.31) per cubic foot.

C. For all commercial/industrial uses, the water service charge shall be billed monthly. Actual water consumption shall be billed on a monthly basis for each one hundred cubic feet consumed over the quantity allowed at ~~four dollars and ten cents (\$4.10)~~ four dollars and twenty cents (\$4.20) per one hundred cubic feet.

D. Multiple Residential Units. Each duplex or apartment unit will be billed as though separately connected to the main.

E. Building lots which have been granted a conditional use permit to allow more than one dwelling on one service will be billed as though separately connected to the main.

Section 2. Severability. Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or



federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

Section 3.      Effective Date. This ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force five (5) days after the date of publication; provided, that the amendments set forth in Section 1 of this ordinance shall take effect January 1, 2024.

ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE \_\_\_\_\_ DAY OF \_\_\_\_\_, 2023.

CITY OF ALGONA

\_\_\_\_\_  
Troy Linnell, Mayor

ATTEST/AUTHENTICATED:

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Jessica Griess  
City Clerk

Approved as to form:

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J. Zachary Lell, City Attorney

Filed with the City Clerk:  
Passed by the City Council:  
Ordinance No.: 1228-23  
Date of Publication:

**To:** Ingrid Gaub, P.E. Director of Public Works, City of Auburn**Date:** June 26, 2023**From:** Angie Sanchez Virnoche, Principal, FCS GROUP**CC:** Frank Downard, Ryan Vondrak**RE** Wholesale Rate Update

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## INTRODUCTION

A Wholesale Water Rate Update is part of the 2022 contracted services with the City of Auburn under the Water, Sewer, and Storm Utilities Rate Study. The rate update is consistent with wholesale service agreements in effect and incorporates current conditions. The update uses the previously established wholesale rate study methodology for assignment of eligible asset infrastructure and utility operating costs.

The City currently has two wholesale water agreements in effect. One of the agreements is to provide permanent wholesale water services to the City of Algona (Algona). The other agreement is to provide interruptible wholesale service to Lake Meridian Water District (LMWD).

For both types of wholesale customers (permanent and interruptible) the City of Auburn charges wholesale rates that reflects the cost of providing the specific type of wholesale water service, with wholesale costs of service analyzed in the context of the overall City cost of water service. The cost-of-service analysis completed for this study is in accordance with the requirements of both Agreements.

## WHOLESALE RATE UPDATE

The wholesale rate methodology used to establish and update wholesale rates is the Utility Basis approach. This approach recovers applicable operating and maintenance costs, plus a capital cost recovery based on the original cost of capital investment committed to the wholesale customer's service. The capital cost recovery includes two components: depreciation of fixed assets and a rate of return on the net investment or book value of those wholesale serving assets. The three key wholesale rate components are summarized below:

- ***Operating and Maintenance Expenses (O&M)*** – related to ongoing maintenance and operation of eligible assets.
- ***Annual Depreciation Expense*** – of eligible fixed assets related to the loss in value of facilities, not restored by current maintenance, due to wear and tear, decay, and obsolescence as useful life is consumed.
- ***Return on Investment*** – applied to net system investment intended to pay the annual interest cost of debt capital and provide owner equity return for the facilities used to provide water service.

## WHOLESALE RATE UPDATE

The purpose of a cost-of-service analysis is to provide a rational basis for distributing the eligible costs of utility service to each customer based on the facilities used to deliver water service and in proportion to the demands they place on the system. The following list highlights some of the key documents and assumptions used in the development of the wholesale water rate update.

- 2022 operations and maintenance (O&M) budget, projected forward for the 2023 test year
- Debt service balance through 12/31/2022 (to calculate the weighted average cost of capital)
- Booked fixed assets through 12/31/2021 including original cost, accumulated depreciation, and annual depreciation
- Customer use and revenue for 2022
- Contract capacity demands per Agreements

## Basis of Cost Allocation

Cost allocation is accomplished by developing customer specific allocation factors identifying characteristics including number of accounts, contracted peak demand, actual consumption levels, and share of eligible fixed assets. Allocation factors used in the wholesale rate update are summarized in **Exhibit 1**.

**Exhibit 1: Summary of Key Allocation Factors**

Allocation Factors				
	Algona	LMWD	Retail	Total
Accounts	0.0%	0.0%	100.0%	100.0%
Fixed Asset Allocation	2.0%	4.6%	93.4%	100.0%
% of Usage	5.7%	0.0%	94.3%	100.0%
Conservation	2.0%	0.0%	98.0%	100.0%
Contracted Demand Capacity	5.6%	12.6%	81.7%	100.0%

*Notes: Algona few accounts do not show up due to rounding.*

## Allocation of Assets and Costs Relevant to Wholesale Water Customers

The City's water system asset schedule drives several calculations in the wholesale rate calculation, including both the allocation of capital assets (depreciation) and the allocation of asset-related operating costs to functions of service (and ultimately to wholesale customers). The 2023 rate update is based on plant-in-service for year-end 2021. A detailed asset-by-asset review was completed with the assistance of staff identifying assets by function as shown in **Exhibit 2** (e.g., Supply/Treatment, Storage, Pumping, Transmission/Distribution, etc.).

**Exhibit 2: Total Existing System Assets**

Functional Category	Total
<b>Original Cost</b>	
1 - Supply/Treatment	\$ 46,221,039
2 - Pumping	9,919,079
3 - Storage	9,850,524
4 - Transmission & Distribution	100,882,465
5 - Meters & Services	7,261,201
6 - Hydrants	1,126,857
7 - General Plant	1,736,399
8 - Customer	62,150
<b>Total Eligible Existing Assets</b>	<b>\$ 177,059,713</b>

The total system assets of \$177.1 million are adjusted for contributed assets of \$43.5 million and accumulated depreciation of \$56.4 million to determine the net book value of system assets. **Exhibit 3** provides the functional detail of the calculated net book value (“rate base”) of non-donated assets.

**Exhibit 3: Functional Net Book Value (Rate Base)**

Net Book Value (non-Donated Assets)	Total
1 - Supply/Treatment	\$ 31,684,234
2 - Pumping	6,685,101
3 - Storage	4,631,462
4 - Transmission & Distribution	31,141,809
5 - Meters & Services	2,819,133
6 - Hydrants	23,286
7 - General Plant	179,348
8 - Customer	300
<b>Net Book Value (Rate Base)</b>	<b>\$ 77,164,673</b>

During the detailed asset-by-asset review, staff identified which individual assets are used to provide wholesale service. Assets within each functional category were allocated to wholesale or City retail customers using the allocation basis shown in **Exhibit 4**.

**Exhibit 4: Fixed Asset Allocation Basis**

Functional Category	Allocation Basis
1 - Supply/Treatment	Share of system peak demand or Retail only
2 - Pumping	Share of system peak demand or Retail only
3 - Storage	Share of peak demand excluding Algona, contracted share of Lakeland Hills Reservoir, or Retail Only
4 - Transmission & Distribution	Retail only, Algona only or share of peak demand excluding Algona
5 - Meters & Services	Retail Only or Algona Only
6 – Hydrants	Retail Only
7 - General Plant	Retail Only or Common to All
8 – Customer	Retail Only or Customer Billing System

## WHOLESALE RATE UPDATE: ALGONA

The allocated costs in the wholesale update for Algona include consideration that permanent wholesale water service is provided. The eligible assets and applicable operating and maintenance costs that comprise the return on rate base, depreciation and O&M costs for Algona are as follows:

## Rate Base

**Exhibit 5** shows the total eligible existing system assets identified for Algona by applying the fixed asset allocation basis in Exhibit 4. Algona assets total \$3.5 million – roughly 2.0% of the total system existing assets.

**Exhibit 5: Algona Eligible Assets**

Functional Category	Algona
<b>Original Cost</b>	
1 - Supply/Treatment	\$ 2,492,897
2 - Pumping	194,752
3 - Storage	273,020
4 - Transmission & Distribution	283,427
5 - Meters & Services	240,169
6 - Hydrants	-
7 - General Plant	33,237
8 - Customer	4
<b>Total Eligible Existing Assets</b>	<b>\$ 3,517,506</b>

**Exhibit 6** calculates the net book value for Algona after making deductions for assets that were paid for directly (\$906K) and for accumulated depreciation on non-donated eligible assets (\$672K).

**Exhibit 6: Algona Net Book Value (Rate Base)**

Net Book Value (non-Donated Assets)	Algona
1 - Supply/Treatment	\$ 1,747,890
2 - Pumping	81,403
3 - Storage	31,712
4 - Transmission & Distribution	74,978
5 - Meters & Services	-
6 - Hydrants	-
7 - General Plant	3,490
8 - Customer	0
<b>Net Book Value (Rate Base)</b>	<b>\$ 1,939,472</b>

## Return on Investment

The return on investment (rate base) component of the revenue requirement is a function of the *rate base* and the *weighted average cost of capital* (WACC), which in turn is a function of the average rate on the City's outstanding debt and the assumed return on equity rate. The net book value is multiplied by the weighted average cost of capital to determine the return on rate base.

### Weighted Average Cost of Capital (WACC)

The City's *outstanding debt rate* is currently 4.18% – a weighted average of the current outstanding six (6) bonds and loans.

For an *equity rate*, this analysis assumes a rate of 4.30%, representing the average of the 25-Bond Revenue Bond Index and 20-Bond GO Index as of Oct 2022 (these indices are published by *The Bond Buyer* at the time this update began). In our judgment, the average between these two indices is a rough approximation of what the City could expect to pay for a newly issued revenue bond series.

The equity rate of return generally incorporates a risk premium to compensate City ratepayers for the risk they are assuming as a result of the City's decision to secure excess supply capacity beyond the needs of the retail customer base. The City chose to forego this risk premium in prior analysis. For consistency, the risk premium has not been included in this update.

**Exhibit 7** shows how the assumed equity rate of 4.18% is blended with the 4.30% average outstanding debt rate. Auburn's water capital structure is currently about 32% debt, 68% equity (total outstanding debt ÷ total net book value). Applying those weights to the average debt percentage and the assumed equity percentage, the City's weighted average cost of capital is 4.26%.

**Exhibit 7: Rate of Return**

Auburn Rate of Return			
	% of Net Book Value	Rate	Weighted Rate
Debt	32%	4.18%	1.33%
Equity	68%	4.30%	2.93%
<b>Weighted Average Cost of Capital</b>			<b>4.26%</b>

**Exhibit 8** shows the return on investment component of the revenue requirement for Algona. This is calculated by multiplying the \$1.9 million rate base by the 4.26% weighted average cost of capital.

**Exhibit 8: Algona Return on Rate Base**

<b>Algona Rate Base</b>	<b>\$ 1,939,472</b>
Weighted Average Cost of Capital (WACC)	4.26%
<b>Return on Investment</b>	<b>\$ 82,645</b>

## Depreciation

Annual depreciation is calculated on the total assets identified in **Exhibit 5** and exclude amounts contributed by others. The annual depreciation value is calculated using the straight-line method. This method takes the value of an asset and reduces it uniformly over each period until it reaches the end of its useful life. Total depreciation for Algona eligible assets is approximately \$40,737.

## Operating & Maintenance Expenses

The 2023 operating budget is grouped into the cost centers of administration, finance, and operations. A line-by-line analysis was completed of the detailed accounts allocating each cost in part or in full to either wholesale or City retail customers using total fixed asset allocation, accounts, or percentage of use. Although most costs are allocated based on the percent of eligible fixed assets, utility billing costs were based on accounts and operating supplies, chemicals, utilities, and Tacoma water purchase emergency supply were based on percent of use. The result is approximately \$285,476 of O&M expenses are assigned to Algona comprising 2.2% of total water system operating and maintenance expenses.

## Total Algona-Cost of Service and Rate Calculation

**Exhibit 9** summarizes the three components of the wholesale cost of service: return on investment, depreciation, and O&M costs - as well as the resulting Algona wholesale rate per hundred cubic feet

(CCF) of water use. The calculated rate of \$2.39/CCF is an increase of \$0.06 from the current rate of \$2.33/CCF.

**Exhibit 9: Total Algona Wholesale Cost of Service Rate**

Wholesale Rate Calculation	Algona
Return on Rate Base	\$ 82,645
Depreciation	40,737
O&M	285,476
Total Annual Costs	\$ 408,857
2022 Use in CCF	170,933
<b>Rate per CCF</b>	<b>\$ 2.39</b>

#### Projected Algona Rate Calculation

The rates in this analysis are based on the 2023 operating budget. Algona rates are composed of both a fixed meter charge, by size of meter, and the volume rate shown in **Exhibit 9**. The base meter rates will be tied to the retail rate charges by meter size (3 – 8” meters and 1 – 6” meter) that were updated during the retail rate study completed in 2022. The fixed charges are intended to pay for the replacement of the meters over time.

In between cost-of-service analysis updates, it has been City practice to adjust the rates each year based on the annual increase in the CPI-U for Seattle-Tacoma-Bellevue from October of one year to October of the next year. This is a practice that the City can continue to monitor adjusting as needed to align with underlying cost increases. **Exhibit 10** shows the Algona wholesale base and volume rates for 2023 - 2025. Future volume rates per CCF are adjusted by the five-year average (2016-2020) CPI-U for Seattle-Tacoma-Bellevue. Years 2021 and 2022 were excluded due to the higher than normal inflation rates experienced during that time.

**Exhibit 10: Algona Proposed 2023 - 2025 Rates**

Algona Rate Schedule	Current Rate	2023 Cost of Service	2024	2025
<b>Estimated CPI Adjustment</b>			2.50%	2.50%
<b>Wholesale Rate per CCF</b>				
City of Algona	\$2.33	<b>\$2.39</b>	<b>\$ 2.45</b>	<b>\$ 2.51</b>
<b>Meter Charge per Month</b>				
8" Meter	\$ 102.37	<b>\$ 110.05</b>	<b>\$ 118.30</b>	<b>\$ 127.17</b>
6" Meter	\$ 79.24	<b>\$ 85.18</b>	<b>\$ 91.57</b>	<b>\$ 98.44</b>

Under the terms of the agreement, the Algona rate change can take place whenever the cost-of-service analysis is updated. We recommend that the cost-of-service analysis be updated every 3-5 years, so that wholesale rates do not drift too far away from their underlying cost factors.



## WHOLESALE RATE UPDATE: LAKE MERIDIAN WATER DISTRICT (LMWD)

Wholesale water service to LMWD is interruptible service. LMWD has indicated that they may request water service from Auburn, if needed. If Auburn has the supply available, Auburn will provide it to LMWD (as interruptible wholesale supply). It is likely that no service may be requested or delivered in any given year, yet facilities must be available and in good repair to provide service when requested. The existing utility basis methodology still applies in determining eligible costs and assets for LMWD. When and how the costs will be recovered will depend on use.

Per the Agreement with LMWD, the City will serve up to 2.5 million gallons a day if requested and available. The eligible assets and applicable operating and maintenance costs are based on this capacity commitment. The return on rate base, depreciation, and O&M costs allocable to LMWD are as follows:

### Rate Base

**Exhibit 11** shows the total eligible existing system assets identified for LMWD by applying the fixed asset allocation basis in Exhibit 4. LMWD assets total \$8.1 million – roughly 4.5% of the total system existing assets.

**Exhibit 11: LMWD Eligible Assets**

Functional Category	LMWD
<b>Original Cost</b>	
1 - Supply/Treatment	\$ 5,586,174
2 - Pumping	435,335
3 - Storage	550,103
4 - Transmission & Distribution	1,459,069
5 - Meters & Services	-
6 - Hydrants	-
7 - General Plant	76,607
8 - Customer	-
<b>Total Eligible Existing Assets</b>	<b>\$ 8,107,288</b>

*Notes: Transmission & Distribution includes Tacoma Pipeline 5 assets.*

**Exhibit 12** calculates the net book value for LWMD after making deductions for assets that were paid for directly (\$1.8 million) and for accumulated depreciation on non-donated eligible assets (\$2.0 million).

**Exhibit 12: LMWD Net Book Value (Rate Base)**

Net Book Value (non-Donated Assets)	LMWD
1 - Supply/Treatment	\$ 3,915,780
2 - Pumping	182,682
3 - Storage	33,529
4 - Transmission & Distribution	168,262
5 - Meters & Services	-
6 - Hydrants	-
7 - General Plant	8,045
8 - Customer	-
<b>Net Book Value (Rate Base)</b>	<b>\$ 4,308,298</b>

*Notes: Transmission & Distribution includes Tacoma Pipeline 5 assets.*

When water is not being delivered, the eligible assets are reduced by the \$3.9 million supply/treatment net book value for a modified net book value (or rate base) of \$392,518. The supply/treatment assets have been removed from allocable costs as water is not being delivered.

**Exhibit 13: LMWD Net Book Value – Rate Base (No Supply/Treatment)**

Net Book Value (non-Donated Assets)	LMWD (< Supply/Treat)
<b>Net Book Value of Non-Donated Assets</b>	
1 - Supply/Treatment	\$ -
2 - Pumping	182,682
3 - Storage	33,529
4 - Transmission & Distribution	168,262
5 - Meters & Services	-
6 - Hydrants	-
7 - General Plant	8,045
8 - Customer	-
<b>Net Book Value (Rate Base)</b>	<b>\$ 392,518</b>

*Notes: Transmission & Distribution includes Tacoma Pipeline 5 assets.*

## Standby Charge

The charges applicable to LMWD include a standby charge that is paid monthly regardless of use. When water is used, a volume charge will apply in addition to the fixed stand-by charge.

The monthly standby charge is comprised of the following components:

- Annual depreciation of the facilities required to deliver service. The depreciation on the remaining assets is eligible as the City must maintain the delivery assets ready for operation. As shown in **Exhibit 14**, the supply/treatment assets have been eliminated from the stand-by charge as assets are not being utilized when water is not requested for delivery. The storage value is shown as zero as the eligible assets are fully depreciated or represent land which does not depreciate. The monthly depreciation amount on eligible assets totals \$579.29 (\$6,951 ÷ 12 months)

**Exhibit 14: Annual Depreciation Eligible Assets – No Supply/Treatment**

Depreciation on Non-Donated Assets	LMWD (< Supply/Treat)
<b>Existing System Eligible Assets</b>	
1 - Supply/Treatment	\$ -
2 - Pumping	499
3 - Storage	-
4 - Transmission & Distribution	6,295
5 - Meters & Services	-
6 - Hydrants	-
7 - General Plant	158
8 - Customer	-
<b>Total Existing System Assets Depreciation</b>	<b>\$ 6,951</b>

*Note: Transmission & Distribution includes Tacoma Pipeline 5 assets.*

- Tacoma Ready to Serve charge. This fixed charge to the City is based on contracted peak capacity and is a new cost addition for this update. The fixed charge is paid by the City to Tacoma to have water readily available when needed. The City pays this fixed charge per MGD of requested contract peak capacity regardless of use. This cost is allocated to LMWD based on the allocation of peak capacity to LMWD (12.63%) and recovered 50% in the standby charge. The remaining 50% of the allocated LMWD cost will be recovered in the volume charge when water is delivered.
- Meter charge equal to the retail rate by meter size intended to pay over time for the replacement of the 8" meter servicing the District.

**Exhibit 15** summarizes the 2023-2025 standby charge paid monthly regardless of water being delivered or not to LMWD.

**Exhibit 15: LMWD Monthly Standby Charge**

	Current	2023	2024	2025
Mo. Depreciation on Eligible Assets	\$ 1,045.55	\$579.29	\$ 579.29	\$ 579.29
Tacoma Contract Peak Capacity (50% of eligible cost)		886.15	886.15	886.15
8" Meter Replacement (Retail Published Rate)	102.37	110.05	118.30	127.17
<b>Total LMWD Mo. Standby Charge</b>	<b>\$ 1,147.92</b>	<b>\$ 1,575.49</b>	<b>\$ 1,583.74</b>	<b>\$ 1,592.61</b>

In total, the calculated charge is higher than the current rate. There is a reduction in the depreciation charge as the eligible asset value has been reduced, likely due to retirements. However, the charge is increased with the addition of the Tacoma Ready to Serve charge which is a change from the last wholesale rate update.

## Wholesale Rate Delivered Water

When water is requested and delivered, all wholesale rate components apply - rate of return on investment, depreciation, and O&M costs on the full eligible assets (including supply/treatment) as shown in **Exhibit 11** (\$8.1 million).

## Return on Investment

As noted previously, the return on investment (rate base) component of the revenue requirement is a function of the *rate base* and the *weighted average cost of capital* (WACC) – **Exhibit 7**, which in turn is a function of the average rate on the City's outstanding debt and the assumed return on equity

rate. The net book value is multiplied by the weighted average cost of capital to determine the return on rate base. **Exhibit 16** summarizes the total eligible assets and return under full service delivery.

**Exhibit 16: LMWD Return on Rate Base**

	LMWD
<b>Eligible Rate Base</b>	<b>\$ 4,308,298</b>
Weighted Average Cost of Capital (WACC)	4.26%
<b>Return on Investment</b>	<b>\$ 183,585</b>

The return listed in **Exhibit 16**, is recoverable when water is delivered. The unit cost associated with the return is \$0.15/CCF. The calculation is derived by identifying the eligible assets and return on rate base of \$183,585 divided by the contract demand capacity of 2.5 MGD (converted to CCF  $2,500,000 \text{ MGD} \times 365 \text{ days} \div 748 = 1,219,920 \text{ annual CCF}$ ).

## Depreciation

Annual depreciation is calculated on the total net book value of eligible assets identified in Exhibit 12 (\$4.3 million) and exclude amounts contributed by others as well as excludes the amount of depreciation recovered in the stand-by charge identified in **Exhibit 15**. The annual depreciation value is calculated using the straight-line method. This method takes the value of an asset and reduces it uniformly over each period until it reaches the end of its useful life. Depreciation for LMWD total eligible assets is approximately \$91,222. Similar to the rate of return, the depreciation calculation is derived by taking the net amount divided by the annual contract demand in CCF resulting in \$0.07/CCF.

## Operating & Maintenance Expenses

As noted, when describing the Key Assumptions, a line-by-line analysis of the detailed 2023 budget was completed, allocating each O&M line item to either wholesale or City retail. The wholesale O&M unit costs are consistent for both wholesale customers and have been adjusted only for those O&M costs that have been identified as having a higher allocable cost resulting from the line-by-line analysis. As most costs are allocated based on the “by fixed assets” allocation factor, LMWD has a higher O&M allocation of total costs. This is due to the higher contractual amount of 2.50 MGD resulting in a higher allocation amount when water is delivered. The resulting cost differential of 1.26 is applied to the admin, finance, and operations cost centers. A factor was not applied for costs such as operating supplies, chemical analysis and the Tacoma emergency supply and standby contract peak capacity costs.

## Total LMWD Delivered Water Rate

The delivered water rate for LMWD is shown in **Exhibit 17**. The rate is composed of a fixed monthly charge and a volume charge when water is delivered and available.

The fixed charge is the same as the standby charge shown in **Exhibit 15**. The volume charge is developed to recover eligible costs when water is requested and delivered. It should be noted that the volume charge includes the remaining 50% of the allocated LMWD costs related to the Tacoma Ready to Serve charge (incurred by the City to have water readily available) and eliminates the Tacoma Emergency Supply as City water sources are assumed when water is delivered. The unit cost per CCF is \$2.13.

**Exhibit 17: LMWD Delivered Water Rate**

	2023 Rates
<b>Fixed Monthly Charge</b>	
Depreciation (standby portion)	\$579.29
Contract Peak Capacity (50% of eligible total)	886.15
8" meter (published rate)	110.05
<b>Total Fixed Monthly Charge</b>	<b>\$1,575.49</b>
<b>Volume Charge (water delivery)</b>	
Depreciation (not recovered in standby charge)	\$0.07
Return	\$0.15
<b>O&amp;M</b>	
Admin Cost Centers	\$0.55
Finance Cost Center	0.09
Operations Cost Center	0.48
Supplies	0.05
Chemical Analysis	0.02
Tacoma Emergency Supply	-
Tacoma Standby Contract Peak Capacity	0.03
Utilities	0.33
As all other (general)	0.05
Transfer/Taxes	0.30
<b>Subtotal O&amp;M</b>	<b>\$1.91</b>
<b>Total Depreciation, Return, O&amp;M, per CCF</b>	<b>\$2.13</b>

In between cost-of-service analysis updates, it has been City practice to adjust the rates each year based on the annual increase in the CPI-U for Seattle-Tacoma-Bellevue from October of one year to October of the next year. **Exhibit 18** shows the LMWD wholesale standby charge and usage charge for 2023 - 2025. Future usage charges per CCF are adjusted by the five-year average (2016-2020) CPI-U for Seattle-Tacoma-Bellevue. Years 2021 and 2022 were excluded due to the higher than normal inflation rates experienced during that time.

**Exhibit 18: LWMP Proposed 2023 - 2025 Delivered Water Rates**

	Current	2023	2024	2025
Mo. Depreciation on Eligible Assets	\$ 1,045.55	\$ 579.29	\$ 579.29	\$ 579.29
Tacoma Contract Peak Capacity (50% of eligible cost)		886.15	886.15	886.15
8" Meter Replacement (Retail Published Rate)	102.37	110.05	118.30	127.17
<b>Total LMWD Mo. Standby Charge</b>	<b>\$ 1,147.92</b>	<b>\$ 1,575.49</b>	<b>\$ 1,583.74</b>	<b>\$ 1,592.61</b>
Estimated CPI Adjustment			2.50%	2.50%
<b>Usage Charge</b>	<b>\$ 2.07</b>	<b>\$2.13</b>	<b>\$2.19</b>	<b>\$2.24</b>

The rates in this analysis are based on the 2023 operating budget. Under the terms of the agreement, the rate change can take place whenever the cost-of-service analysis is updated. We recommend that the cost-of-service analysis be updated every 3-5 years, so that the wholesale rates do not drift too far away from their underlying cost factors.

## Wholesale Purchased Water Surcharge

The wholesale rate review includes updating the City's wholesale purchased water surcharge to cover costs when the City water resources are not sufficient and Tacoma water purchases are required to meet demands. The purchased water surcharge was developed using the LMWD costs of service

rates and the 2023 Tacoma wholesale rate published in the Tacoma Municipal Code, Title 12 Utilities – 12.10.400 Rates Inside and Outside City Limits.

**Exhibit 19** details the calculation of the updated wholesale purchase water surcharge. Applicable costs include fixed costs that would remain regardless of the water source being used and include the administrative and finance cost centers along with transfer/taxes. The Tacoma Emergency Supply peaking rate and the Tacoma Ready to Serve charge would replace the variable costs associated with the City’s own supply source inclusive of the operations center, supplies, chemical analysis, utilities and other. The current Tacoma published peaking rate is \$2.569/CCF. In addition, as of the last update, Tacoma has imposed a fixed Ready to Serve charge. The LMWD eligible portion (based on peak capacity) of this cost is collected 50% from the standby fixed fee and 50% from the variable charge or \$0.03/CCF. The total cost applicable when Tacoma water is used totals \$3.76/CCF.

The difference between the total cost of \$3.76 (when Tacoma water is being purchased) less the cost-of-service rate of \$2.13 becomes the pre-tax purchased water surcharge of \$1.63/CCF. This rate would be paid in addition to the regular volume charge. Additional City taxes would be assessed based on the higher costs/revenue received making the final purchased water surcharge rate, including taxes \$1.82/CCF.

**Exhibit 19** shows the costs that comprise the purchased water surcharge. The rates shown are for 2023. The Tacoma wholesale peaking rate may change again in 2024 per the published rates. It is recommended that the City monitor the published rates and update the purchased water surcharge in alignment with any changes. It should be noted that the surcharge has been reduced from the current rate of \$3.31/CCF. This reduction is due to the restructuring of the Tacoma Wholesale rate to reduce the peak usage charge (\$3.96 to \$2.57/CCF) and add a Wholesale Ready to Serve Charge (\$2,741.53) assessed per million gallons a day (MGD) of contracted peak capacity.

**Exhibit 19: Purchased Water Surcharge Calculation**

	2023 Rates	2023 Applicable Unit Costs/CCF
<b>Volume Charge</b>		
Depreciation (not recovered in standby charge)	\$0.07	\$0.07
Return	\$0.15	\$0.15
<b>O&amp;M</b>		
Admin Cost Centers	\$0.55	\$0.55
Finance Cost Center	0.09	0.09
Operations Cost Center	0.48	-
Supplies	0.05	-
Chemical Analysis	0.02	-
Tacoma Emergency Supply	-	2.57
Tacoma Standby Contract Peak Capacity	0.03	0.03
Utilities	0.33	-
As all other (general)	0.05	-
Transfer/Taxes	0.30	0.30
Subtotal O&M	\$1.91	\$3.54
<b>Total Depreciation, Return, O&amp;M, per CCF</b>	<b>\$2.13</b>	<b>\$3.76</b>
<b>Total Recoverable Variable Costs</b>	<b>\$2.13</b>	
<b>Calculated Total Costs w/ Tacoma Rate</b>	<b>3.76</b>	
<b>Cost Difference</b>	<b>\$1.63</b>	
<b>Plus Additional Taxes</b>	<b>0.19</b>	
<b>Total Wholesale Purchased Water Surcharge /CCF</b>	<b>\$1.82</b>	

## Summary

The Wholesale rates are updated for Algona and LMWD based on the water cost of service study completed in 2022. The rate projection for Algona includes a fixed charge per meter size based on the retail published meter charge rates plus an updated volume charge of \$2.39/CCF, an increase of \$0.06/CCF.

The rate for LMWD considers they are served as an interruptible customer. The stand-by charge has been updated for the retail published meter charge rate, depreciation on current eligible asset values and the Tacoma Ready to Serve charge. The rate is calculated at \$1,575.49 per month. The volume charge has been updated to \$2.13 from a current rate of \$2.07 when water is requested and available based on 2023 budget operating costs. In addition, the wholesale purchased water surcharge intended to cover costs when the City is required to purchase Tacoma Water to meet demands, has been updated. The annual purchased water surcharge is calculated at \$1.82 per CCF in addition to the general volume charge. The rate is down from the current surcharge of \$3.31 per CCF due to the restructuring of rates by Tacoma that reduces the peak water consumption rate and adds a fixed ready to serve charge per MGD.

**ORDINANCE NO. 6912**

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF  
AUBURN, WASHINGTON, AMENDING SECTION 13.06.360  
OF THE AUBURN CITY CODE (ACC), RELATING TO CITY  
UTILITY RATES

WHEREAS, pursuant to its powers in RCW 35.92, the City has established a water utility to serve its residents;

WHEREAS, consistent with its responsibilities to operate this utility in a cost-effective manner and in a manner that reflects the City's actual operating costs, the City periodically reviews its utility rate structure to ensure that its rates are set appropriately;

WHEREAS, in 2022, the City consulted with FCS Group to study the City's current water utility rates (including wholesale rates) against the City's cost of service delivery and revenue requirements;

WHEREAS, following the FCS Group utility rate review for wholesale customers conducted at City staff request, City staff recommends that City water utility rates should be adjusted as reflected in this Ordinance.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF AUBURN, WASHINGTON, DO ORDAIN as follows:

**Section 1. Amendment to City Code.** Section 13.06.360 of the Auburn City Code is hereby amended to read as set forth in Exhibit A to this Ordinance.

**Section 2. Implementation.** The Mayor is authorized to implement those administrative procedures necessary to carry out the directives of this legislation.



**Section 3. Severability.** The provisions of this ordinance are declared to be separate and severable. The invalidity of any clause, sentence, paragraph, subdivision, section, or portion of this ordinance, or the invalidity of the application of it to any person or circumstance, will not affect the validity of the remainder of this ordinance, or the validity of its application to other persons or circumstances.

**Section 4. Effective date.** This Ordinance will take effect and be in force five days from and after its passage, approval, and publication as provided by law.

INTRODUCED: \_\_\_\_\_

PASSED: \_\_\_\_\_

APPROVED: \_\_\_\_\_

\_\_\_\_\_  
NANCY BACKUS, MAYOR

ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Shawn Campbell, MMC, City Clerk

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

Published: \_\_\_\_\_

## **EXHIBIT A—ORD. 6912**

### **ACC 13.06.360      Water service Rates – Generally.**

A. Except as provided in subsections B and C of this section, effective September 1, 2023, the monthly base rate for all water user classifications except interruptible wholesale shall be as set forth in Table 13.06.360-1 below.

Table 13.06.360-1.

Meter Size (inches)	Monthly Charge		
	Effective September 1, 2023	Effective January 1, 2024	Effective January 1, 2025
5/8, 3/4	\$ 19.61	\$ 21.08	\$ 22.66
1 (Single-Family Residential)	\$ 19.61	\$ 21.08	\$ 22.66
1 (All Other Classes)	\$ 22.01	\$ 23.66	\$ 25.43
1-1/2	\$ 23.96	\$ 25.76	\$ 27.69
2	\$ 27.62	\$ 29.69	\$ 31.92
3	\$ 53.13	\$ 57.11	\$ 61.39
4	\$ 66.66	\$ 71.66	\$ 77.03
6	\$ 85.18	\$ 91.57	\$ 98.44
8	\$ 110.05	\$ 118.30	\$ 127.17
10	\$ 156.25	\$ 167.97	\$ 180.57

**Charge per 100 cubic feet (ccf)**

<b>Customer Class</b>	<b>Effective January 1, 2023</b>	<b>Effective January 1, 2024</b>	<b>Effective January 1, 2025</b>
Single-Family Residential:			
0 to 7 ccf	\$ 3.89	\$ 4.18	\$ 4.49
7.01 to 15 ccf	\$ 4.75	\$ 5.11	\$ 5.49
Over 15 ccf	\$ 5.40	\$ 5.81	\$ 6.25
Multifamily Residential	\$ 4.65	\$ 5.00	\$ 5.38
Commercial	\$ 4.90	\$ 5.27	\$ 5.67
Manufacturing/Industrial	\$ 4.79	\$ 5.15	\$ 5.54
Schools	\$ 5.22	\$ 5.61	\$ 6.03
Municipal/City Accounts	\$ 4.83	\$ 5.19	\$ 5.58
Irrigation	\$ 6.46	\$ 6.94	\$ 7.46
Wholesale (Algona)	\$ 2.39	\$ 2.45	\$ 2.51

Fifty percent shall be added to all rates for water service for customers outside the city limits. City of Auburn utility taxes are included in the monthly rate for all customers except wholesale accounts. Wholesale rates exclude the 50 percent out-of-city service charge and state excise taxes.

B. Interruptible wholesale water supply customers shall pay monthly the sum of the following:

1. Standby Service Charge: the cost to maintain, repair, and replace the infrastructure required to provide water utility service to the interruptible wholesale water customer when the customer requests water supply from the city of Auburn. This is a fixed monthly charge and does not include the delivery of any quantity of water.
2. Usage Charge: the cost of water supply. The charge is based on actual water deliveries, if any, during the month times the usage rate.

3. Purchased Water Surcharge: In any month in which water is purchased from Tacoma Public Utilities or other external agency, the interruptible wholesale customer shall pay an additional charge of \$1.82 per ccf, applied to the quantity of water purchased by the city of Auburn during the month to supply the interruptible wholesale customer.

**Interruptible Wholesale Rates**

<b>Charge</b>	<b>Effective September 1, 2023</b>	<b>Effective January 1, 2024</b>	<b>Effective January 1, 2025</b>
Standby Service Charge (per month)	\$ 1,575.49	\$ 1,583.74	\$ 1,592.61
Usage Charge (per ccf)	\$ 2.13	\$ 2.19	\$ 2.24
Purchased Water Surcharge (per ccf of water purchased)*	\$ 1.82	\$ 1.82	\$ 1.82

\* Subject to change if Tacoma Public Utilities updates its wholesale summer season peaking rate.

C. Water customers served by the City’s Braunwood water system. City water customers served by the City’s Satellite Water System for Braunwood Estates (approved by City Resolution 2114) shall be subject to the following monthly water service rates, effective January 1, 2023:

**Monthly Charge**

<b>Meter Size (inches)</b>	<b>Effective January 1, 2023</b>	<b>Effective January 1, 2024</b>	<b>Effective January 1, 2025</b>
3/4"	\$ 19.61	\$ 21.08	\$ 22.66
1"	\$ 19.61	\$ 21.08	\$ 22.66
1-1/2"	\$ 23.96	\$ 25.76	\$ 27.69
2"	\$ 27.62	\$ 29.69	\$ 31.92
3"	\$ 53.13	\$ 57.11	\$ 61.39
4"	\$ 66.66	\$ 71.66	\$ 77.03
6"	\$ 85.18	\$ 91.57	\$ 98.44
8"	\$ 110.05	\$ 118.30	\$ 127.17
10"	\$ 156.25	\$ 167.97	\$ 180.57

**Variable Charges based on ccf (100 cubic feet of water used)**

<b>Description</b>	<b>Effective January 1, 2023</b>	<b>Effective January 1, 2024</b>	<b>Effective January 1, 2025</b>
B1 (0-7 ccf)	\$3.89	\$4.18	\$4.49
B2 (7.01-15 ccf)	\$4.75	\$5.11	\$5.49
B3 (15.01 – 25 ccf)	\$5.40	\$5.81	\$6.25
B4 (25.01-38 ccf)	\$6.00	\$6.45	\$6.93
B5 (38+ ccf)	\$12.00	\$12.90	\$13.87

Size of Service	Quantity Allowed per Month	Current Monthly Service Charge
3/4-inch metered residential	400 cubic ft.	\$34.79
Multiple residential units (apartments, duplexes, etc.)	400 cubic ft. per unit	\$34.79
Residential units where water has been disconnected per Section 13.02.200	0 cubic ft.	\$20.56
Metered bulk rate		\$63.24 + \$3.32 per 100 cubic ft.
Commercial/industrial up to one-inch meter	400 cubic ft.	\$36.10
Commercial/industrial one-inch meter	400 cubic ft.	\$40.57
Commercial/industrial two-inch meter	400 cubic ft.	\$45.31
Commercial/industrial three-inch meter	400 cubic ft.	\$49.34
Commercial/industrial four-inch meter	400 cubic ft.	\$52.77

Current residents utility bill with no additional consumption:

Bill Summary	
Water	38.63
Sewer	79.51
Storm Drain	16.43
Late Fees:	
Interest:	
Deposit:	
Current:	134.57

water  
sewer  
storm

With 2.5% Increase to Water:

\$39.59  
\$79.51  
\$16.43  

---

\$135.53

With 2.5% Increase to Water and 5.75% to Sewer:

water  
sewer  
storm

\$39.59  
\$84.08  
\$16.43  

---

\$140.10

Proposed 2024 Rates
\$35.66
\$35.66
\$22.00
\$64.82 + \$3.40 per 100 cubic ft.
\$37.00
\$41.58
\$46.44
\$50.57
\$54.09

per unit

Not effected by the 2.5% Auburn increase; last update was 2018 increase, recomr

\$64.82

\$3.40

rend increasing to \$22.00



<b>Class</b>	<b>Current Monthly Rate</b>
Single-family residences	\$75.01
Single-family residences, unoccupied with water disconnected	\$25.02
Multiple-residence buildings	\$75.01
Lots permitted for multi-dwellings on a single service	\$75.01
Business, commercial and industrial units; churches; service organizations; meeting halls; and schools (public and private)	\$75.01 per month for the first 750 cubic feet of water used as per meter readings, and \$9.92 for each additional 100 cubic feet or fraction thereof

Proposed Monthly Rate
\$79.32
\$26.46
\$79.32
\$79.32
\$79.32 per month for the first 750 cubic feet of water used as per meter readings, and \$10.49 for each additional 100 cubic feet or fraction thereof

\$ 10.49

**CITY COUNCIL****AGENDA BILL # AB23-0103**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

ITEM INFORMATION			
<b>SUBJECT:</b>  <b>Ordinance 1228-23, Sewer Rates</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator	x	
	City Attorney		x
	City Clerk		
	Finance Dept		x
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline: 1 <sup>st</sup> review – 11/13/23	Planning Commission		
2 <sup>nd</sup> review – 11/27/23	Civil Service Committee		
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: Draft Ordinance 1228-23; King County Ordinance and notice</b>			
<p><b>SUMMARY STATEMENT:</b></p> <p>The City has received notice that King County will be raising the sewer rate by 5.75% in 2024. The last sewer rate increase was for 7.5% and took effect June 2023. This increase was to catch up the 5.75% increase for 2023 and a little extra to go towards a sewer assessment.</p> <p>A typical utility bill with no extra consumption is \$134.57. With the 2.5% water rate increase, it would be around \$135.53 (see proposed Ordinance 1227-23). With a 5.75% sewer rate increase, it would be around \$140.10.</p>			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
RECORD OF COUNCIL ACTION			
Meeting Date:	Action:	Vote:	

# CITY OF ALGONA, WASHINGTON

## ORDINANCE NO. 1218-23

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ALGONA, WASHINGTON, AMENDING CHAPTER 2.50 AMC FEE SCHEDULE; UPDATING AND INCREASING THE CITY'S RATES FOR SANITARY SEWER SERVICE; PROVIDING FOR SEVERABILITY; AND ESTABLISHING AN EFFECTIVE DATE.**

**WHEREAS**, the City of Algona operates a sanitary sewer utility, and has adopted rates for sewer service that are codified at Chapter 2.50 AMC; and

**WHEREAS**, in accordance with the City's contract with King County, the City's sewer rates include a component for sewage disposal rates established by King County; and

**WHEREAS**, pursuant to King County Ordinance No. 19623, King County has increased its 2023 sewer rates; and

**WHEREAS**, it is necessary to update the sewer rates set forth at Chapter 2.50 AMC in order to reflect the amount of the recent King County rate increase;

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

**Section 1. Findings.** The above recitals are hereby adopted by reference as legislative findings in support of this ordinance.

**Section 2. Amendment of AMC 2.50.040.** Section 2.50.040 of the Algona Municipal Code is hereby amended to provide in its entirety as follows:

The following monthly rates shall be charged the following classes of users of properties to which sewer service is available:

Class	Monthly Rate
Single-family residences	<del>\$75.01</del> \$79.32 per mo.
Single-family residences, unoccupied with water disconnected	<del>\$25.02</del> \$26.46 per mo.

Class	Monthly Rate
Multiple-residence buildings	<del>\$75.01</del> \$79.32 per mo. per residential unit
Lots permitted for multi-dwellings on a single service	<del>\$75.01</del> \$79.32 per mo. per residential unit
Business, commercial and industrial units; churches; service organizations; meeting halls; and schools (public and private)	<del>\$75.01</del> \$79.32 per month for the first 750 cubic feet of water used as per meter readings, and <del>\$9.92</del> \$10.49 for each additional 100 cubic feet or fraction thereof

**Section 3. Severability.** Should any section, paragraph, sentence, clause or phrase of this ordinance, or its application to any person or circumstance, be declared unconstitutional or otherwise invalid for any reason, or should any portion of this ordinance be pre-empted by state or federal law or regulation, such decision or pre-emption shall not affect the validity of the remaining portions of this ordinance or its application to other persons or circumstances.

**Section 4. Effective Date.** This Ordinance shall be published in the official newspaper of the City, and shall take effect and be in full force January 1, 2024.

**ADOPTED BY THE CITY COUNCIL AT A REGULAR MEETING THEREOF ON THE \_\_\_\_ DAY OF \_\_\_\_\_, 2023.**

CITY OF ALGONA

\_\_\_\_\_  
Troy Linnell, Mayor

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Jessica Griess, City Administrator

Approved as to form:

\_\_\_\_\_  
J. Zachary Lell, City Attorney

Filed with the City Clerk:  
Passed by the City Council:  
Ordinance No.:  
Date of Publication:



## King County

### Metropolitan King County Council

Melani Pedroza, *Clerk of the Council*

King County Courthouse

516 Third Avenue, Room 1200

Seattle, WA 98104-3272

**Tel: 206.477.1025**

**Email: [melani.pedroza@kingcounty.gov](mailto:melani.pedroza@kingcounty.gov)**

**Web: [www.kingcounty.gov/council/clerk](http://www.kingcounty.gov/council/clerk)**

June 26, 2023

Ms. Jessica Griess, Acting City Clerk

City of Algona

200 Washington Blvd.

Algona, WA 98001

Dear Ms. Griess,

#### Monetary Requirements for 2024

The Metropolitan King County Council approved the sewer rate for 2024 and the sewage treatment capacity charge for 2024 with the adoption of Ordinance 19623 on June 6, 2023. A copy of Ordinance 19623 is enclosed for your information.

If you have any questions, please call the Clerk of the Council's Office at 206 477-1020.

Sincerely,

Melani Pedroza

Clerk of the Council

Enclosure



# KING COUNTY

1200 King County Courthouse  
516 Third Avenue  
Seattle, WA 98104

Section 10, Item G.

## Signature Report

### Ordinance 19623

**Proposed No.** 2023-0172.1

**Sponsors** McDermott

1 AN ORDINANCE relating to rates and charges for sewage  
2 treatment and disposal; and amending Ordinance 12353,  
3 Section 2, as amended, and K.C.C. 4A.670.100, Ordinance  
4 18745, Section 2, and Ordinance 11398, Section 1, as  
5 amended, and K.C.C. 28.84.055.

6 BE IT ORDAINED BY THE COUNCIL OF KING COUNTY:

7 SECTION 1. Ordinance 12353, Section 2, as amended, and K.C.C. 4A.670.100  
8 are hereby amended to read as follows:

9 A. Having determined the monetary requirements for the disposal of sewage, the  
10 council hereby adopts a ~~((2023))~~ 2024 sewer rate of ~~((fifty-two))~~ fifty-five dollars and  
11 eleven cents per residential customer equivalent per month. Once a sewer rate ordinance  
12 becomes effective, the clerk of the council is directed to deliver a copy of that ordinance to  
13 each agency having an agreement for sewage disposal with King County.

14 B. The King County council approves the application of Statement No. 62 of the  
15 Governmental Accounting Standards Board (GASB-62) as it pertains to regulatory assets  
16 and liabilities to treat pollution remediation obligations and RainWise Program  
17 expenditures and strategic planning costs as regulatory assets, recovered ratably over the  
18 life of the underlying financing, and to establish a rate stabilization reserve for the  
19 purpose of leveling rates between years.



C. As required for GASB-62 application, amounts are to be placed in the rate stabilization reserve from operating revenues and removed from the calculation of debt service coverage. The reserve balance shall be an amount at least sufficient to maintain a level sewer rate between 2023 and 2024, and shall be used solely for the purposes of: maintaining the level sewer rate in 2024; and if additional reserve balance is available, moderating future rate increases beyond 2024. The estimated amount of the reserve, as shown in the financial forecast, Attachment A to ((Ordinance 19447)) this ordinance, shall be revised in accordance with the 2023-2024 Biennial Budget Ordinance and financial plan. If the reserve needs to be reduced to meet debt service coverage requirements for ((2022)) 2023, the county executive shall notify the council of the change by providing an updated financial plan.

SECTION 2. Ordinance 18745, Section 2, as amended, is hereby amended to read as follows:

Monetary requirements for the disposal of sewage as defined by contract with the component sewer agencies for the fiscal year beginning January 1, ((2023)) 2024, and ending December 31, ((2023)) 2024. The council hereby determines the monetary requirements for the disposal of sewage as follows:

Administration, operating, maintenance repair and replacement (net of other income): ((\$73,541,834)) \$76,762,508.

Establishment and maintenance of necessary working capital reserves:  
((\$112,291,106)) \$151,283,097.

Requirements of revenue bond resolutions (not included in above items and net of interest income): ((\$289,269,486)) \$285,003,893.

43 TOTAL: ((~~\$475,102,427~~)) \$513,049,498.

44 SECTION 3. Ordinance 11398, Section 1, as amended, and K.C.C. 28.84.055 are  
45 hereby amended as follows:

46 A. The amount of the metropolitan sewage facility capacity charge adopted by  
47 K.C.C. 28.84.050.O. that is charged monthly for fifteen years per residential customer or  
48 residential customer equivalent shall be:

49 1. Seven dollars for sewer connections occurring between and including January  
50 1, 1994, and December 31, 1997;

51 2. Ten dollars and fifty cents for sewer connections occurring between and  
52 including January 1, 1998, and December 31, 2001;

53 3. Seventeen dollars and twenty cents for sewer connections occurring between  
54 and including January 1, 2002, and December 31, 2002;

55 4. Seventeen dollars and sixty cents for sewer connections occurring between  
56 and including January 1, 2003, and December 31, 2003;

57 5. Eighteen dollars for sewer connections occurring between and including  
58 January 1, 2004, and December 31, 2004;

59 6. Thirty-four dollars and five cents for sewer connections occurring between  
60 and including January 1, 2005, and December 31, 2006;

61 7. Forty-two dollars for sewer connections occurring between and including  
62 January 1, 2007, and December 31, 2007;

63 8. Forty-six dollars and twenty-five cents for sewer connections occurring  
64 between and including January 1, 2008, and December 31, 2008;

65           9. Forty-seven dollars and sixty-four cents for sewer connections occurring  
66 between and including January 1, 2009, and December 31, 2009;

67           10. Forty-nine dollars and seven cents for sewer connections occurring between  
68 and including January 1, 2010, and December 31, 2010;

69           11. Fifty dollars and forty-five cents for sewer connections occurring between  
70 and including January 1, 2011, and December 31, 2011;

71           12. Fifty-one dollars and ninety-five cents for sewer connections occurring  
72 between and including January 1, 2012, and December 31, 2012;

73           13. Fifty-three dollars and fifty cents for sewer connections occurring between  
74 and including January 1, 2013, and December 31, 2013;

75           14. Fifty-five dollars and thirty-five cents for sewer connections occurring  
76 between and including January 1, 2014, and December 31, 2014;

77           15. Fifty-seven dollars for sewer connections occurring between and including  
78 January 1, 2015, and December 31, 2015;

79           16. Fifty-eight dollars and seventy cents for sewer connections occurring  
80 between and including January 1, 2016, and December 31, 2016;

81           17. Sixty dollars and eighty cents for sewer connections occurring between and  
82 including January 1, 2017, and December 31, 2017;

83           18. Sixty-two dollars and sixty cents for sewer connections occurring between  
84 and including January 1, 2018, and December 31, 2018;

85           19. Sixty-four dollars and fifty cents for sewer connections occurring between  
86 and including January 1, 2019, and December 31, 2019;

20. Sixty-six dollars and thirty-five cents for sewer connections occurring between and including January 1, 2020, and December 31, 2020;

21. Sixty-eight dollars and thirty-four cents for sewer connections occurring between and including January 1, 2021, and December 31, 2021;

22. Seventy dollars and thirty-nine cents for sewer connections occurring between and including January 1, 2022, and December 31, 2022; ~~((and))~~

23. Seventy-two dollars and fifty cents for sewer connections occurring between and including January 1, 2023, and December 31, 2023; and

24. Seventy-four dollars and twenty-three cents for sewer connections occurring between and including January 1, 2024, and December 31, 2024.

B.1. In accordance with adopted policy FP-15.3.d. in the Regional Wastewater Services Plan, K.C.C. 28.86.160.C., it is the council's intent to base the capacity charge upon the costs, customer growth and related financial assumptions used in the Regional Wastewater Services Plan.

2. In accordance with adopted policy FP- 6 in the Regional Wastewater Services Plan, K.C.C. 28.86.160.C., the council hereby approves the cash balance and reserves as contained in the attached financial plan for ~~((2023))~~ 2024, which is Attachment A to ~~((Ordinance 19447))~~ this ordinance.

3. In accordance with adopted policy FP-15.3.c., King County shall pursue changes in state legislation to enable the county to require payment of the capacity charge

## Ordinance 19623

Section 10, ItemG.

- 107 in a single payment, while preserving the option for new ratepayers to finance the  
108 capacity charge.

Ordinance 19623 was introduced on 5/2/2023 and passed by the Metropolitan King County Council on 6/6/2023, by the following vote:

Yes: 8 - Balducci, Dembowski, Kohl-Welles, Perry, McDermott,  
Upthegrove, von Reichbauer and Zahiray

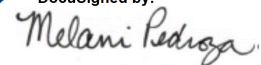
No: 1 - Dunn

KING COUNTY COUNCIL  
KING COUNTY, WASHINGTON

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Dave Upthegrove, Chair

ATTEST:

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Melani Pedroza, Clerk of the Council

APPROVED this \_\_\_\_ day of 6/14/2023, \_\_\_\_.

DocuSigned by:  
  
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Dow Constantine, County Executive

**Attachments:** A. Wastewater Treatment Division Financial Forecast

Wastewater Treatment Division	Actual	Budget
Attachment A - Financial Forecast	2022	2023

### Operating Financial Forecast - 4611 (\$ '000)

Monthly Sewer Rate	\$49.27	\$52.11
Rate Increase	4.01%	5.76%
Residential Customer Equivalents (RCEs)	748,808	764,063
<b>Revenue</b>	10.4%	
Sewer Rate	\$ 442,908	\$ 477,784
Capacity Charge	98,208	94,799
Industrial Waste	10,485	10,539
Resource Recovery	11,743	8,639
Other Income	5,659	4,509
Investment Income	6,542	14,015
Use (Transfer to) Rate Stabilization Reserve	-	-
<b>Total - Revenue</b>	<b>\$ 575,545</b>	<b>\$ 610,285</b>
<b>Expenditures &amp; Transfers</b>		
O&M Expenses	\$ (174,128)	\$ (193,913)
Existing Debt Service	(248,013)	(258,355)
New Debt Service	-	(8,798)
Debt Retirement/ Defeasance Use of Cash	-	-
Minimum Operating Reserve Contribution	(1,841)	(1,755)
<b>Total - Expenditures &amp; Transfers</b>	<b>\$ (423,982)</b>	<b>\$ (462,822)</b>
<b>Net Cash Flow</b>	<b>\$ 151,563</b>	<b>\$ 147,463</b>
Beginning Balance	\$ 73,154	\$ 42,431
Net Cash Flow	151,563	147,463
Policy Cash-Funded Capital (Transfer to Capital Fund) <sup>1</sup>	(166,800)	(189,893)
Ending Balance	\$ 57,917	\$ -
<b>Ending Reserve Balances</b>		
Water Quality Operating Liquidity Reserve	\$ 17,413	\$ 19,391
Rate Stabilization Reserve Account	\$ 46,250	\$ 46,250
Debt Service Coverage - Parity Bonds (Senior Lien)	2.84x	2.90x
Debt Service Coverage - All-In Debt Service	1.62x	1.56x

<sup>1</sup>Includes target original cost depreciation capital funding from rates, plus excess transfer from the

### Capital Funding Forecast - 3611 & 3612 (\$ '000)

Beginning Balance	\$ 233,909	\$ 201,482
WIFIA Proceeds	-	44,600
State Loan Proceeds	44,872	155,148
Variable Rate Debt Proceeds	-	-
Commercial Paper / Interim Financing	31,400	53,313
Retirement of Interim Financing	(38,500)	(81,615)
Net Bond Proceeds	-	-
Debt Reserve Contribution/(Requirement)	460	459
Grants, Settlements, and Other	2,612	-

<b>Capital Expenditures</b>	<b>(258,618)</b>	<b>(315,949)</b>
Ending Balance Before Transfers	\$ 16,135	\$ 57,438
Year-end Transfers from Operating Fund	166,800	189,893
Ending Balance	\$ 182,935	\$ 247,331
<b>Ending Reserve Balances</b>		
Capital Liquidity Reserve	5,000	5,000
Emergency Capital Reserve	15,000	15,000
Revenue Bonds Reserve Account	128,764	126,412
State Revolving Fund Reserve Account	981	981

Note: Bond covenants are written to allow that in any given year, use of the Rates Stabilization Re basis for calculating bond coverage. This allows WTD to use reserves to smooth rate increases and

Rate Proposal		Projected		Projected		Projected		Projected	
2024		2025		2026		2027		2028	
	\$55.11		\$58.28		\$61.64		\$65.65		\$69.92
	5.75%		5.75%		5.75%		6.50%		6.50%
	775,796		784,843		789,766		794,697		799,637
\$	513,049	\$	548,888	\$	584,174	\$	626,062	\$	670,928
	97,643		102,525		107,651		113,034		118,686
	10,594		10,649		10,704		10,759		10,815
	8,689		2,769		2,852		2,938		3,026
	4,520		4,531		4,543		4,556		4,568
	15,843		15,412		15,937		16,172		17,063
	-		-		-		-		-
\$	650,337	\$	684,774	\$	725,862	\$	773,521	\$	825,086
\$	(198,208)	\$	(210,585)	\$	(220,869)	\$	(231,399)	\$	(242,439)
	(250,513)		(247,854)		(258,357)		(254,791)		(255,483)
	(11,093)		(26,442)		(44,855)		(67,493)		(97,099)
	-		-		-		-		-
	(429)		(1,238)		(1,028)		(1,053)		(1,104)
\$	(460,243)	\$	(486,120)	\$	(525,110)	\$	(554,736)	\$	(596,125)
\$	190,094	\$	198,654	\$	200,752	\$	218,785	\$	228,961
\$	-	\$	-	\$	-	\$	-	\$	-
	190,094		198,654		200,752		218,785		228,961
	(190,094)		(198,654)		(200,752)		(218,785)		(228,961)
\$	-	\$	-	\$	-	\$	-	\$	-
\$	19,821	\$	21,059	\$	22,087	\$	23,140	\$	24,244
\$	46,250	\$	46,250	\$	46,250	\$	46,250	\$	46,250
	3.07x		3.16x		2.84x		2.75x		2.55x
	1.73x		1.73x		1.67x		1.68x		1.65x

operating reserve in 2022

\$	247,331	\$	190,094	\$	198,654	\$	200,752	\$	218,785
	-		-		96,845		-		-
	34,747		-		-		-		-
	-		15,974		25,690		37,495		51,594
	27,162		19,122		12,595		-		-
	(8,747)		-		(93,931)		-		-
	24,827		181,158		229,124		295,683		385,666
	2,352		-		-		-		-
	-		-		-		-		-



(327,672)		(406,350)		(468,977)		(533,930)		(656,046)	
\$	-	\$	-	\$	-	\$	-	\$	-
190,094		198,654		200,752		218,785		228,961	
\$	190,094	\$	198,654	\$	200,752	\$	218,785	\$	228,961
5,000		5,000		5,000		5,000		5,000	
15,000		15,000		15,000		15,000		15,000	
128,043		140,004		159,995		180,735		207,437	
219		219		176		133		133	

serve can be recognized as revenue eligible for inclusion in the bond coverage calculation. In ye  
l otherwise manage rate levels without compromising the ability to meet annual bond coverage

Projected 2029		Projected 2030		Projected 2031		Projected 2032		Projected 2033	
	\$74.47		\$79.69		\$85.27		\$91.24		\$97.63
	6.50%		7.00%		7.00%		7.00%		7.00%
	804,586		809,543		814,509		819,485		824,468
									4.8%
\$	719,010	\$	774,150	\$	833,439	\$	897,237	\$	965,914
	124,620		130,851		137,393		144,263		151,476
	10,871		10,928		10,984		11,042		11,099
	3,117		3,210		3,307		3,406		3,508
	4,581		4,595		4,609		4,623		4,638
	18,007		19,157		20,190		21,596		22,914
	-		-		-		-		-
\$	880,206	\$	942,891	\$	1,009,922	\$	1,082,166	\$	1,159,550
\$	(254,016)	\$	(266,155)	\$	(278,885)	\$	(292,234)	\$	(306,330)
	(252,286)		(260,636)		(259,775)		(266,450)		(255,740)
	(136,574)		(182,436)		(228,691)		(269,904)		(308,639)
	-		-		-		-		-
	(1,158)		(1,214)		(1,273)		(1,335)		(1,410)
\$	(644,033)	\$	(710,442)	\$	(768,625)	\$	(829,922)	\$	(872,119)
\$	236,173	\$	232,449	\$	241,297	\$	252,244	\$	287,430
\$	-	\$	-	\$	-	\$	-	\$	-
	236,173		232,449		241,297		252,244		287,430
	(236,173)		(232,449)		(241,297)		(252,244)		(287,430)
\$	-	\$	-	\$	-	\$	-	\$	-
\$	25,402	\$	26,616	\$	27,889	\$	29,223	\$	30,633
\$	46,250	\$	46,250	\$	46,250	\$	46,250	\$	46,250
	2.62x		2.29x		2.12x		2.03x		2.01x
	1.61x		1.53x		1.50x		1.47x		1.51x
\$	228,961	\$	236,173	\$	232,449	\$	241,297	\$	252,244
	-		-		-		-		-
	-		-		-		-		-
	67,370		90,548		106,231		110,163		106,730
	-		-		-		-		-
	-		-		-		-		-
	508,943		584,996		585,100		502,747		496,941
	-		-		-		-		-
	-		-		-		-		-

(805,273)		(911,717)		(923,780)		(854,208)		(855,914)	
\$	-	\$	-	\$	-	\$	-	\$	-
236,173		232,449		241,297		252,244		287,430	
\$	236,173	\$	232,449	\$	241,297	\$	252,244	\$	287,430
5,000		5,000		5,000		5,000		5,000	
15,000		15,000		15,000		15,000		15,000	
242,633		283,385		324,504		360,237		395,238	
133		68		-		-		-	

ars that WTD contributes to this reserve, that portion of revenue is deducted from the revenue targets.

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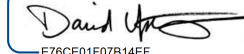
Dave Upthegrove

dave.upthegrove@kingcounty.gov

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Melani Pedroza

melani.pedroza@kingcounty.gov

Clerk of the Council

King County Council

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Dow Constantine

Dow.Constantine@kingcounty.gov

King County Executive

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- i. decline to sign a document from within your signing session, and on the subsequent page, select the check-box indicating you wish to withdraw your consent, or you may;
- ii. send us an email to [cipriano.dacanay@kingcounty.gov](mailto:cipriano.dacanay@kingcounty.gov) and in the body of such request you must state your email, full name, mailing address, and telephone number. We do not need any other information from you to withdraw consent.. The consequences of your withdrawing consent for online documents will be that transactions may take a longer time to process..

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To confirm to us that you can access this information electronically, which will be similar to other electronic notices and disclosures that we will provide to you, please confirm that you have read this ERSD, and (i) that you are able to print on paper or electronically save this ERSD for your future reference and access; or (ii) that you are able to email this ERSD to an email address where you will be able to print on paper or save it for your future reference and access. Further, if you consent to receiving notices and disclosures exclusively in electronic format as described herein, then select the check-box next to ‘I agree to use electronic records and signatures’ before clicking ‘CONTINUE’ within the DocuSign system.

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- You can access and read this Electronic Record and Signature Disclosure; and
- You can print on paper this Electronic Record and Signature Disclosure, or save or send this Electronic Record and Disclosure to a location where you can print it, for future reference and access; and
- Until or unless you notify King County-Department of 02 as described above, you consent to receive exclusively through electronic means all notices, disclosures, authorizations, acknowledgements, and other documents that are required to be provided or made available to you by King County-Department of 02 during the course of your relationship with King County-Department of 02.



**CITY COUNCIL****AGENDA BILL # AB23-0107**

**City of Algona**  
**200 Washington Blvd.**  
**Algona, WA 98001**

ITEM INFORMATION			
<b>SUBJECT:</b>  <b>WA Department of Commerce Middle Housing Grant Agreement</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator		X
	City Attorney		X
	City Clerk		
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline: 1 <sup>st</sup> review – 11/13/23	Planning Commission		
2 <sup>nd</sup> review – 11/27/23	Civil Service Committee		
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: Middle Housing Grant Agreement</b>			
<b>SUMMARY STATEMENT:</b> The City has been awarded \$35,000 for activities that support the preparation and adoption of policies and/or codes and other measures specific to implement middle housing (RCW 36.70A.030(26)) by applicable statutory deadlines. This work will support the Comprehensive Plan middle housing work by Atwell.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b>			
<b>RECORD OF COUNCIL ACTION</b>			
<i>Meeting Date:</i>	<i>Action:</i>	<i>Vote:</i>	



**Interagency Agreement with**

**Algona**

**through**

**Growth Management Services**

**Contract Number:**

24-63326-101

**For**

**Middle Housing Grant**

**Dated:**

Date of Execution

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## Face Sheet

**Contract Number: 24-63326-101**

### Local Government Division Growth Management Services Middle Housing Grants

<b>1. Contractor</b> Algona 200 Washington Blvd Algona, WA-98001		<b>2. Regional Planner</b>  Carol Holman Carol.Holman@commerce.wa.gov	
<b>3. Contractor Representative</b> Jessica Griess City Clerk/Treasurer 253-833-2897 jessicag@algonawa.gov		<b>4. COMMERCE Representative</b> Anne Aurelia Fritzel      1011 Plum Street SE Housing Planning Manager      Olympia, WA 98504 360-259-5216 Anne.Fritzel@commerce.wa.gov	
<b>5. Contract Amount</b> \$35000	<b>6. Funding Source</b> Federal: <input type="checkbox"/> State: <input checked="" type="checkbox"/> Other: <input type="checkbox"/> N/A: <input type="checkbox"/>		<b>7. Start Date</b> Date of Execution
<b>8. End Date</b> June 15, 2025			
<b>9. Federal Funds (as applicable)</b> N/A		<b>Federal Agency:</b> N/A	
<b>ALN</b> N/A			
<b>10. Tax ID #</b> N/A	<b>11. SWV #</b> 0028712	<b>12. UBI #</b> 600-040-2897	<b>13. UEI #</b> N/A
<b>14. Contract Purpose</b> For activities that support the preparation and adoption of policies and/or codes and other measures specific to implement middle housing (RCW 36.70A.030(26)) by applicable statutory deadlines.			
COMMERCE, defined as the Department of Commerce, and the Contractor, as defined above, acknowledge and accept the terms of this Contract and Attachments and have executed this Contract on the date below and warrant they are authorized to bind their respective agencies. The rights and obligations of both parties to this Contract are governed by this Contract and the following documents incorporated by reference: Contractor Terms and Conditions including Attachment "A" – Scope of Work, and Attachment "B" – Budget.			
<b>FOR CONTRACTOR</b>  _____ Jessica Griess, City Clerk/Treasurer  _____ Signature  _____ Date		<b>FOR COMMERCE</b>  _____ Mark K. Barkley, Assistant Director Local Government Division  _____ Date  <b>APPROVED AS TO FORM ONLY</b> <b>BY ASSISTANT ATTORNEY GENERAL</b> <b>APPROVAL ON FILE</b>	

## **Special Terms and Conditions**

### **1. AUTHORITY**

COMMERCE and Contractor enter into this Contract pursuant to the authority granted by Chapter 39.34 RCW.

### **2. CONTRACT MANAGEMENT**

The Representative for each of the parties shall be responsible for and shall be the contact person for all communications and billings regarding the performance of this Contract.

The Representative for COMMERCE and their contact information are identified on the Face Sheet of this Contract.

The Representative for the Contractor and their contact information are identified on the Face Sheet of this Contract.

### **3. COMPENSATION**

COMMERCE shall pay an amount not to exceed \$35000 (thirty-five thousand dollars), for the performance of all things necessary for or incidental to the performance of work under this Contract as set forth in the Scope of Work.

### **4. BILLING PROCEDURES AND PAYMENT**

COMMERCE will pay Contractor upon acceptance of deliverables provided and receipt of properly completed invoices, which shall be submitted to the Representative for COMMERCE not more often than monthly nor less than quarterly.

The invoices shall describe and document, to COMMERCE's satisfaction, a description of the work performed, the progress of the project, and fees. The invoice shall include the Contract Number 24-63326-101.

Payment shall be considered timely if made by COMMERCE within thirty (30) calendar days after receipt of properly completed invoices. Payment shall be sent to the address designated by the Contractor.

COMMERCE may, in its sole discretion, terminate the Contract or withhold payments claimed by the Contractor for services rendered if the Contractor fails to satisfactorily comply with any term or condition of this Contract.

No payments in advance or in anticipation of services or supplies to be provided under this Agreement shall be made by COMMERCE.

#### **Invoices and End of Fiscal Year**

Invoices are due on the 20th of the month following the provision of services.

Final invoices for a state fiscal year may be due sooner than the 20th and Commerce will provide notification of the end of fiscal year due date.

The Contractor must invoice for all expenses from the beginning of the contract through June 30, regardless of the contract start and end date.

#### **Duplication of Billed Costs**

The Contractor shall not bill COMMERCE for services performed under this Agreement, and COMMERCE shall not pay the Contractor, if the Contractor is entitled to payment or has been or will be paid by any other source, including grants, for that service. Any payment made by COMMERCE for costs that are determined to be duplicate, in Commerce's sole determination, shall be subject to recapture and may result in suspension or termination of this Contract.

**Disallowed Costs**

The Contractor is responsible for any audit exceptions or disallowed costs incurred by its own organization or that of its subcontractors.

COMMERCE may, in its sole discretion, withhold ten percent (10%) from each payment until acceptance by COMMERCE of the final report (or completion of the project, etc.).

**5. SUBCONTRACTOR DATA COLLECTION**

Contractor will submit reports, in a form and format to be provided by Commerce and at intervals as agreed by the parties, regarding work under this Contract performed by subcontractors and the portion of Contract funds expended for work performed by subcontractors, including but not necessarily limited to minority-owned, woman-owned, and veteran-owned business subcontractors. "Subcontractors" shall mean subcontractors of any tier.

**6. INSURANCE**

Each party certifies that it is self-insured under the State's or local government self-insurance liability program, and shall be responsible for losses for which it is found liable.

**7. FRAUD AND OTHER LOSS REPORTING**

Contractor shall report in writing all known or suspected fraud or other loss of any funds or other property furnished under this Contract immediately or as soon as practicable to the Commerce Representative identified on the Face Sheet.

**8. ORDER OF PRECEDENCE**

In the event of an inconsistency in this Contract, the inconsistency shall be resolved by giving precedence in the following order:

- Applicable federal and state of Washington statutes and regulations
- Special Terms and Conditions
- General Terms and Conditions
- Attachment A – Scope of Work
- Attachment B – Budget

## **General Terms and Conditions**

### **1. DEFINITIONS**

As used throughout this Contract, the following terms shall have the meaning set forth below:

- A. "Authorized Representative" shall mean the Director and/or the designee authorized in writing to act on the Director's behalf.
- B. "COMMERCE" shall mean the Washington Department of Commerce.
- C. "Contract" or "Agreement" or "Grant" means the entire written agreement between COMMERCE and the Contractor, including any Attachments, documents, or materials incorporated by reference. E-mail or Facsimile transmission of a signed copy of this contract shall be the same as delivery of an original.
- D. "Contractor" or "Grantee" shall mean the entity identified on the face sheet performing service(s) under this Contract, and shall include all employees and agents of the Contractor.
- E. "Personal Information" shall mean information identifiable to any person, including, but not limited to, information that relates to a person's name, health, finances, education, business, use or receipt of governmental services or other activities, addresses, telephone numbers, social security numbers, driver license numbers, other identifying numbers, and any financial identifiers, and "Protected Health Information" under the federal Health Insurance Portability and Accountability Act of 1996 (HIPAA).
- F. "State" shall mean the state of Washington.
- G. "Subcontractor" shall mean one not in the employment of the Contractor, who is performing all or part of those services under this Contract under a separate contract with the Contractor. The terms "subcontractor" and "subcontractors" mean subcontractor(s) in any tier.

### **2. ALL WRITINGS CONTAINED HEREIN**

This Contract contains all the terms and conditions agreed upon by the parties. No other understandings, oral or otherwise, regarding the subject matter of this Contract shall be deemed to exist or to bind any of the parties hereto.

### **3. AMENDMENTS**

This Contract may be amended by mutual agreement of the parties. Such amendments shall not be binding unless they are in writing and signed by personnel authorized to bind each of the parties.

### **4. ASSIGNMENT**

Neither this Contract, work thereunder, nor any claim arising under this Contract, shall be transferred or assigned by the Contractor without prior written consent of COMMERCE.

### **5. CONFIDENTIALITY AND SAFEGUARDING OF INFORMATION**

- A. "Confidential Information" as used in this section includes:
  - i. All material provided to the Contractor by COMMERCE that is designated as "confidential" by COMMERCE;
  - ii. All material produced by the Contractor that is designated as "confidential" by COMMERCE; and

- iii. All Personal Information in the possession of the Contractor that may not be disclosed under state or federal law.
- B. The Contractor shall comply with all state and federal laws related to the use, sharing, transfer, sale, or disclosure of Confidential Information. The Contractor shall use Confidential Information solely for the purposes of this Contract and shall not use, share, transfer, sell or disclose any Confidential Information to any third party except with the prior written consent of COMMERCE or as may be required by law. The Contractor shall take all necessary steps to assure that Confidential Information is safeguarded to prevent unauthorized use, sharing, transfer, sale or disclosure of Confidential Information or violation of any state or federal laws related thereto. Upon request, the Contractor shall provide COMMERCE with its policies and procedures on confidentiality. COMMERCE may require changes to such policies and procedures as they apply to this Contract whenever COMMERCE reasonably determines that changes are necessary to prevent unauthorized disclosures. The Contractor shall make the changes within the time period specified by COMMERCE. Upon request, the Contractor shall immediately return to COMMERCE any Confidential Information that COMMERCE reasonably determines has not been adequately protected by the Contractor against unauthorized disclosure.
- C. Unauthorized Use or Disclosure. The Contractor shall notify COMMERCE within five (5) working days of any unauthorized use or disclosure of any confidential information, and shall take necessary steps to mitigate the harmful effects of such use or disclosure.

## 6. COPYRIGHT

Unless otherwise provided, all Materials produced under this Contract shall be considered "works for hire" as defined by the U.S. Copyright Act and shall be owned by COMMERCE. COMMERCE shall be considered the author of such Materials. In the event the Materials are not considered "works for hire" under the U.S. Copyright laws, the Contractor hereby irrevocably assigns all right, title, and interest in all Materials, including all intellectual property rights, moral rights, and rights of publicity to COMMERCE effective from the moment of creation of such Materials.

"Materials" means all items in any format and includes, but is not limited to, data, reports, documents, pamphlets, advertisements, books, magazines, surveys, studies, computer programs, films, tapes, and/or sound reproductions. "Ownership" includes the right to copyright, patent, register and the ability to transfer these rights.

For Materials that are delivered under the Contract, but that incorporate pre-existing materials not produced under the Contract, the Contractor hereby grants to COMMERCE a nonexclusive, royalty-free, irrevocable license (with rights to sublicense to others) in such Materials to translate, reproduce, distribute, prepare derivative works, publicly perform, and publicly display. The Contractor warrants and represents that the Contractor has all rights and permissions, including intellectual property rights, moral rights and rights of publicity, necessary to grant such a license to COMMERCE.

The Contractor shall exert all reasonable effort to advise COMMERCE, at the time of delivery of Materials furnished under this Contract, of all known or potential invasions of privacy contained therein and of any portion of such document which was not produced in the performance of this Contract. The Contractor shall provide COMMERCE with prompt written notice of each notice or claim of infringement received by the Contractor with respect to any Materials delivered under this Contract. COMMERCE shall have the right to modify or remove any restrictive markings placed upon the Materials by the Contractor.

## 7. DISPUTES

In the event that a dispute arises under this Agreement, it shall be determined by a Dispute Board in the following manner: Each party to this Agreement shall appoint one member to the Dispute Board. The members so appointed shall jointly appoint an additional member to the Dispute Board. The Dispute Board shall review the facts, Agreement terms and applicable statutes and rules and make



a determination of the dispute. The Dispute Board shall thereafter decide the dispute with the majority prevailing. The determination of the Dispute Board shall be final and binding on the parties hereto. As an alternative to this process, either of the parties may request intervention by the Governor, as provided by RCW 43.17.330, in which event the Governor's process will control.

## **8. GOVERNING LAW AND VENUE**

This Contract shall be construed and interpreted in accordance with the laws of the state of Washington, and the venue of any action brought hereunder shall be in the Superior Court for Thurston County.

## **9. INDEMNIFICATION**

Each party shall be solely responsible for the acts of its employees, officers, and agents.

## **10. LICENSING, ACCREDITATION AND REGISTRATION**

The Contractor shall comply with all applicable local, state, and federal licensing, accreditation and registration requirements or standards necessary for the performance of this Contract.

## **11. RECAPTURE**

In the event that the Contractor fails to perform this Contract in accordance with state laws, federal laws, and/or the provisions of this Contract, COMMERCE reserves the right to recapture funds in an amount to compensate COMMERCE for the noncompliance in addition to any other remedies available at law or in equity.

Repayment by the Contractor of funds under this recapture provision shall occur within the time period specified by COMMERCE. In the alternative, COMMERCE may recapture such funds from payments due under this Contract.

## **12. RECORDS MAINTENANCE**

The Contractor shall maintain books, records, documents, data and other evidence relating to this contract and performance of the services described herein, including but not limited to accounting procedures and practices that sufficiently and properly reflect all direct and indirect costs of any nature expended in the performance of this contract.

The Contractor shall retain such records for a period of six years following the date of final payment. At no additional cost, these records, including materials generated under the contract, shall be subject at all reasonable times to inspection, review or audit by COMMERCE, personnel duly authorized by COMMERCE, the Office of the State Auditor, and federal and state officials so authorized by law, regulation or agreement.

If any litigation, claim or audit is started before the expiration of the six (6) year period, the records shall be retained until all litigation, claims, or audit findings involving the records have been resolved.

## **13. SAVINGS**

In the event funding from state, federal, or other sources is withdrawn, reduced, or limited in any way after the effective date of this Contract and prior to normal completion, COMMERCE may suspend or terminate the Contract under the "Termination for Convenience" clause, without the ten calendar day notice requirement. In lieu of termination, the Contract may be amended to reflect the new funding limitations and conditions.

## **14. SEVERABILITY**

The provisions of this contract are intended to be severable. If any term or provision is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of the contract.

**15. SUBCONTRACTING**

The Contractor may only subcontract work contemplated under this Contract if it obtains the prior written approval of COMMERCE.

If COMMERCE approves subcontracting, the Contractor shall maintain written procedures related to subcontracting, as well as copies of all subcontracts and records related to subcontracts. For cause, COMMERCE in writing may: (a) require the Contractor to amend its subcontracting procedures as they relate to this Contract; (b) prohibit the Contractor from subcontracting with a particular person or entity; or (c) require the Contractor to rescind or amend a subcontract.

Every subcontract shall bind the Subcontractor to follow all applicable terms of this Contract. The Contractor is responsible to COMMERCE if the Subcontractor fails to comply with any applicable term or condition of this Contract. The Contractor shall appropriately monitor the activities of the Subcontractor to assure fiscal conditions of this Contract. In no event shall the existence of a subcontract operate to release or reduce the liability of the Contractor to COMMERCE for any breach in the performance of the Contractor's duties.

Every subcontract shall include a term that COMMERCE and the State of Washington are not liable for claims or damages arising from a Subcontractor's performance of the subcontract.

**16. SURVIVAL**

The terms, conditions, and warranties contained in this Contract that by their sense and context are intended to survive the completion of the performance, cancellation or termination of this Contract shall so survive.

**17. TERMINATION FOR CAUSE**

In the event COMMERCE determines the Contractor has failed to comply with the conditions of this contract in a timely manner, COMMERCE has the right to suspend or terminate this contract. Before suspending or terminating the contract, COMMERCE shall notify the Contractor in writing of the need to take corrective action. If corrective action is not taken within 30 calendar days, the contract may be terminated or suspended.

In the event of termination or suspension, the Contractor shall be liable for damages as authorized by law including, but not limited to, any cost difference between the original contract and the replacement or cover contract and all administrative costs directly related to the replacement contract, e.g., cost of the competitive bidding, mailing, advertising and staff time.

COMMERCE reserves the right to suspend all or part of the contract, withhold further payments, or prohibit the Contractor from incurring additional obligations of funds during investigation of the alleged compliance breach and pending corrective action by the Contractor or a decision by COMMERCE to terminate the contract. A termination shall be deemed a "Termination for Convenience" if it is determined that the Contractor: (1) was not in default; or (2) failure to perform was outside of his or her control, fault or negligence.

The rights and remedies of COMMERCE provided in this contract are not exclusive and are, in addition to any other rights and remedies, provided by law.

**18. TERMINATION FOR CONVENIENCE**

Except as otherwise provided in this Contract, COMMERCE may, by ten (10) business days' written notice, beginning on the second day after the mailing, terminate this Contract, in whole or in part. If this Contract is so terminated, COMMERCE shall be liable only for payment required under the terms of this Contract for services rendered or goods delivered prior to the effective date of termination.

**19. TERMINATION PROCEDURES**

Upon termination of this contract, COMMERCE, in addition to any other rights provided in this contract, may require the Contractor to deliver to COMMERCE any property specifically produced or

acquired for the performance of such part of this contract as has been terminated. The provisions of the "Treatment of Assets" clause shall apply in such property transfer.

COMMERCE shall pay to the Contractor the agreed upon price, if separately stated, for completed work and services accepted by COMMERCE, and the amount agreed upon by the Contractor and COMMERCE for (i) completed work and services for which no separate price is stated, (ii) partially completed work and services, (iii) other property or services that are accepted by COMMERCE, and (iv) the protection and preservation of property, unless the termination is for default, in which case the Authorized Representative shall determine the extent of the liability of COMMERCE. Failure to agree with such determination shall be a dispute within the meaning of the "Disputes" clause of this contract. COMMERCE may withhold from any amounts due the Contractor such sum as the Authorized Representative determines to be necessary to protect COMMERCE against potential loss or liability.

The rights and remedies of COMMERCE provided in this section shall not be exclusive and are in addition to any other rights and remedies provided by law or under this contract.

After receipt of a notice of termination, and except as otherwise directed by the Authorized Representative, the Contractor shall:

- A. Stop work under the contract on the date, and to the extent specified, in the notice;
- B. Place no further orders or subcontracts for materials, services, or facilities except as may be necessary for completion of such portion of the work under the contract that is not terminated;
- C. Assign to COMMERCE, in the manner, at the times, and to the extent directed by the Authorized Representative, all of the rights, title, and interest of the Contractor under the orders and subcontracts so terminated, in which case COMMERCE has the right, at its discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts;
- D. Settle all outstanding liabilities and all claims arising out of such termination of orders and subcontracts, with the approval or ratification of the Authorized Representative to the extent the Authorized Representative may require, which approval or ratification shall be final for all the purposes of this clause;
- E. Transfer title to COMMERCE and deliver in the manner, at the times, and to the extent directed by the Authorized Representative any property which, if the contract had been completed, would have been required to be furnished to COMMERCE;
- F. Complete performance of such part of the work as shall not have been terminated by the Authorized Representative; and
- G. Take such action as may be necessary, or as the Authorized Representative may direct, for the protection and preservation of the property related to this contract, which is in the possession of the Contractor and in which COMMERCE has or may acquire an interest.

## **20. TREATMENT OF ASSETS**

Title to all property furnished by COMMERCE shall remain in COMMERCE. Title to all property furnished by the Contractor, for the cost of which the Contractor is entitled to be reimbursed as a direct item of cost under this contract, shall pass to and vest in COMMERCE upon delivery of such property by the Contractor. Title to other property, the cost of which is reimbursable to the Contractor under this contract, shall pass to and vest in COMMERCE upon (i) issuance for use of such property in the performance of this contract, or (ii) commencement of use of such property in the performance of this contract, or (iii) reimbursement of the cost thereof by COMMERCE in whole or in part, whichever first occurs.

- A. Any property of COMMERCE furnished to the Contractor shall, unless otherwise provided herein or approved by COMMERCE, be used only for the performance of this contract.
- B. The Contractor shall be responsible for any loss or damage to property of COMMERCE that results from the negligence of the Contractor or which results from the failure on the part of the Contractor to maintain and administer that property in accordance with sound management practices.
- C. If any COMMERCE property is lost, destroyed or damaged, the Contractor shall immediately notify COMMERCE and shall take all reasonable steps to protect the property from further damage.
- D. The Contractor shall surrender to COMMERCE all property of COMMERCE prior to settlement upon completion, termination or cancellation of this contract.
- E. All reference to the Contractor under this clause shall also include Contractor's employees, agents or Subcontractors.

**21. WAIVER**

Waiver of any default or breach shall not be deemed to be a waiver of any subsequent default or breach. Any waiver shall not be construed to be a modification of the terms of this Contract unless stated to be such in writing and signed by Authorized Representative of COMMERCE.

## **Attachment A: Scope of Work**

<b><i>Grant Objective: To prepare and adopt middle housing policies and code, with the benefit of public and stakeholder input.</i></b>			
<b>Actions/Steps/ Deliverables</b>	<b>Description</b>	<b>Start Date</b>	<b>End Date</b>
<b>Action 1</b>	<b>Review existing conditions inhibiting middle housing development and prepare informational materials</b>	<b>1/27/2024</b>	<b>4/12/2024</b>
Step 1.1	Analyze current and historic development regulations, programs and permitting processes impacting middle housing.	1/27/2024	4/12/2024
Step 1.2	Revise existing public engagement plan to highlight middle housing requirements	2/7/2024	2/28/2024
Step 1.3	Revise and or create informational materials about Middle Housing.	2/28/2024	4/15/2024
<b>Deliverable 1</b>	Completed outreach plan and materials relating to Middle Housing highlighting key changes that need to be made.	3/15/2024	4/15/2024
<b>Action 2</b>	<b>Conduct middle housing public outreach</b>	<b>5/1/2024</b>	<b>8/29/2024</b>
Step 2.1	Facilitate community engagement activities and provide informational materials educating and informing the public.	5/1/2024	6/30/2024
Step 2.2	Host a focus group meeting with developers and technical professionals to gather feedback on the draft code and updates.	6/15/2024	8/30/2024
Step 2.3	Hold a joint workshop with Planning Commission and City Council to review report findings and discuss requirements for solutions.	6/15/2024	8/30/2024

<b>Deliverable 2</b>	Community outreach summary report.	7/06/2024	8/30/2024
<b>Action 3</b>	<b>Draft Middle Housing Policies and middle housing code</b>	<b>8/07/2024</b>	<b>6/15/2025</b>

Step 3.1	Review drafted findings, policies, and goals for input into Middle Housing policies and code.	9/21/2024	9/30/2024
Step 3.2	Meet with Planning Commission and City Council to discuss progress middle housing policy and code	10/01/2024	10/23/2024
<b>Deliverable 3</b>	Draft Middle Housing Ordinance and middle housing code.	3/27/2025	4/23/2025
Step 3.1	Public review and hearing process	4/23/2025	6/15/2025
<b>Deliverable 4</b>	Adoption of Middle Housing Ordinance.	9/04/2024	6/15/2025

## **Attachment B: Budget**

Grant Objective: <b><i>To prepare and adopt middle housing policies and code, with the benefit of public and stakeholder input.</i></b>	Fiscal Year	Commerce Funds
Deliverable 1. Informational and educational materials that provide background information on Middle Housing and highlight the key changes that need to be made.	FY1 – April 2024	\$17,500
Deliverable 2. Community outreach summary report.	FY2 – August 2024	\$ 3,000
Deliverable 3. Draft Missing Middle Housing Ordinance for updating Comprehensive Plan Housing Element and Algona Municipal Code.	FY2 – April 2025	\$ 10,000
Deliverable 4. Adoption of Middle Housing Ordinance	FY2 – June 2025	\$ 7,500
Total:		\$ 35,000

**To:** Mayor Troy Linnell and City Council Members

**From:** Tara Dunford, CPA

**Date:** November 13, 2023

**Re:** Ordinance No. 1229-23 Property Tax Levy for 2024

**ATTACHMENTS:** Ordinance No. 1229-23

**TYPE OF ACTION:** None. First read.

**Discussion:** The City must adopt a tax levy ordinance in order to levy property taxes for 2024. The attached ordinance pertains to the regular levy only, exclusive of additional revenue from new construction. The attached ordinance presumes an increase of the maximum allowable (1%). Amounts for this ordinance are provided by King County and are calculated as follows:

Step 1: Calculate 2024 levy based on maximum allowable increase (1%)

Highest lawful regular levy	\$770,881
x 101 percent equals	\$778,590

Step 2: Calculate change from prior year levy

2024 levy	\$778,590 (calculated as shown above)
Less: actual 2023 levy	\$771,507
Dollar increase equals	\$7,083
Percent increase equals	.91805%

Additional revenues related to administrative refunds and new construction are not required to be included in the tax levy ordinance but will be included in the levy certification provided to King County. The percentage increase noted above is less than 1% due to administrative refunds levied in 2023, which are excluded from the highest lawful base levy for 2023. The cost of the 1% increase per \$1,000 of assessed valuation is approximately \$.00807. The annual impact on homes at various assessed valuations is as follows:

\$300,000 - \$2.42
\$400,000 - \$3.23
\$457,000 - \$3.69 (2023 median)
\$500,000 - \$4.04
\$600,000 - \$4.84
\$700,000 - \$5.65
\$800,000 - \$6.46
\$900,000 - \$7.26
\$1,000,000 - \$8.07



## CITY OF ALGONA, WASHINGTON

**ORDINANCE NO. 1229-23**

AN ORDINANCE OF THE CITY OF ALGONA, KING COUNTY, WASHINGTON, ESTABLISHING THE REGULAR TAX LEVY FOR THE YEAR 2024; PROVIDING FOR SEVERABILITY, AND EFFECTIVE DATE, AND FOR SUMMARY PUBLICATION BY ORDINANCE TITLE ONLY.

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WHEREAS, the Algona City Council has met and considered its budget for calendar year 2024; and

WHEREAS, the City's actual levy amount from the previous year was \$771,507; and

WHEREAS, the population of the City is less than 10,000; and

WHEREAS, RCW 84.55.120 requires that property tax increases must be adopted by ordinance and specifically identify the dollar and percentage change from the prior year; and

NOW, THEREFORE,

THE CITY COUNCIL OF THE CITY OF ALGONA, WASHINGTON, DO ORDAIN AS FOLLOWS:

Section 1. That an increase in the regular property tax levy is hereby authorized for the levy to be collected in the 2024 tax year.

Section 2. The regular property tax levy for calendar year 2024 is hereby authorized to be collected. The dollar amount of the increase from the prior year shall be \$7,083, which is a percentage increase of .91805% from the prior year. This increase is exclusive of additional revenue from the addition of new construction, improvements to property, newly constructed wind turbines, solar, biomass, and geothermal facilities, any increase in the value of state assessed property, and annexations that have occurred and refunds made.

Section 3. This Ordinance shall be certified to the proper County Officials, as provided by law, and taxes herein levied shall be collected to pay to the City of Algona at the time and manner provided by the laws of the State of Washington for the collection of taxes.

Section 4. Severability. If any section, sentence, clause or phrase of this ordinance should be held to be invalid or unconstitutional by a court of competent jurisdiction, such invalidity or unconstitutionality shall not affect the validity or constitutionality of any other sentence, clause or phrase of this ordinance.

Section 5. Effective Date. This ordinance or a summary thereof consisting of the title shall be published in the official newspaper of the City and shall take effect and be in full force five (5) days after publication.

Passed by the Algona City Council the 27th day of November, 2023, and approved by the Mayor, the 28th day of November, 2023.

CITY OF ALGONA, WASHINGTON:

\_\_\_\_\_  
Troy Linnell, Mayor

Published: \_\_\_\_\_

Effective: \_\_\_\_\_

ATTEST/AUTHENTICATED:

\_\_\_\_\_  
Jessica Griess  
City Clerk



## CITY COUNCIL

## AGENDA BILL # AB23-0101

City of Algona  
200 Washington Blvd.  
Algona, WA 98001

## ITEM INFORMATION

<b>SUBJECT:</b>  <b>Resolution 1266-23, Get Active Stay Active King County Grant Agreement</b>	<b>Agenda Date: November 27<sup>th</sup>, 2023</b>		
	Department/Committee/Individual	Created	Reviewed
	Mayor		
	City Administrator		
	City Attorney		x
	City Clerk		x
	Finance Dept		
	PW/Utilities		
	Planning Dept		
	Community Services		
Cost Impact:	Police Dept		
Fund Source:	Finance Committee		
Timeline: 1 <sup>st</sup> review – 10/23/23	Planning Commission		
2 <sup>nd</sup> review – 11/13/23	Civil Service Committee		
3 <sup>rd</sup> review – 11/27/23			
<b>Staff Contact: Jessica Griess, City Administrator</b>			
<b>Attachments: King County Grant Agreement</b>			
<b>SUMMARY STATEMENT:</b> The City has been granted \$5,000 to implement healthy living programs. Gary is working with the Community Center Advisory Board to determine the best options for the community whether it's a Zumba class, healthy cooking class, or scholarships for the Skyhawks sports camps.			
<b>COMMITTEE REVIEW AND RECOMMENDATION:</b>			
<b>RECOMMENDED ACTION:</b> <b>Make a motion to approve Resolution 1266-23.</b>			
<b>RECORD OF COUNCIL ACTION</b>			
Meeting Date:	Action:	Vote:	

**CITY OF ALGONA  
RESOLUTION NO. 1266-23**

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF  
ALGONA, WASHINGTON, APPROVING AND  
AUTHORIZING EXECUTION OF THE YOUTH AND  
AMATEUR SPORTS GRANT AGREEMENT WITH KING  
COUNTY

WHEREAS, King County Ordinance 19546 § 83 authorizes the Youth and Amateur Sports Grant funds for the Get Active Stay Active Program; and

WHEREAS, as the City of Algona has been awarded \$5,000; and

WHEREAS, the City Council desires to accept and utilize such allocation by approving and authorizing the execution of the Youth and Amateur Sports Grant Agreement for the project as provided herein;

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

Section 1. Approval of Youth and Amateur Sports Grant Agreement; Execution Authority. The City Council hereby approves the Youth and Amateur Sports Grant Agreement Between King County and the City of Algona for the 2023-2024 Youth and Amateur Sports Grant funding the Algona Healthy Living Programs substantially in the form provided in Exhibit A, attached hereto and incorporated herein by this reference as if set forth in full. The Mayor is hereby authorized to execute said Agreement on behalf of the City, inclusive of any minor revisions deemed reasonably necessary and appropriate by the Mayor.

Section 2. Effective Date. This resolution shall take effect immediately upon passage.

PASSED by the City Council of the City of Algona, at its regular meeting thereof this \_\_\_\_ day of \_\_\_\_\_, 2023.

CITY OF ALGONA, WASHINGTON

\_\_\_\_\_  
Troy Linnell, Mayor

(SEAL)

ATTEST:

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Jessica Griess, City Administrator

Exhibit A



## **Youth and Amateur Sports Grant Agreement**

### **Get Active / Stay Active Program**

Department/Division: **Natural Resources and Parks / Parks and Recreation**

Agency: City of Algona

Project: City of Algona Health Community

Amount: \$5,000.00 Project#: 1145399 Contract#: 6384372

Term Period: \_\_\_\_\_ To 11/30/2024

THIS AGREEMENT ("Agreement") is entered into by King County (the "County"), and City of Algona (the "Agency"), (collectively the "Parties") for programming that reduces barriers and increases access to physical activity using a Youth and Amateur Sports Grant ("YASG")

#### **RECITALS**

- A. The Agency is either a public agency or a non-profit organization that provides youth or amateur sports opportunities or are acts as a fiscal sponsor for community organization.
- B. King County, a home rule chapter county and political subdivision of the State of Washington, is authorized to administer the YASG Program and enter into agreements for the use of King County funds by public agencies, nonprofit organizations, or fiscal sponsor for community organizations that increase access to sports and physical activity under King County Ordinance 19546 § 83.
- C. The Agency shall utilize the Grant Award Funds to address an athletic need in King County.
- D. King County has selected the Agency to receive a YASG award in the amount of \$5,000.00 ("Grant Award Funds") for programming designed to provide increased athletic opportunities for the citizens of King County, Washington

NOW THEREFORE, in consideration of payments, covenants, and other provisions set forth in this Agreement, the Parties agree as follows:

### **GRANT AWARD TERMS AND CONDITIONS**

#### **1. DEFINITIONS**

##### **1.1 Project.**

The term "Project" means the specific project described in **Exhibits A and B**. Grant Award Funds available pursuant to this Agreement may only be used for the Project. To complete the Project, Grant Recipient shall use the Grant Award Funds to complete the Projects, as set forth

in **Exhibits A and B**, consistent with the requirements set forth in this Agreement and in the following attached exhibits, which are incorporated herein by reference:

<input checked="" type="checkbox"/>	Project Summary and Scope of Work	Attached hereto as Exhibit A
<input checked="" type="checkbox"/>	Project Budget	Attached hereto as Exhibit B
<input checked="" type="checkbox"/>	Insurance Requirements	Attached here to as Exhibit C

- 1.2 Location. This Agreement applies to the Project to take place at the site (“Site”) which is located at:

**Algona Community Center  
200 Washington Blvd. Algona, WA, 98001**

- 1.3 Scope of Work. Agency shall provide a County-approved Project summary and scope of work (“Scope of Work”), attached hereto as **Exhibit B**, which describes the Project in detail and includes a description of the various program milestones required for completion of the Project and intended use of the Grant Award Funds. Agency shall apply the funds received from the County for the Project under this Agreement in accordance with the Scope of Work, attached hereto as **Exhibit A**.
- 1.4 Project Budget. Agency shall work with King County to develop a Project Budget, attached hereto as **Exhibit B**. King County shall provide the Grant Award Funds to the Agency to pay for costs and expenditures related to the Project, as set forth in **Exhibits A and B**. Grant Award Funds provided to the Agency may only be used to pay for costs and expenditures related to the Project, as set forth in **Exhibits A and B**.
- 1.5 Contractor. Contractor shall include any contractor or consultant hired by the Agency, including any of the contractor’s or consultant’s subcontractors or subconsultants.
2. EFFECTIVE DATE  
The Agreement shall be effective upon signature by both Parties (“Effective Date”).
3. TERM  
The term (“Term”) of this Agreement shall begin on the Effective Date and end on 11/30/2024. This Agreement shall remain in effect until such time as it is amended in writing or terminated as provided herein.
4. AMENDMENTS  
This Agreement together with the attached exhibits expressly incorporated herein by reference and attached hereto shall constitute the whole Agreement between the Parties. This Agreement may be amended only by an instrument, in writing, duly executed by the Parties.
5. NOTICES  
Unless otherwise specified in the Agreement, all notices or documentation required or provided pursuant to this Agreement shall be in electronic form and shall be deemed duly given when received at the addresses first set forth below via electronic mail.



<b>KING COUNTY</b>	<b>City of Algona</b>
Grace Chai	Gary Klein
YASG Project Manager	
King County Parks	City of Algona
201 S Jackson Street Suite #700	200 Washington Blvd
Seattle, WA 98104-3855	Algona, WA. 98001
(206) 263-7230	253-217-5000
gchai@kingcounty.gov	garyk@algonawa.gov

Notice by e-mail shall be deemed to have been given on the date of transmission. Either Party hereto may, at any time, by giving ten (10) days written notice to the other Party to designate any other person or address in substitution of the foregoing information to which such notice or communication shall be given.

#### 6. DISBURSEMENT OF GRANT FUNDS

- 6.1 The County may authorize, at County's sole discretion, release of a portion of the Grant Award Funds to Agency, upon execution of this Agreement, and receipt of Agency's County-approved completed Scope of Work and Project Budget (see Section 1 and **Exhibits A and B**).
- 6.2 The County shall initiate authorization for payment and disbursement of Grant Award Funds after approval of sufficiently detailed Project-related invoices submitted by Agency. The County shall make payment to Agency not more than thirty (30) days after a complete and accurate invoice and any other required documentation is received and approved.
- 6.3 Agency shall submit the final invoice, supporting documentation and any outstanding deliverables, as specified in the Scope of Work (**Exhibit A**) and Project Budget (**Exhibit B**), within thirty (30) days of the date this Agreement expires or is terminated. If the Agency's final invoice, supporting documentation and reports are not submitted by the day specified in this subsection, the County will be relieved of all liability for payment to Agency of the amounts set forth in said invoice or any subsequent invoice.

#### 7. GRANT REPORTING

All Grant Award Funds received pursuant to this Agreement and accrued interest therefrom will be accounted for separately from all other Agency accounts and moneys. Until the Project is completed, and all proceeds provided pursuant to this Agreement have been expended, the Agency shall provide reports to the YASG Project Manager on a schedule determined by the County.

#### 8. COMPLETION OF THE PROJECT

Agency shall complete the Project described in Section 1.1 and **Exhibits A and B** of this Agreement. If Agency cannot complete the Project, as specified by the Scope of Work and deliverables set forth in **Exhibit A**, the County shall be released from any obligation to fund the Project, and the County in its sole discretion may reallocate such funds for other projects in other jurisdictions.

Pursuant to Section 18, Termination, this Agreement will be terminated if the Agency is unable or unwilling to expend the Grant Award Funds for the Project as provided in this Agreement. The Agency may not redirect Grant Award Funds for a purpose other than completion of the Project as approved by the County.

9. COMMUNICATION AND KING COUNTY MILESTONE NOTIFICATION

Agency shall recognize County as a “grant sponsor” for the Project in the following manner:

9.1 Events: Agency shall invite and recognize “King County Parks” at all events promoting the Project, and at the final Project dedication.

9.2 Community Relations: Agency shall recognize “King County Parks” as a “grant sponsor” in all social media, websites, brochures, banners, posters, press releases, and other promotional material related to the Project.

9.3 King County Parks Notification: Agency shall notify the King County Parks Project Manager 30 days prior to any major milestone, such as a groundbreaking or opening dates.

10. DISPOSITION OF REMAINING GRANT AWARD FUNDS

If Agency does not expend all proceeds obligated to be provided through this Agreement, such proceeds, if held by Agency, shall be refunded to the County. For purposes of this section, “proceeds” shall include all Grant Award Funds obligated to be provided by the County plus interest accrued by Agency on the grant funds. Any proceeds in excess of those required to be provided by the County for the actual costs of the Project shall remain with the County for use in its sole discretion.

11. PUBLIC ACCESS

The Grant Award Funds are provided for the purpose of developing and/or supporting the delivery of sports activities or programming for, but not exclusively serving, persons under twenty-four (24) years of age, and low and moderate income communities within King County. Fees for the Project shall be no greater than those generally charged by public operators or project providers in King County.

12. MINIMUM SCOPE AND LIMITS OF INSURANCE

The Agency shall maintain, and/or require its Contractor(s) to maintain the minimum scope and limits of insurance as required in **Exhibit C** – Insurance Requirements.

13. INTERNAL CONTROL AND ACCOUNTING SYSTEM

The Agency shall establish and maintain a system of accounting and internal controls which complies with applicable, generally accepted accounting principles, and governmental accounting and financial reporting standards in accordance with Revised Code of Washington (RCW) Chapter 43.09.

14. MAINTENANCE OF RECORDS

14.1 The Agency shall maintain accounts and records, including personnel, property, financial, Project records, including Agreement deliverables, and other such records as may be deemed necessary by the County to ensure proper accounting for all Agreement funds and compliance with this Agreement.

14.2 These records shall be maintained for a period of six (6) years after the expiration or earlier termination of this Agreement unless permission to destroy them is granted by the Office of the Archivist in accordance with RCW Chapter 40.14

14.3 Agency shall inform the County in writing of the location, if different from the Agency address listed on page one of this Agreement, of the aforesaid books, records, documents, and other evidence and shall notify the County in writing of any changes in location within ten (10) working days of any such relocation.

15. RIGHT TO INSPECT

The County reserves the right to review and approve the performance of the Agency with regard to this Agreement, and, at its sole discretion, to inspect or audit the Agency's records regarding this Agreement and the Project upon seventy-two (72) hours' notice during normal business hours.

16. COMPLIANCE WITH ALL LAWS AND REGULATIONS

The Agency, in cooperation and agreement with the owners of the Site, shall comply with all applicable laws, ordinances and regulations in using funds provided by the County, including, without limitation, those relating to providing a safe working environment to employees and, specifically, the requirements of the Washington Industrial Safety and Health Act (WISHA); and, to the extent applicable, those related to "public works," payment of prevailing wages, and competitive bidding of contracts. The Agency specifically agrees to comply and pay all costs associated with achieving such compliance without notice from King County; and further agrees that King County, does not waive this Section by giving notice of demand for compliance in any instance. The Agency shall indemnify and defend the County should it be sued or made the subject of an administrative investigation or hearing for a violation of such laws related to this Agreement.

17. CORRECTIVE ACTION

17.1 If the County determines that a breach of contract has occurred or does not approve of the Agency's performance, it will give the Agency written notification of unacceptable performance. The Agency will then take corrective action within a reasonable period of time, as may be defined by King County in its sole discretion in its written notification to the Agency.

17.2 The County may withhold any payment owed the Agency until the County is satisfied that corrective action has been taken or completed.

18. TERMINATION

18.1 The County may terminate this Agreement in whole or in part, with or without cause, at any time during the Term of this Agreement, by providing the Agency ten (10) days advance written notice of the termination.

18.2 If the termination results from acts or omissions of the Agency, including but not limited to misappropriation, nonperformance of required services, or fiscal mismanagement, the Agency shall return to the County immediately any funds, misappropriated or unexpended, which have been paid to the Agency by the County.

18.3 Any King County obligations under this Agreement beyond the current appropriation year are conditioned upon the County Council's appropriation of sufficient funds to

support such obligations. If the Council does not approve such appropriation, then this Agreement will terminate automatically at the close of the current appropriation year.

- 18.4 The Agreement will be terminated if the Agency is unable or unwilling to expend the Grant Award Funds as specified in Section 1 and **Exhibits A and B**, or upon reimbursement by the Agency to the County of all unexpended proceeds provided by the County pursuant to this Agreement and payment of all amounts due pursuant to Section 6.

19. FUTURE SUPPORT; UTILITIES AND SERVICE

The County makes no commitment to support the services contracted for herein and assumes no obligation for future support of the activity contracted for herein except as expressly set forth in this Agreement. The Agency understands, acknowledges, and agrees that the County shall not be liable to pay for or to provide any utilities or services in connection with the Project contemplated herein.

20. HOLD HARMLESS AND INDEMNIFICATION

The Agency shall protect, indemnify, and save harmless the County, its officers, agents, and employees from and against any and all claims, costs, and/or losses whatsoever occurring or resulting from (1) Agency's failure to pay any such compensation, wages, benefits, or taxes, and/or (2) work, services, materials, or supplies performed or provided by the Agency's employees or other suppliers in connection with or support of the performance of this Agreement.

The Agency further agrees that it is financially responsible for and will repay the County all indicated amounts following an audit exception which occurs due to the negligence, intentional act, and/or failure, for any reason, to comply with the terms of this Agreement by the Agency, its officers, employees, agents, representatives, or subcontractors. This duty to repay the County shall not be diminished or extinguished by the expiration or prior termination of the Agreement.

The Agency agrees for itself, its successors, and assigns, to defend, indemnify, and hold harmless King County, its appointed and elected officials, and employees from and against liability for all claims, demands, suits, and judgments, including costs of defense thereof, for injury to persons, death, or property damage which is caused by, arises out of, or is incidental to any use of or occurrence on the Project that is the subject of this Agreement, or the Agency's exercise of rights and privileges granted by this Agreement, except to the extent of the County's sole negligence. The Agency's obligations under this Section shall include:

- A. The duty to promptly accept tender of defense and provide defense to the County at the Agency's own expense
- B. Indemnification of claims made by the Agency's employees or agents; and
- C. Waiver of the Agency's immunity under the industrial insurance provisions of Title 51 RCW, but only to the extent necessary to indemnify King County, which waiver has been mutually negotiated by the parties.

In the event it is necessary for the County to incur attorney's fees, legal expenses or other costs to enforce the provisions of this Section, all such fees, expenses and costs shall be recoverable from the Agency.

In the event it is determined that RCW 4.24.115 applies to this Agreement, the Agency agrees to protect, defend, indemnify and save the County, its officers, officials, employees and agents

from any and all claims, demands, suits, penalties, losses damages judgments, or costs of any kind whatsoever for bodily injury to persons or damage to property (hereinafter "claims"), arising out of or in any way resulting from the Agency's officers, employees, agents and/or subcontractors of all tiers, acts or omissions, performance of failure to perform the rights and privileges granted under this Agreement, to the maximum extent permitted by law or as defined by RCW 4.24.115, as now enacted or hereafter amended.

A hold harmless provision to protect King County similar to this provision shall be included in all Agreements or subcontractor Agreements entered into by the Agency in conjunction with this Agreement. **The Agency's duties under this Section 20 will survive the expiration or earlier termination of this Agreement.**

21. NONDISCRIMINATION

King County Code ("KCC") chapters 12.16 through 12.18 apply to this Agreement and are incorporated by this reference as if fully set forth herein. In all hiring or employment made possible or resulting from this Agreement, there shall be no discrimination against any employee or applicant for employment because of sex, race, color, marital status, national origin, religious affiliation, disability, sexual orientation, gender identity or expression or age except minimum age and retirement provisions, unless based upon a bona fide occupational qualification.

22. POLITICAL ACITIVITY PROHIBITED

None of the funds, materials, property, or services provided directly or indirectly under this Agreement shall be used for any partisan political activity or to further the election or defeat of any candidate for public office.

23. PPROJECT MAINTENANCE; EQUIPMENT PURCHASE, MAINTENANCE, AND OWNERSHIP

23.1 As between the County and the Agency, the Agency shall be responsible to operate and maintain the completed Project at its own sole expense and risk. The Agency shall maintain the completed Project in good working condition consistent with applicable standards and guidelines. The Agency understands, acknowledges, and agrees that the County is not responsible to operate or to maintain the Project in any way.

23.2 The Agency shall be responsible for all property purchased pursuant to this Agreement, including the proper care and maintenance of any equipment.

23.3 The Agency shall establish and maintain inventory records and transaction documents (purchase requisitions, packing slips, invoices, receipts) of equipment and materials purchased with Agreement funds.

23.4 **The Agency's duties under this Section 23 shall survive the expiration of this Agreement.**

24. ASSIGNMENT

Agency shall not assign any portion of rights and obligations under this Agreement or transfer or assign any claim arising pursuant to this Agreement without the written consent of the County. Agency must seek such consent in writing not less than fifteen (15) days prior to the date of any proposed assignment.

25. WAIVER OF BREACH OR DEFAULT

Waiver of breach of any provision in this Agreement shall not be deemed to be a waiver of any subsequent breach and shall not be construed to be a modification of the terms of the Agreement unless stated to be such through written approval by the County, which shall be attached to the original Agreement. Waiver of any default shall not be deemed to be a waiver of any subsequent defaults.

26. TAXES

The Agency agrees to pay on a current basis all taxes or assessments levied on its activities and property, including, without limitation, any leasehold excise tax due under RCW Chapter 82.29A; PROVIDED, however, that nothing contained herein will modify the right of the Agency to contest any such tax, and the Agency shall not be deemed to be in default as long as it will, in good faith, be contesting the validity or amount of any such taxes.

27. WASHINGTON LAW CONTROLLING; WHERE ACTIONS BROUGHT

This Agreement is made in and will be in accordance with the laws of the State of Washington, which will be controlling in any dispute that arises hereunder. Actions pertaining to this Agreement will be brought in King County Superior Court, King County, Washington.

28. PUBLIC DOCUMENT

This Agreement will be considered a public document and will be available for inspection and copying by the public.

29. LEGAL RELATIONS

Nothing contained herein will make, or be deemed to make, County and the Agency a partner of one another, and this Agreement will not be construed as creating a partnership or joint venture. Nothing in this Agreement will create, or be deemed to create, any right, duty or obligation in any person or entity not a party to it.

30. PERMITS AND LICENSES

The Agency shall develop and perform the Project in accordance with all applicable laws and regulatory requirements including environmental considerations, permitting determinations, and other legal requirements. All activities shall be performed by the Agency at its sole expense and liability. Agency shall, at its sole cost and expense, apply for, obtain and comply with all necessary permits, licenses and approvals required for the Project,

31. INTERPRETATION OF COUNTY RULES AND REGULATIONS

If there is any question regarding the interpretation of any County rule or regulation, the County decision will govern and will be binding upon the Agency.

32. POLICE POWERS OF THE COUNTY

Nothing contained in this Agreement will diminish, or be deemed to diminish, the governmental or police powers of the County.

33. ENTIRE AGREEMENT

This Agreement, including its attachments, constitutes the entire Agreement between the County and the Agency. It supersedes all other agreements and understandings between them, whether written, oral or otherwise.

KING COUNTY

City of Algona

FOR

King County Executive

Signature

Date

NAME (Please type or print), Title

Date

**EXHIBIT A- PROJECT SUMMARY AND SCOPE OF WORK****Youth and Amateur Sports Grant**

GASA Program

**Scope of Services**

The Agency will use grant funds toward increasing services, opportunities and programs for healthy living. The Agency will convene a Community Center Advisory Board that will make recommendations for activities and programs. Offerings may include but are not limited to dance, aerobics, karate, exercise, healthy cooking, and events around increasing activity levels. Additionally funds may be used towards scholarships for participation in Skyhawks Sports Academy camps at the Community Center.



**EXHIBIT B- PROJECT BUDGET****Project Name: City of Algona Healthy Community**

<b>Project Expenses</b>	<b>Total Project Costs</b>	<b>Grant Request</b>
Professional services – subcontracted course instructors	\$3,000	\$3,000
Equipment, supplies, materials	\$1,500	\$1,500
Scholarships	\$500	\$500
Facility fees	\$X	\$0
Transportation	\$Y	\$0
Administrative (indirect) costs	\$0	\$0
<b>Total</b>	<b>\$Z</b>	<b>\$5,000</b>

**EXHIBIT C- INSURANCE REQUIREMENTS****1. General Insurance Requirements**

- 1.1. Agency shall purchase and maintain, at its sole cost and expense, the minimum insurance set forth below. By requiring such minimum insurance, the County does not and shall not be deemed or construed to have assessed the risks that may be applicable to Agency, or any Contractor under this Agreement, or in any way limit the County's potential recovery to insurance limits required hereunder. To the contrary, this Agreement's insurance requirements may not in any way be construed as limiting any potential liability to the County or the County's potential recovery from Agency. Agency and any Contractor shall assess their own risks and if they deem appropriate and/or prudent, maintain greater limits and/or broader coverage.
- 1.2. Nothing contained within these insurance requirements shall be deemed to limit the scope, application and/or limits of the coverage afforded, which coverage shall apply to each insured to the full extent provided by the terms and conditions of the policy(s). Nothing contained within this provision shall affect and/or alter the application of any other provision contained within this Agreement.
- 1.3. Each insurance policy shall be written on an "occurrence" basis, excepting insurance for Professional Liability (Errors and Omissions), and/or Pollution Liability, and/or Cyber Liability (Technology Errors and Omissions). These coverages required by this Agreement may be written on a "claims made" basis.

If coverage is approved and purchased on a "claims made" basis, the coverage provided under that insurance shall be maintained through: (i) consecutive policy renewals for not less than three (3) years from the date of completion of the Project which is subject of this Agreement or, if such renewals are unavailable, (ii) the purchase of a tail/extended reporting period for not less than three (3) years from the date of completion of the Project which is the subject of this Agreement.

**2. Evidence and Cancellation of Insurance**

- 2.1. Upon execution of the Agreement, and within thirty (30) days of request by the County, Agency shall furnish the County certificates of insurance and endorsements certifying the issuance of all insurance required by this Agreement. All evidence of insurance shall be signed by a properly authorized officer, agent, general agent, or qualified representative to the insurer(s), shall certify the name of the insured(s), the type and amount of insurance, the location and operations to which the insurance applies, the inception and expiration dates, shall specify the form numbers of any endorsements issued to satisfy this Agreement's insurance requirements, and shall state that the County shall receive notice at least thirty (30) days prior to the effective date of any cancellation, lapse, or material change in the policy(s). Similar documentation confirming renewal of required insurance shall be provided on each insurance renewal date.
- 2.2. The County reserves the right to require complete, certified copies of all required insurance policies, including all endorsements and riders, which may be redacted of any confidential or proprietary information. Agency shall deliver such policies to the County within five (5) business days of County's request.

- 2.3. County's receipt or acceptance of Agency's or any Contractor's evidence of insurance at any time without comment or objection, or County's failure to request certified copies of such insurance, does not waive, alter, modify, or invalidate any of the insurance requirements set forth in this **Exhibit C** or, consequently, constitute the County's acceptance of the adequacy of Agency's or any Contractor's insurance or preclude or prevent any action by County against Agency for breach of the requirements of this section.

### 3. Minimum Scope and Limits of Insurance

- 3.1. Agency shall maintain the following types of insurance and minimum insurance limits:

3.1.1. Commercial General Liability: \$1,000,000 per occurrence and \$2,000,000 in the aggregate for bodily injury, personal and advertising injury, and property damage. Coverage shall be at least as broad as that afforded under ISO form number CG 00 01. Such insurance shall include coverage for, but not limited to premises liability, products and completed operations, ongoing operations, and contractual liability. Limits may be satisfied by a single primary limit or by a combination of separate primary and umbrella or excess liability policies, provided that coverage under the latter shall be at least as broad as that afforded under the primary policy and satisfy all other requirements applicable to liability insurance including but not limited to additional insured status for the County.

- a. If the Grant Recipient will be using funds to support and host youth sports programs, the Commercial General Liability policy shall not contain a CTE/Concussion exclusion.
- a. If funded programming involves the Agency and/or its Contractor(s) interacting with youth, Agency and/or its Contractor(s) must maintain Sexual Misconduct Liability coverage with a minimum limit of \$1,000,000 per occurrence and in the aggregate. Such coverage may be included under a Commercial General Liability policy or provided by a standalone policy.

3.1.2. Professional Liability (Errors and Omissions): If funded programming includes the use of professional services, Agency or its Contractor(s) shall procure and maintain Professional Liability (Errors and Omissions) insurance with minimum limits of \$1,000,000 per claim and in the aggregate

3.1.3. Automobile Liability: If funded programming involves vehicles usage, Agency and/or its Contractor(s) must maintain \$1,000,000 combined single limit per accident for bodily injury and property damage. Coverage shall be at least as broad as that afforded under ISO form number CA 00 01 covering **BUSINESS AUTO COVERAGE**, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9. Limits may be satisfied by a single primary limit or by a combination of separate primary and umbrella or excess liability policies, provided that coverage under the latter shall be at least as broad as that afforded under the primary policy.

3.1.4. Workers Compensation: Workers Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, as well as any similar coverage required for this Project by applicable Federal or "Other States" State Law.

- 3.1.5. Employers Liability or “Stop Gap” coverage: If Agency is required by the Industrial Insurance Act of the State of Washington to maintain Workers Compensation coverage, Agency shall maintain a minimum limit of \$1,000,000 each occurrence and shall be at least as broad as the protection provided by the Workers Compensation policy Part 2 (Employers Liability), or, in monopolistic states including but not limited to Washington, the protection provided by the “Stop Gap” endorsement to the commercial general liability policy.
4. Other Insurance Provisions and Requirements
- 4.1. All insurance policies purchased and maintained by Agency and any Contractor required in this Agreement shall contain, or be endorsed to contain the following provisions:
- 4.1.1. With respect to all liability policies except for Professional Liability (Errors and Omissions) and Workers Compensation:
- 4.1.1.1. King County, its officials, employees, and agents shall be covered as additional insured for full coverage and policy limits as respects liability arising out of activities performed by or on behalf of the Agency, its agents, representatives, employees, or Contractor(s) in connection with this Agreement. Additional Insured status shall include products-completed operations CG 20 100 11/85 or its substantive equivalent. The County requires the endorsement(s) to complete the Agreement.
- 4.1.2. With respect to all liability policies (except Workers Compensation):
- 4.1.2.1. Coverage shall be primary insurance as respects the County, its officials, employees and agents. Any insurance and/or self-insurance maintained by the County, its officials, employees or agents shall not contribute with any Agency’s, or Contractor(s) insurance or benefit the Agency, or any Contractor, or their respective insurers in any way.
- 4.1.2.2. Insurance shall expressly state that it applies separately to each insured and additional insured against whom a claim is made and/or lawsuit is brought, except with respect to the limits of insurer’s liability.
5. Deductibles/Self-Insured Retentions
- 5.1. Any deductible and/or self-insured retention of the policies shall not in any way limit the County’s right to coverage under the required insurance, or to Agency’s, or any Contractor’s liability to the County, and shall in all instances be the sole responsibility of Agency or its Contractor, even if no claim has been made or asserted against them.
6. Acceptability of Insurers
- 6.1. Unless otherwise approved by the County, insurance is to be placed with insurers with an A.M. Best rating of no less than A:VIII.
- 6.2. Professional Liability (Errors and Omissions) insurance may be placed with insurers with an A.M. Best rating of no less than B+:VII.
- 6.3. If at any time any of the foregoing policies fail to meet the above stated requirements, Agency shall, upon notice to that effect from the County, promptly obtain a new policy, and shall submit the same to the County, with the appropriate certificates and endorsements, for review.
7. Self-Insurance

- 7.1. If the Agency is a governmental entity or municipal corporation, Agency may maintain a fully funded self-insurance program or participate in an insurance pool for the protection and handling of its liabilities including injuries to persons and damage to property. Evidence of self-insurance coverage shall be provided.
8. Contractors
  - 8.1. Agency shall include all Contractors as insureds under its policies or, alternatively, Agency must require each of its Contractors to procure and maintain appropriate and reasonable insurance coverage and insurance limits to cover each of the Contractor's liabilities given the scope of work and services being provided herein. To the extent reasonably commercially available, insurance maintained by any Contractor must comply with the specified requirements of this **Exhibit C**, including the requirement that all liability insurance policies (except Professional Liability and Workers Compensation) provided by the Contractor(s) must include the County, its officials, agents and employees as additional insured for full coverage and policy limits. Agency is obligated to require and verify that each Contractor(s) to maintain the required insurance and ensure the County is included as additional insured. Upon request by the County, and within five (5) business days, Agency must provide evidence of each Contractor(s) insurance coverage, including endorsements.