



## CITY COUNCIL SPECIAL MEETING

Monday, September 30, 2024, 6:00 PM

Snoqualmie Fire Department, 37600 SE Snoqualmie Parkway & Zoom

### MAYOR & COUNCIL MEMBERS

Mayor Katherine Ross

Councilmembers: Ethan Benson, Cara Christensen,  
Catherine Cotton, Bryan Holloway, Jo Johnson,  
Louis Washington, and Robert Wotton

*This meeting will be conducted in person at Snoqualmie Fire Department and remotely using Zoom.*

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### CALL TO ORDER & ROLL CALL

### AGENDA APPROVAL

### SPECIAL BUSINESS

1. **AB24-092:** Pacific West Rail Foundation Museum Development Agreement and Public Use Covenant.

**Proposed Action:** Move to approve the Development Agreement and Public Use Covenant for the Pacific West Rail Foundation Museum.

2. **AB24-101:** 2025-2026 Biennial Budget.

**Proposed Action:** Public Hearing and First Reading of Ordinance 1296.

### ADJOURNMENT

Accommodation: Requests for assistance or accommodations can be arranged by contacting the City Clerk by phone at (425) 888-8016 or by e-mail at [cityclerk@snoqualmiewa.gov](mailto:cityclerk@snoqualmiewa.gov) no later than 3:00 pm the day of the meeting.



# BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

AB24-092  
September 23, 2024  
Committee Report

Item 1.

## AGENDA BILL INFORMATION

<b>TITLE:</b>	<b>AB24-092:</b> Pacific West Rail Foundation Museum Development Agreement and Public Use Covenant	<input type="checkbox"/> Discussion Only
<b>PROPOSED ACTION:</b>	Approval of the Development Agreement and Public Use Covenant for the Pacific West Rail Foundation Museum	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input type="checkbox"/> Ordinance <input checked="" type="checkbox"/> Resolution

<b>REVIEW:</b>	Department Director	Mike Chambless	9/5/2024
	Finance	Drew Bouta	9/11/2024
	Legal	David Linehan	9/10/2024
	City Administrator	Mike Chambless	9/10/2024

<b>DEPARTMENT:</b>	Administration		
	<b>STAFF:</b> Mike Chambless & Nicole Wiebe		
	<b>COMMITTEE:</b> Finance & Administration		<b>COMMITTEE DATE:</b> September 17, 2024
	<b>EXHIBITS:</b> <div><div>1. Document Flow Chart</div><div>2. Development Agreement</div><div>3. Conveyance Agreement</div><div>4. Public Use Covenant</div><div>5. Compare use to Ground Lease</div><div>6. Compare 7/25 to 8/11 Draft Development Agreement</div><div>7. Chamber Letter of Support</div></div>		

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUESTED</b>	\$ n/a

## SUMMARY

### INTRODUCTION

The intent of this agenda bill is to allow for the construction and operation of the Pacific West Rail Foundation ("PWRF") Museum ("Museum") on property that is currently in separate ownership in downtown Snoqualmie. The attached exhibits, including the Development Agreement, Conveyance Agreement, and Public Use Covenant describe the assembly of the property and the requirements for the project to move forward.

### LEGISLATIVE HISTORY

In December 2022, under AB22-132, the Council authorized the Mayor to approve a Memorandum of Understanding (MOU) to develop a park/museum on City property which will showcase a model train. The MOU required the City and the proponents of the museum to prepare a development and lease agreement.



On August 14, 2023, AB23-097 Development Agreement and Ground Lease was reviewed and referred to the Finance and Administration Committee for review and amendment.

## **BACKGROUND**

On September 12, 2022, Peter Hambling presented his vision for an interpretive model train museum that will promote a cultural, historical, educational, and entertaining tourism experience for the City of Snoqualmie. The model train is a replica of the Northwest Trunk Line. The project involves the construction of a 20,000 square foot building with parking to feature the model train along with community event space, a gift shop, and other interactive features as well as outdoor recreational amenities with picnic benches and other improvements on City property.

The agenda bill and exhibits were presented to the Community Development Committee on July 17, 2023, and the Finance & Administration Committee on July 18, 2023. Introductory presentation was made by Peter Hambling at the July 24, 2023, City Council meeting. After consideration and referral back to the committee level for additional review by the City Council in August of 2023, staff and the applicant worked through the requested edits. After learning that the proposed site was not preferred by the Snoqualmie Tribe, the applicant searched for an alternative location.

The current proposal would place the Museum in downtown Snoqualmie on property that is currently in separate ownership. The site will be an assembly of two parcels owned by the City (the “City Parcels”) and two parcels to be acquired by Peter Hambling, the founder and principal benefactor of the PWRF (the “Hambling Parcels”). Once assembled, the properties become available for conveyance to the nonprofit PWRF for the construction and eventual operation of the proposed Museum.

Hambling will acquire the Hambling Parcels under an Agreement of Purchase and Sale between Hambling and the current owners of the parcels. Hambling will commit to donate the Hambling Parcels to PWRF in a Contingent Gift Agreement. The City will commit to transfer the City Parcels to the PWRF in a City Conveyance Agreement that also include a Public Use Covenant that ensures PWRF will operate the Museum as a public museum providing enumerated public benefits. The City also commits to vacate certain adjacent street rights-of-way to complete assembly of the site. The Conveyance Agreement transferring the City Parcels and vacated rights-of-way would not be triggered until certain conditions required in the Development Agreement have been satisfied, as described below.

The Museum will be developed and constructed pursuant to a Development Agreement between PWRF and the City. This agreement tracks very closely to the former Development Agreement the parties had negotiated for construction of the Museum on the previously proposed site. The Development Agreement also prescribes the process under which the proposed Museum will be designed, permitted, and constructed, all subject to specified City approvals. Construction of the Museum may not commence until the Mayor approves both a Final Design and Final Budget; determines that PWRF has raised sufficient funding to complete its construction consistent with the approved design; and concurs that the Project’s general contractor has agreed to a guaranteed maximum price to build the Museum consistent within the approved final design and budget. Hambling’s obligation to convey the Hambling Parcels and the City’s obligation to convey the City Parcels to the PWRF, are also contingent upon the PWRF’s satisfaction of these contractual conditions, as approved by the Mayor.

The operation, management, and maintenance of the new Museum is governed by the Public Use Covenant that ensures that the Museum is operated, managed, and maintained as public museum for a term of fifty (50) years. The same public benefits the City required in the earlier iteration of the project all are reflected in this Public Use Covenant. This is an element of the City Conveyance Agreement described above. As noted above, the City’s requirements for development, construction, and operation of the Museum at the

earlier identified site also are carried forward in the current Development Agreement and Public Use Covenant governing the new project. This is illustrated in the attached redlined comparisons between the two Development Agreements and between the new Public Use Covenant and the original Lease. All documents provided are in draft form subject to confirmation from Mr. Hambling and approval by the City Council.

## ANALYSIS

It is anticipated that this proposed development fits into the City vision to increase visitation to our beloved downtown. It is also expected that these new visitors will increase the areas sales tax and increase sales at our existing retail inventory. This project is alignment with the comprehensive plan vision for future. Specifically, this facility will:

- Be a recognized tourism destination supported by: A revitalized and expanded historic downtown commercial area that provides a unique visitor and community retail center.
- Be a world-class railroad history facility that is an historic downtown focal point that serves both the placemaking and economic interests of Snoqualmie.
- Contain conference facilities that support both tourism and local business needs.
- Be a regional destination for public and private active and passive recreation activities and tourism venues, with a variety of access sites to exceptional riverfront or mountain views enhancing the outdoor experience.
- Contribute to a revitalized downtown core comprised of rehabilitated historic buildings, storefronts, and compatible infill buildings that enhance the district's unique history, character, and continued economic success, particularly for tourism.
- Strengthen its tourism potential and maintain its traditional function as a civic center and community gathering place.

The proposed Comprehensive Plan supports this project as follows:

- Protect and promote institutional, cultural, natural, and other unique sources such as the Northwest Railway Museum, Pacific West Rail Model Train Museum, Meadowbrook Farm, and the Snoqualmie River Trail.
- Maximize the Snoqualmie River Trail as a tourism asset that connects to the Centennial Trail and the regional Snoqualmie Valley and Preston-Snoqualmie trails while protecting downtown riverfront properties from flooding.
- Ensure that economic growth and development is balanced with environmental and cultural resource protection.
- Protect and promote the City's distinct mix of natural beauty, historic buildings, rich cultural heritage, and unique neighborhoods - including Snoqualmie Ridge, Historic Downtown, the Mill Site, and historic Meadowbrook, to foster desired economic development.
- Support and celebrate the contributions of the city's existing culturally and ethnically diverse businesses, institutions, and the Snoqualmie Tribe.
- Enrich the cultural lives of residents and visitors by placing permanent and temporary art installations in public spaces in a manner that enhances Snoqualmie's unique sense of place and history.

The existing Comprehensive Plan supports this project as follows:

- Support the preservation of Snoqualmie Valley history and culture by working with and supporting the efforts of heritage organizations and facilities such as the Snoqualmie Valley Historical Society and Museum, the Northwest Railway Museum, King County, Native American tribal organizations, and other local, state, and national preservation agencies.

- Work with the Northwest Railway Museum to enhance the tourism draw of their facilities and collection, as recommended in the Economic Development, Branding and Marketing Plan.
- Reserve the vacant City-owned King Street property for a future commercial development with a ground floor, retail, anchor tenant oriented to Railroad Avenue and King Street. Apply appropriate land use and design specifications as directed by the Downtown Master Plan and Economic Development, Marketing and Branding Plan, and in the interim promote temporary uses and events to support Downtown tourism.
- The City has increased and directed visitor traffic to support tourism as a mainstay of the City's economic vitality.

In addition to making the City's obligation to convey the City Parcels to PWRF contingent on PWRF's satisfaction of Development Agreement conditions, the Development Agreement also provides the City with a right to retake the City Parcels and a purchase option for the Hambling Parcels in the event that the project fails prior to completion of construction. After construction is complete, if the museum proves to be economically nonviable, the Public Use Covenant gives the City a right of first refusal to purchase the land and improvements from PWRF on the same terms as a bona fide purchase offer from a third party. Provisions are also included to address distribution of proceeds between PWRF and the City in the event the museum suffers a catastrophic physical loss to the structure and/or contents.

## **BUDGET IMPACTS**

The Museum is expected to attract roughly 30,000 to 70,000 visitors per year, including a number of unique visitors who may not have otherwise visited Downtown Snoqualmie without a collection of activities to experience. As a result, along with the possibility of longer visits, the City expects the Museum to have a positive ongoing multiplying influence on the local economy and therefore the City's revenue base. City expenditures related to the project include third-party reviews (professional, engineering, environmental, etc.) that are generally developer related. The City has proposed a budget of \$1,036,732 in developer-related expenditures for the 2025-2026 biennium that is inclusive of all potential development within the City over the next two years. These expenses are normally reimbursable. The proposed Development Agreement would require the City to bear, at its sole expense, any third-party reviews the City may conduct from the date of execution of the agreement. Therefore, the City cannot expect to be reimbursed for such expenditures.

## **NEXT STEPS**

Recommend approval of AB24-092 authorizing the Mayor to execute the Pacific West Rail Foundation Museum Development Agreement and the Conveyance Agreement and Public Use Covenant, with closing of the conveyance of the City Parcels being contingent upon PWRF's satisfaction of all conditions described therein.

## **PROPOSED ACTION**

Approval of the Development Agreement and Public Use Covenant for the Pacific West Rail Foundation Museum.

# PWRF PROJECT

Item 1.

City of Snoqualmie ("City")

Peter Hambling/PWRF ("PH")

## City Conveyance Agreement

Transfers City parcels to  
PWRF subject to Public Use  
Covenant

## Agreement of Purchase and Sale

PH acquires "Hambling  
Parcels" from Seventy-nine  
Forty, LLC

## Development Agreement Between City and PWRF

## Contingent Gift Agreement

PH transfers parcels  
and model railroad to  
PWRF

Public Benefits

Project Failure to Proceed:  
City Right to Retake in  
(Development Agreement)

City Rights to Repurchase if  
Museum fails and  
participate in insurance  
proceeds if damaged  
(Covenant)

## PWRF

Assembled Site Owner (upon  
satisfaction of Development  
Agreement conditions for start  
of construction)

Construct (subject to  
Development Agreement) and  
Operate museum (subject to  
Public Use Covenant)

**DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**CITY OF SNOQUALMIE,  
A WASHINGTON MUNICIPAL CORPORATION**

**AND**

**PACIFIC WEST RAIL FOUNDATION,  
A WASHINGTON NONPROFIT CORPORATION**

**DATED: \_\_\_\_\_, 2024**

**THIS DEVELOPMENT AGREEMENT** (the “Agreement”) is dated as of \_\_\_\_\_, 2024 and is by and between the CITY OF SNOQUALMIE (the “City”), a municipal corporation organized under the laws of the State of Washington, and the PACIFIC WEST RAIL FOUNDATION, a Washington nonprofit corporation (“PWRF”), collectively, the “Parties”.

## RECITALS

The following facts and circumstances form the background of this Agreement:

WHEREAS, the Pacific West Rail (“PWR”) is a model railroad layout that depicts fourteen different locations across the western United States within the timeframe of the early 1900’s to the late 1960s. It was created by the country’s preeminent model rail designer and reflects actual locations, accurately modeled with the highest degree of realism, with sound and lighting for different times of day and night and topography finished with materials from each of the locations. The collection includes 100 engines, 125 passenger cars and 550 freight cars running on one half-mile of tracks though miniature dioramas set in these recognizable landmark locations throughout the West. Some ten (10) major railroad lines are represented within the areas that they serve or served. The system is controlled by a command center using highly sophisticated software that runs the trains autonomously for hours with programming. Three (3) full-time staff are employed to maintain and operate the model; and

WHEREAS, it is one of the largest model railroads and one of, if not the finest in the United States in its faithful creation of real world railroads in their respective locations. Its multimillion dollar value has been determined by a highly-regarded, experienced professional and is indisputably a one-of-a-kind fully operational collection; and

WHEREAS, its founder and owner, local resident and entrepreneur Peter Hambling (“Hambling”), always has intended to share the PWR with the public in a suitable venue in an appropriate location; and

WHEREAS, Hambling has formed the nonprofit PWRF to which he intends to donate the model railroad in its entirety if and when a publicly accessible museum can be established to house it; and

WHEREAS, the City enjoys a rich railroad history and also is the home to the legacy Northwest Railway; and

WHEREAS, the PWRF has indicated that it intends that its museum would, ideally in close and respectful collaboration with the Snoqualmie Tribe if it is located in Snoqualmie, suitably convey the deleterious impact the extension of the transcontinental railroads had on Tribal Nations and Indigenous People across the Western United States. Toward that end it expects that museum exhibitry will include candid, informative and respectful explanations, based on information available to the museum, of that impact in order that the public may begin to comprehend this dimension of the arrival of the railroads in the Puget Sound region; and

WHEREAS, Hambling has engaged the well-known Olson Kundig architectural firm to design the publicly accessible museum; and

WHEREAS, after exploring the possibility of locating the new museum on a site west of the Snoqualmie central business district, Hambling and City leadership have settled on a location (the “Site”) in downtown Snoqualmie across the street from the Historic Snoqualmie Depot; and

WHEREAS, the Site (shown on Exhibit A) consists of four (4) contiguous parcels, two (2) of which the City owns (the “City Parcels”) and another two (2) that Hambling intends to purchase (the “Hambling Parcels”), which, together with the unimproved street right-of-way adjacent to the properties will provide a highly desirable location for the new museum; and

WHEREAS, the City also has indicated it will vacate the City street right-of-way immediately east of such parcels for museum development purposes, the practical effect of which will be to enlarge both sets of adjacent parcels, each by one half of the vacated street right-of-way; and

WHEREAS, the City and the PWRF also have negotiated this mutually acceptable Agreement under which PWRF will be responsible for raising the funding needed to construct the museum designed by the Olson Kundig firm. When funding has been secured, PWRF will build the museum as designed by Olson Kundig and approved by the City; and

WHEREAS, if the Project proceeds as conceived under this Agreement, 1) Hambling will purchase the Hambling Parcels; 2) the City will vacate the involved street right-of-way; 3) Hambling will donate the Hambling Parcels, increased in size by their respective shares of the vacated street right-of-way, to the PWRF; and 4) the City will transfer ownership of the City Parcels, also as increased in size by the vacated street right-of-way, to the PWRF, subject to a covenant pursuant to which the PWRF agrees to operate the new public museum for a period of not less than fifty (50) years; and

WHEREAS, pursuant to AB24-092, the City Council authorized the Mayor to execute this Agreement conditioned upon Hambling’s execution of an Agreement of Purchase and Sale (the “Purchase Agreement”) of the Hambling Parcels acceptable to the City; and

WHEREAS, Hambling agrees to purchase the Hambling Parcels pursuant to such Agreement of Purchase and Sale upon the satisfaction of certain contingencies, as further identified herein; and

WHEREAS, Peter and Lorrie Hambling agree to execute concurrently with Hambling’s purchase of the Hambling Parcels, a Contingent Gift Agreement with PWRF (the “Hambling Gift Agreement”) to convey the PWR model railroad and the Hambling Parcels, increased in size by the vacated street right-of-way, to the PWRF no later than PWRF’s issuance of its Notice to Proceed to its general contractor as provided under this Agreement; and

WHEREAS, in this Agreement the City agrees to timely vacate the street right-of-way as shown in Exhibit A such that both the Hambling and City parcels may be conveyed to PWRF increased in size by their respective shares of such street vacation.

WHEREAS, the City agrees to execute, concurrently with Hambling's purchase of the Hambling Parcels the Conveyance Agreement with PWRF (the "Conveyance Agreement") committing the City, as provided under this Agreement, to: convey the City Parcels, increased in size by the vacated street right-of-way, to PWRF, no later than PWRF's issuance of its Notice to Proceed; and

WHEREAS, the eventual conveyance of the City Parcels will be subject to a Public Use Covenant (the "Covenant"), as provided in Exhibit D, requiring PWRF to operate and maintain the museum to be constructed pursuant to this Agreement. Under the covenant, such museum will be accessible to the general public; provide enumerated public benefits; care for and display the model railroad; and steward, maintain and otherwise care for its museum, all for a period of not less than 50 years following its opening; and

WHEREAS, in entering into this Agreement, the Conveyance Agreement and the associated Covenant, the City specifically finds that the public benefits associated with the development and operation of the PWRF museum in downtown Snoqualmie as envisioned under this Agreement represent more than sufficient consideration for the transfer of the City Parcels to PWRF as contemplated herein.

**NOW THEREFORE**, in consideration of the foregoing, of the mutual promises of the Parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and in anticipation of execution of the Hambling Gift Agreement between Peter and Lorrie Hambling and PWRF and the Conveyance Agreement, including the Covenant, the Parties hereby agree as follows:

## **AGREEMENT**

### **ARTICLE**

#### **Effective Date; Incorporation of Documents and Materials; Definitions**

Section 1.1 Effective Date. This Agreement will be effective upon the date when both of the following conditions are satisfied: (a) the City Council of the City ("City Council") has authorized this Agreement; and (b) this Agreement is executed by authorized representatives of the City and PWRF.



Section 1.2 Incorporation of Documents and Materials. The following documents and materials are attached as exhibits to this Agreement and by this reference are incorporated into this Agreement:

- Exhibit A: Site
- Exhibit B: Contingent Gift Agreement
- Exhibit C: Conveyance Agreement
- Exhibit D: Public Use Covenant
- Exhibit E: Fundraising Plan
- Exhibit F: Preliminary Project Budget
- Exhibit G: Preliminary Project Design
- Exhibit H: Preliminary Project Schedule

Section 1.3 Definitions. The following terms shall have the respective meanings set forth below for this Agreement.

(a) “Agreement” means this Development Agreement between the City of Snoqualmie and the Pacific West Rail Foundation.

(b) “City” means the City of Snoqualmie, a Washington municipal corporation.

(c) “City Indemnified Parties” is defined in Section 6.1.

(d) “City Parcels” means the portion of the Site in City ownership and to be conveyed to the PWRF, increased in size by the vacated street right-of-way, as shown in Exhibit A.

(e) “Design Review Board” means the body established and governed by Chapter 17.80, Snoqualmie Municipal Code, as presently enacted or subsequently amended or recodified.

(f) “Final Project Budget” means the all-inclusive budget that the Mayor of the City (“Mayor”) concurs is consistent with the cost of completing construction of the Final Project Design under Section 5.4.

(g) “Final Project Design” is the design reflected in the Project’s one hundred percent (100%) construction documents approved by the City Design Review Board under Section 5.2.1.

(h) “Final Project Schedule” incorporates all pre-construction activities required under this Agreement and reflects the projected schedule for completion of construction of the Project following the issuance of PWRF’s Notice to Proceed, when authorized under Section 5.4.

(i) “Fundraising Plan” is the PWRF’s plan for securing the resources required to construct its Museum, as provided in Section 4.2.1.

(j) “Hambling Parcels” means the portion of the Site to be acquired by Peter and Lorrie Hambling and conveyed to the PWRF, increased in size by the vacated street right-of-way, as shown in Exhibit A.

(k) “Museum” or “PWR Museum” means the Pacific West Rail Museum to be operated by PWRF or any subsequent museum or other operator of the PWR Museum.

(l) “Notice to Proceed” means the notice provided by PWRF to the Project general contractor to commence construction of the PWR Museum upon satisfaction of the requirements of Section 5.4.

(m) “Parties” means the City of Snoqualmie and the Pacific West Rail Foundation.

(n) “Preliminary Project Budget” means an all-inclusive budget reflecting the estimated cost of construction of the Project based on the Preliminary Project Design, including contingencies consistent with industry standards and soft costs such as professional services and applicable taxes as shown in Exhibit F.

(o) “Preliminary Project Design” is defined in Section 5.2.1 and as shown in Exhibit G.

(p) “Preliminary Project Schedule” is defined in Section 2.3 and shown in Exhibit H.

(q) “Project” means the development and construction of the Pacific West Rail Museum for public museum purposes.

(r) “Project Coordinator” is defined in Section 5.5(a).

(s) “Project Manager” is defined in Section 5.5(a).

(t) “Public Use Covenant” means the covenant governing PWRF’s management and operation of its museum, as provided in Exhibit D.

(u) “Purchase Agreement” means the agreement under which Hambling will acquire the Hambling Parcels.

(v) “PWRF” means the Pacific West Rail Foundation.

(w) “PWRF Indemnified Parties” is defined in Section 6.1.

(x) “Site” means the land on which the Museum will be constructed by the PWRF consisting of the Hambling Parcels, the City Parcels and the vacated City right-of-way adjacent to the properties, as shown in Exhibit A.

## ARTICLE 2

### General Provisions

Section 2.1 Scope. PWRF will construct the PWR Museum on the Site substantially consistent with the Final Project Design as evolved from the Preliminary Project Design provided in Exhibit G, at a currently estimated total cost of approximately Twenty-eight Million Five Hundred Fifty-nine Thousand Six Hundred One to Forty-one Million Nine Hundred Eighty-eight Thousand One Hundred Thirty-five (\$28,559,601 –\$41,988,135).

Section 2.2 Development Agreement. The Parties’ rights, responsibilities and obligations during Site assembly, design, development, construction and operation of the Project are delineated in this Agreement.

Section 2.3 Schedule. PWRF shall use its best efforts to start construction of the Project within three (3) years from the effective date of this Agreement. The Parties, by mutual agreement, may extend the construction start date by a maximum of two (2) additional years, in up to two (2) one (1)-year increments. The current Preliminary Project Schedule for securing Project funding and the concurrent evolution of the Project’s design and budget are attached hereto as Exhibits H and I. The Project schedule remains subject to change as the Project evolves.

## ARTICLE 3

### Site Assembly

Section 3.1 City Parcels. No later than the issuance of its Notice to Proceed as provided in Section 5.4 and contingent upon the execution of the Hambling Gift Agreement and the reasonably contemporaneous donation of the Hambling Parcels to PWRF as provided herein the City shall: (a ) if it has not already done so, vacate the involved street right-of-way and (b) transfer ownership of the City Parcels, increased in size by their respective shares of the vacated street right-of-way, as shown on Exhibit A, to PWRF pursuant to the Conveyance Agreement and subject to the terms and conditions of the Covenant, substantially in the form of attachment Exhibit D.

### Section 3.2 Hambling Parcels

3.2.1 Hambling shall acquire the Hambling Parcels pursuant to the Purchase Agreement upon satisfaction of the following preconditions:

(a) Site Suitability. Based on then available knowledge, neither environmental contamination nor the presence of archaeological remains likely will preclude

development of the Site for its intended purpose under this Agreement at a cost reasonably consistent with the Preliminary Project Budget; and

(b) Satisfaction of the conditions precedent to closing as provided in the Purchase Agreement.

3.2.2 No later than the issuance of its Notice to Proceed as provided in Section 5.4 and contingent upon the reasonably contemporaneous transfer of the City Parcels to PWRF, as provided herein, Hambling shall donate the Hambling Parcels to PWRF pursuant to the Hambling Gift Agreement.

3.3 Failure to assemble the complete Site, including the City Parcels and the Hambling Parcels, increased in size by their respective shares of the vacated street right-of-way, or a determination by either Party that the Site is not or reasonably cannot be made suitable for its intended purpose shall constitute a Failure of Assumptions and result in termination of this Agreement, as provided in Section 7.16.2.

## ARTICLE 4

### **Preliminary Project Budget and Funding**

Section 4.1 Preliminary Project Budget. The current Preliminary Project Budget to complete construction of the Project is attached hereto as Exhibit F. The Preliminary Project Budget reflects the preliminarily estimated cost of construction of the Project based on the Preliminary Project Design, as discussed in Section 5.2. The all-inclusive Final Project Budget shall continue to include all direct and indirect costs as well as contingencies consistent with industry standards.

Section 4.2 PWRF Funding and City Support.

4.2.1 PWRF Funds and Fundraising.

(a) As reflected in Exhibit F, the Preliminary Project Budget currently totals between Twenty-six Million Dollars to Thirty-five Million Dollars (\$26,000,000 – \$35,000,000) to complete the development and construction of the Project, to be provided from all available sources. PWRF will be responsible for securing the funding needed to fully fund the eventual Final Project Budget, increased or decreased as appropriate resulting from scope, design and schedule changes and any cost overruns, all as provided herein. PWRF's fundraising commitment shall be increased to reflect the additional cost of any financing necessary to ensure the availability of funding as needed during construction of the Project (above the projected cost of any such financing reflected in the Final Project Budget). PWRF agrees to use its best efforts to secure commitments from private individuals, corporations and foundations, and governmental sources (other than the City) for such funds on a schedule consistent with its Fundraising Plan, attached hereto as Exhibit E. PWRF's success in achieving its fundraising objectives shall be evaluated by the Mayor (and/or Mayor's designee) when making their determinations under Section 5.4. Such evaluation shall include review of PWRF's private sector donor pledges, pledge payment experience and such other relevant information the Mayor or designee may reasonably

require. PWRF's private sector donor pledges will be reviewed by the Mayor and/or designee under procedures to protect the confidentiality of donors and PWRF donor-related information to the extent possible. PWRF will submit to the Mayor or designee a copy of the pledges in a form acceptable to the Mayor, with donor names verified by the Mayor or designee but omitted from the copy submitted. The Mayor will approve a pledge if it is from a person or entity of substantial net worth in relation to the amount pledged and the Mayor knows of no reason the pledge will not be honored.

(b) If requested by PWRF, the City will consider providing financing or credit enhancement for PWRF financing that may be needed to bring City-approved pledges forward to facilitate commencement of construction.

(c) If PWRF determines that, its best efforts notwithstanding, it is unlikely to be able to secure sufficient funding to complete the Project as presently conceived and as represented in the Preliminary Project Design, it shall so advise the City. The Parties shall confer and determine whether a mutually agreeable alternative project may be constructed and operated within projected reasonably available resources. In the event the Parties concur that such an alternative project would be mutually acceptable, the requirements of this Agreement may be modified to reflect such a modified project, including revising the Project design, budget and schedule for completing it, as appropriate. If the Parties cannot achieve concurrence on such an alternative project, particularly if the PWRF concludes, in its sole discretion, that its fundraising efforts are unlikely to yield sufficient resources to construct any project that would fulfill its vision and aspirations, this Agreement shall be terminated, as provided in Section 7.16.2.

4.2.2 City Support. The City shall provide the following in support of the development and construction of the PWR Museum:

(a) Site. The City shall provide the City Parcels to PWRF for construction of its PWR Museum under this Agreement and its operation under the Covenant. The City, to the best of its knowledge based on its prior evaluation and studies of the condition of the City Parcels and its readiness for construction of improvements such as the PWR Museum, represents that it considers the Site to be in construction-ready condition (recognizing that no construction may occur until necessary land use approvals and construction permits are obtained by PWRF). In reliance on such representation, PWRF accepts the Parcels in their current condition. However, if, during the course of its preconstruction activities or during construction of the Museum, PWRF discovers or encounters conditions on the former City Parcels that would materially increase the budgeted cost of constructing the Museum, including the cost of any resulting delays in construction; materially reduce the buildable size of the Site; or require material on-going Site-related expense, the City shall be responsible for addressing such conditions, at its sole expense. For example, the City shall fully remediate any environmental or address other physical conditions on the former City Parcels that require such remediation or other measures before construction may proceed. The City also will respectfully address, at its sole expense, any archaeological, cultural or other physical impediments on the former City Parcels that may affect Project construction. If the City determines, in its sole discretion, that the cost of delivering a suitable site as required herein is beyond its means to fund, this Agreement shall terminate as provided in Section 7.16.2. If the PWRF, in its sole discretion, determines that the Site is no longer

viable for the Project, this Agreement shall terminate as provided in Section 7.16.2. To the extent that the Project is proceeding but has been delayed as a result the Parties' efforts to address Site-suitability issues as required under this Agreement, the Preliminary Project Schedule provided in Section 2.3 for the start of construction shall be extended accordingly.

(b) Permitting and Other City Fees and Costs. The City shall waive or, as needed, bear, at its sole expense, any permitting fees or other project-related City costs, including without limitation, any internal or external project management or oversight expenses such as the cost of third-party reviews and inspections that the City may incur from the date of execution of this Agreement until completion of Project construction.

(c) Public Participation and Community Engagement. The City, at its expense and in close coordination with PWRF, shall engage the Snoqualmie Tribe and the greater Snoqualmie community to respectfully solicit and inform public opinion regarding the Project.

(d) The City, at no cost to PWRF, shall provide land suitable for Project construction staging as provided in Section 5.5(f) and Project construction-related and worker parking as provided in Section 5.5(g).

## ARTICLE 5

### Project Design and Construction

Section 5.1 Project Management. Subject to the requirements of this Agreement, PWRF shall at its expense undertake and be responsible for the management of all aspects of the design and construction of the Project. PWRF shall engage and manage, without limitation, project managers, architects and other design professionals and a general contractor with the expertise and experience necessary to successfully complete the project. In conducting any construction work on the premises, PWRF shall cause all work to be done in a good and workmanlike manner and shall comply with or cause compliance with all laws. PWRF shall obtain or cause to be obtained and maintain in effect, as necessary, all master use permits (including State Environmental Policy Act ("SEPA") approvals), certificates of approvals, building permits, licenses and other governmental approvals that may be required in connection with such work, subject to the City's commitment provided in Section 4.2.2(b). PWRF shall complete construction of the Project substantially consistent with the Final Project Design, except as specifically provided herein. PWRF shall use its good faith best efforts to resolve issues that may arise during construction to avoid material or other changes to the Final Project Design that would require the approval of the City Design Review Board by, among other measures, applying contingency funding available within the Preliminary Project Budget; adjusting the Project schedule; reducing costs through permissible changes to the Final Project Design and other means; and, as needed, committing additional funds to supplement the Preliminary Project Budget.

### Section 5.2 Design Review and Approval; Consistent Preliminary Project Budget.

5.2.1 City Design Review and Approval. Sequential, major phase design documents (including schematic design, design development and permit documents) shall be

reviewed and approved by the City Design Review Board, which approval shall not be unreasonably denied, conditioned or delayed. The Project's Preliminary Project Design is attached hereto as Exhibit G. Upon the City Design Review Board's approval of the Project's one hundred percent (100%) construction documents, such documents shall constitute the Final Project Design for purposes of this Agreement. The Final Project Budget for construction of the PWR Museum consistent with the Final Project Design shall be determined by PWRF and is subject to the approval of the City as provided in Section 5.4.

5.2.2 Material Change. Any material changes to the Final Project Design require the prior approval of the City Design Review Board, which approval shall not be unreasonably withheld or delayed. A material change is any change estimated to cost Two Hundred Thousand Dollars (\$200,000) or more to complete and that, in the reasonable determination of the City Administration, materially affects the design, function or utility of the Project, including but not limited to elimination or addition of a significant element or feature; discernible or functional alteration in the quality or projected performance of any significant feature or system; or any significant change in the use or appearance of any major space or component. PWRF shall notify the City Administrator of any proposed material changes. Any dispute between the Parties as to whether a proposed change is material shall be resolved in favor of requiring the City Design Review Board's approval. Before PWRF gives its construction contractor its Notice to Proceed with construction, the Parties shall develop a process under which any proposed material changes shall be reviewed by the City Design Review Board, including a timeline for such review designed to minimize potential delays in completing the Project consistent with the Final Project Schedule. Nothing in this paragraph shall be construed as limiting the authority of the City to approve or disapprove proposed changes to the Project when acting in its regulatory capacity.

5.2.3 Signage. Initial signage for the PWR Museum shall be incorporated in the Project design and shall be subject to the review and approval of the City Design Review Board in the context of review and approval of the design as provided in Section 5.2.1. The Project design may also include features or fixtures necessary for the display and support of temporary promotional or informational signage such as banners and flags.

Section 5.3 Requirements for Construction. In managing the Project, PWRF shall ensure that the Project and its general contractor and others as appropriate apply good faith best efforts to comply with the contracting requirements provided herein. PWRF shall comply with the following additional requirements:

(a) Upon completion of construction of the Project, PWRF shall apply for Leadership in Energy and Environmental Design (LEED) certification at the Silver level or higher, under the U.S. Green Building Council's Rating System.

#### Section 5.4 Notice to Proceed.

PWRF may issue its Notice to Proceed to its general contractor upon receipt of the following:

- (a) concurrence by the Mayor or designee that the Final Project Budget is consistent with the cost of completing construction of the Final Project Design, based on their review of the most recent construction cost estimates provided by PWRF;
- (b) the determination of the Mayor or designee, based on their review of the status of PWRF's fundraising efforts against its Fundraising Plan, that PWRF has timely access to sufficient funds from all available sources, including private individuals, corporations and foundations and public sources other than the City, to fully fund the cost of completing construction of the Project, as reflected in the Final Project Budget; and
- (c) concurrence by the Mayor or designee that (i) PWRF's general contractor has agreed to a guaranteed maximum price to construct the Project as represented in the Final Project Design and consistent with the Final Project Budget; and (ii) PWRF's contract with its general contractor provides for the requirements for construction under this Agreement; and
- (d) conveyance of the City Parcels and the Hambling Parcels to PWRF as provided in Article 3 herein.

#### Section 5.5 Project Management and Coordination.

- (a) Project Manager and Coordinator. At least thirty (30) days prior to issuing its Notice to Proceed, PWRF shall notify the City Administrator of the identity of the PWRF construction contractor's project manager ("Project Manager") by name and such person's business and home telephone numbers, and the City shall provide to PWRF comparable contact information for the City project coordinator ("Project Coordinator"). In the event either such person is replaced, the party changing personnel shall provide notice to the other no later than the effective date of such replacement, including such replacement's name and business and home telephone numbers.
- (b) Project Construction Meetings. The Project Manager shall keep the Project Coordinator informed of the time and place of each regular and special project construction meeting to enable the Project Coordinator to attend, become informed about the status of the Project, participate in discussions and present the City's position regarding matters being discussed. The Project Manager shall also participate in such separate meetings with the Project Coordinator and, at the City Administrator's option, with the City Administrator's designee, as may be scheduled by the Project Coordinator with at least three (3) days' prior notice.
- (c) Status Reports. Within seven (7) days after the receipt by PWRF of any project construction meeting minutes, PWRF shall deliver a copy of each of the same to the Project Coordinator.



(d) Minimization of Adverse Impacts. PWRF shall protect from damage or destruction all private and public property near the construction premises not scheduled for repair, replacement or removal. All Project-related demolition, construction, alteration, addition, improvement and other activity or work performed by or for PWRF on the construction premises shall be carried out in a manner that minimizes any adverse impact on nearby City property and the use thereof by the City or third parties, and on any private property near the Project. (For purposes of this requirement, the term “property” includes land, trees, shrubbery and landscaping, irrigation facilities, drainage, survey markers and monuments, buildings and structures, conduits and pipes, meters, fences, pavements, curbs, driveways, sidewalks, and other property of any description, excluding the Site.) PWRF shall prepare for the City Administrator’s reasonable review and approval a plan for construction fencing, including routes for temporary pedestrian access around the construction site, before mobilization work begins. PWRF shall work with the Project Coordinator to schedule construction activity to minimize construction impacts such as noise, dust and fumes. Nothing in this Section 5.5(d) limits the City’s authority to impose SEPA mitigation measures on the Project when acting in its regulatory capacity.

(e) Waste Disposal. PWRF shall secure and provide within the construction premises, appropriately sized containers for the collection of all waste materials, debris and rubbish associated with the Project. PWRF shall keep the Site and all adjacent property free from the accumulation of waste materials, rubbish and windblown debris associated with the Project and, daily, shall dispose of all flammable, hazardous and toxic materials generated by or otherwise associated with, but not needed for construction of, the Project. Storage and disposal must be in accordance with applicable Federal, State and local laws, fire codes and regulations. All waste materials, debris and rubbish generated by or otherwise associated with the Project shall be disposed of legally at disposal areas away from the Site. Upon completing the Project, PWRF shall ensure that the Site and the roadways and walkways immediately surrounding the Site are cleaned to the reasonable satisfaction of the Project Coordinator, and that all tools, equipment and surplus materials, and waste materials, debris and rubbish associated with the Project have been removed from the Site.

(f) Staging and Fencing. The Parties shall cooperate in the identification of sufficient space reasonably proximate to the Site for the exclusive use of PWRF’s contractor and its subcontractors and their employees, agents or contractors for construction staging activities. Such activities include, without limitation, parking of construction, contractor and construction worker vehicles, temporary structures and storage of construction materials to be used in the Project. The space shall become available for staging when PWRF authorizes its contractor to proceed with construction of the Project and terminate upon Project completion. PWRF shall fully restore the staging space. During Project construction, PWRF may install a temporary perimeter fence enclosing its staging area and the Site to secure both the Site and the staging area. Such fencing is subject to the City Administrator’s approval as provided in Section 5.5(d) and shall be removed upon Project completion.

(g) Construction-related and Worker Parking. The City and PWRF shall develop a plan for identifying locations for parking for Project contractors, suppliers and construction workers to minimize the impact of worker parking on the Site and the surrounding

neighborhood. Ideally, such parking shall be provided on the City property provided for construction staging under Section 5.5(f).

## Section 5.6 PWRF Cost Overruns Responsibility and Risk Management.

### 5.6.1 Cost Overruns.

(a) The Parties agree to apply good faith best efforts to complete the Project consistent with the Final Project Design. Funds required for any increases in the Preliminary Project Budget necessary to complete the Project substantially consistent with the Final Project Design (as potentially modified under this Agreement) shall be provided by PWRF from sources other than the City, except as specifically provided herein. PWRF's responsibility for cost overruns includes responsibility for those due to unforeseen conditions that must be addressed for the Project to proceed, but only to the extent such conditions can be remedied with resources available within the Preliminary Project Budget. Upon discovery of an unforeseen condition that must be addressed for the Project to proceed, PWRF will notify the City Administrator. PWRF will evaluate ways to resolve any such conditions for the Project to proceed and determine the cost of doing so. In addressing such additional cost, PWRF may, among other measures, apply contingency funds within the Preliminary Project Budget, make modifications to the Final Project Design, and apply such additional funds that PWRF, in its sole discretion, determines to provide to increase the Preliminary Project Budget. PWRF will keep the City Administrator apprised of its work and advise them of its plans for addressing such conditions, specifically including any proposed changes in the Final Project Design requiring Design Review Board approval under Section 5.2.2. If PWRF concludes that it lacks the resources to address any such unforeseen conditions and that it cannot complete the Project, it will so notify the City Administrator. The Parties will cooperate in developing and implementing a plan to suspend or terminate the Project.

(b) PWRF's responsibility for cost overruns notwithstanding, the City shall bear financial responsibility for any direct or indirect cost increases associated with changes to the Project that the City requests after the Mayor or designee approves the Final Project Design (excluding permitting or other regulatory requirements).

5.6.2 Retainage and Bonding. PWRF shall establish retainage for purposes equivalent to those stated in Ch. 60.28 RCW at not less than five percent (5%) of its contractor's guaranteed maximum price and shall require bonding by its contractor to the extent warranted, in its judgment and discretion after consultation with the City Administrator.

5.6.3 Liens. PWRF shall pay or cause to be paid all sums payable by it for any labor performed or materials furnished in connection with any work performed on the Project. PWRF will discharge, by bond or otherwise, any mechanic's or materialman's lien filed against the premises for work claimed to have been done for, or materials claimed to have been furnished to PWRF, within thirty (30) days after filing.

## Section 5.7 Insurance Requirements

5.7.1 PWRF's Insurance Requirements. From and during the effective date of this Agreement, PWRF shall, at its sole cost and expense and as part of project costs, procure and maintain with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by PWRF, its agents, representatives, employees, consultants, subconsultants, contractors and/or subcontractors. Coverage shall be at least as broad as:

5.7.1.1 Commercial General Liability. Insurance Services Office form number (CG 00 01) or equivalent covering Commercial General Liability Policy shall be written on form CG 00 01 07 98 or its equivalent and shall not include any exclusions or limitations other than those incorporated in the standard form and shall include coverage for:

1. Premises/Operations;
2. Products/Completed Operations;
3. Advertising Injury;
4. Contractual Liability;
5. Independent Contractors;
6. "Additional Insured" status provided to relevant project entities;
7. Unintentional failure to disclose provision;
8. Per project aggregate per ISO CG 25 03 (Aggregate Limits of Insurance per Project) or equivalent; and
9. A broadened knowledge of occurrence provision.

Such insurance must provide a minimum limit of not less than \$5,000,000.00 general aggregate per location aggregate. Such insurance shall not contain exclusions related to explosion, collapse, underground, and blasting. PWRF shall maintain coverage for completed operations/product liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least six (6) years after substantial completion of the Project. The policy will not exclude coverage losses resulting from perils and acts of terrorism so long as terrorism coverage is commercially available. If any such insurance policy excludes coverage for perils and acts of terrorism, PWRF will obtain a separate terrorism insurance policy in the coverage amount required by this paragraph in form and substance reasonably satisfactory to the City.

5.7.1.2 Automobile Liability. Insurance Services Office form number (CA 00 01) or equivalent covering Business Automobile Coverage, symbol 1 "any auto"; or the combination of symbols 2, 8, and 9, with a limit of not less than \$2,000,000.00 combined single limit per occurrence.

5.7.1.3 Workers' Compensation. Workers' Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, statutory limits, and any other applicable State Workers' Compensation Law.

5.7.1.4 Employer's Liability or "Stop Gap". The protection provided by the Workers' Compensation Policy, Part 2 (Employer's Liability) or, in states with monopolistic state

funds, the protection provided by the “Stop Gap” endorsement to the General Liability or Worker’s Compensation Policy in the amount of at least \$2,000,000.

**5.7.1.5 Builder’s Risk Insurance.** During the period of construction, PWRF shall also procure and maintain Builder’s Risk Insurance, which shall be written on an “all-risk” completed value policy form in the amount of the initial Contract Sum, plus value of subsequent contract modifications and cost of materials supplied or installed by PWRF, the City, or others, comprising total value for the entire Project at the Site on a replacement cost basis, including cost to cover professional fees. Coverage shall be provided for (i) the perils of earth movement including earthquake and flood (an earthquake and flood sublimit may be allowed, as mutually agreed to by PWRF and the City and may be subject to probable maximum loss study); (ii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iii) “extra expense”; (iv) temporary buildings, debris removal and all materials to be stored offsite and while in transit to the jobsite; (v) “cold testing” of all building systems; (vi) PWRF’s loss of use of the Project due to delays in Project completion caused by covered peril losses to the Project, including loss of income and rents and soft costs such as interest on any construction loan, real estate taxes and insurance premiums; (vii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (viii) direct physical damage to the Project and loss of use caused by an off premises services interruption. PWRF shall have the required Builder’s Risk Policy in place no later than commencement of construction. The Builder’s Risk Policy shall have a deductible no greater than \$5,000 (except for flood and earthquake damage, which may be higher) and shall be paid by PWRF. The Builder’s Risk Policy shall include PWRF, the general contractor and their respective subcontractors and other contractors as insureds in an amount equal to their interest with a loss payable clause in favor of any construction lender, as their interests may appear. PWRF shall keep the Builder’s Risk Policy in place from commencement of construction until substantial completion. Upon substantial completion, the completed project broad-form all risk property insurance coverage will take effect immediately. The policy will not exclude coverage losses resulting from perils and acts of terrorism so long as terrorism coverage is commercially available. If any such insurance policy excludes coverage for perils and acts of terrorism, PWRF will obtain a separate terrorism insurance policy in the coverage amount required by this paragraph in form and substance reasonably satisfactory to the City.

**5.7.1.6 Umbrella/Excess Liability.** Coverage shall follow form of the General Liability, Employer’s Liability, and Automobile Liability.

**5.7.2 Contractors’ Insurance Requirements.** From and after the Effective Date of this Agreement, the contractor shall, at its sole cost and expense, procure and maintain or cause to be procured and maintained with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by contractor, its agents, representatives, employees, consultants, contractors and/or subcontractors. Coverage shall be at least as broad as follows. PWRF shall include a provision in each construction contract requiring each contractor to maintain the following minimum scope and limits of insurance.

5.7.2.1 Commercial General Liability. Insurance Services Office form number (CG00 01) or equivalent covering Commercial General Liability including coverage for:

1. Premises/Operations;
2. Products/Completed Operations;
3. Advertising Injury;
4. Contractual Liability;
5. Independent Contractors;
6. Explosion collapse underground hazards;
7. Personal injury with employment and contractual exclusions deleted;
8. Unintentional failure to disclose provision;
9. Per project aggregate per ISO CG 25 03 (Aggregate Limits of Insurance per Project) or Equivalent;
10. Blasting (if explosives are used in the performance of the Work); and
11. A broadened knowledge of occurrence provision.

Such insurance must provide a minimum limit of liability of \$2,000,000 per occurrence and \$2,000,000 aggregate per project/location, with at least \$2,000,000 products-completed operations aggregate limit. PWRF shall also obtain an umbrella policy with limit of at least \$5,000,000.

The contractor's CGL insurance shall not exclude perils generally known as XCU (Explosion, Collapse and Underground Property Damage), Subsidence, Absolute Earth Movement (except as respects earthquake peril only) or any equivalent peril.

The contractor's CGL insurance shall include each of City and PWRF as an additional insured for Products and Completed Operations by providing additional insured status on the ISO CG 20 10 11 85 or CG 20 37 endorsement, or by an equivalent policy or endorsement provision. The Products and Completed Operations additional insured status for City shall remain in effect for not less than six (6) years following substantial completion.

5.7.2.2 Automobile Liability. Automobile Liability Insurance Services Office form number (CA 00 01) or equivalent for owned, non-owned, hired, and leased vehicles, as applicable, with a minimum limit of liability of \$1,000,000 Combined Single Limit (CSL). If pollutants are to be transported, CA 99 48 endorsement is required on the Automobile Liability insurance policy unless in-transit pollution risk is covered under a Pollution Liability insurance policy.

5.7.2.3 Workers' Compensation. The contractor shall comply with Workers' Compensation coverage as required by Title 51 RCW (Industrial Insurance) and any other applicable State Workers' Compensation laws.

5.7.2.4 Employer's Liability or "Stop Gap". The protection provided by the Workers' Compensation Policy, Part 2 (Employer's Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability or Workers' Compensation Policy in the amount of at least \$2,000,000.

5.7.2.5 Contractor's Pollution Liability. Contractor shall provide contractor's Pollution Liability coverage in the amount of \$2,000,000 per occurrence or claim and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed. Insurance shall not exclude pollution arising out of asbestos, lead, mold and/or PCB operations. Evidence of insurance must specifically state that such coverage is included. Contractor shall be responsible for obtaining and maintaining evidence of Transportation coverage (including MCS-90 and CA 9948 Endorsements for Automobile Liability) and Disposal Site Operators Insurance from all subcontractors and site operators. If coverage is placed on a "Claims-Made" basis, then the Retrospective Date of the policy must match or precede the date these contracts are executed. Evidence of continuous coverage or an extended reporting period endorsement shall be required for a period of six (6) years after substantial completion.

5.7.2.6 Contractor's Professional Liability. In any construction contract that requires professional services as part of the work, contractor shall provide \$2,000,000 per claim/\$2,000,000 aggregate professional liability errors and omissions coverage. If coverage is placed on a "Claims-Made" basis, then the Retrospective Date of the policy must match or precede the date the first professional services are provided. Evidence of continuous coverage or an extended reporting period endorsement shall be required for a period of six (6) years after substantial completion.

5.7.3 Design and Engineering Consultants' Insurance Requirements. From and after the effective date of this Agreement, the professional consultant shall, at its sole cost and expense and as part of project costs, procure and maintain or cause to be procured and maintained with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by professional consultant, its agents, representatives, employees, consultants, contractors and/or subcontractors. PWRF shall require in each professional consultant contract that the consultant provide the following minimum scope and limits of insurance:

5.7.3.1 General Liability. Insurance Services Office form number (CG00 01) or equivalent covering Commercial General Liability, including coverage for completed operations/product liability, independent contractors, contractual liability, explosion collapse underground hazards, personal injury with employment and contractual exclusions deleted, unintentional failure to disclose provision, and a broadened knowledge of occurrence provision with a limit of not less than \$2,000,000 combined single limit per occurrence, \$2,000,000 general aggregate per project/location. Professional consultant shall maintain coverage for completed operations/product liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least six (6) years after substantial completion of the Project.

5.7.3.2 Automobile Liability. Insurance Services Office form number (CA 00 01) or equivalent covering Business Automobile Coverage, symbol 1 “any auto”; or the combination of symbols 2, 8, and 9, with a limit of not less than \$1,000,000 combined single limit per occurrence.

5.7.3.3 Workers’ Compensation. Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington or any other applicable State Workers’ Compensation Law, at statutory limits.

5.7.3.4 Employer’s Liability or “Stop Gap”. The protection provided by the Workers’ Compensation Policy, Part 2 (Employer’s Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the General Liability or Worker’s Compensation Policy in the amount of at least \$2,000,000.

5.7.3.5 Professional Liability Errors and Omissions. Consultant shall provide \$2,000,000 per claim/aggregate professional liability errors and omissions coverage. Such coverage shall continue in force or be extended by professional “Tail” coverage for a period no less than six (6) years from Project completion.

5.7.4 Terms and Conditions. The policies required under this Section 5.7 shall meet all requirements below.

5.7.4.1 The City of Snoqualmie as Additional Insured. The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include the “City of Snoqualmie, its officers, officials, employees, agents and volunteers” as additional insureds. All insurance shall be primary and non-contributory to any insurance maintained by or available to the City. The term “insurance” in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

5.7.4.2 Required Separation of Insured Provision; Cross-Liability Exclusion and other Endorsements Prohibited. PWRF’s insurance policy shall include a “separation of insureds” or “severability” clause that applies coverage separately to each insured and additional insured, except with respect to the limits of the insurer’s liability. PWRF’s insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or effectively precludes the City from coverage or asserting a claim under PWRF’s insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy. PWRF’s failure to comply with any of the requisite insurance provisions shall, at the discretion of the City, serve as grounds for the City to procure or renew insurance coverage with any related costs of premiums to be repaid by PWRF or reduced and/or offset against the Agreement.

5.7.4.3 Cancellation Notice. Such policies shall not be renewed, canceled, or materially modified without thirty (30) days’ prior written notice to the City or ten (10) days for non-payment of premiums. PWRF shall provide City with notification in the event of any reduction or restriction of insurance limits or coverage of any respective policies.

5.7.4.4 Minimum Security Requirements: Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A-:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

5.7.4.5 Each insurance policy shall be written on an "occurrence" form, excepting that insurance for professional liability, errors and omissions, and Contractors Pollution Liability when required, may be acceptable on a "claims made" form.

5.7.4.6 If coverage is approved (if approval is required above) and purchased on a "claims made" basis, PWRP warrants continuation of coverage, either through policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than six (6) years from the date of completion of the work that is subject to said insurance.

5.7.4.7 Any deductible must be disclosed to, and shall be subject to reasonable approval by, the City. The cost of any claim falling within a deductible shall be the responsibility of PWRP.

5.7.4.8 By requiring such minimum insurance as specified herein, neither party shall be deemed to, or construed to, have assessed the risks that may be applicable to the other party to this Agreement or any contractor. Each party and each contractor shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage.

5.7.4.9 PWRP shall release the City from any and all claims or causes of action whatsoever in or from or in any way connected with any loss covered or which should have been covered by insurance required to be maintained by PWRP pursuant to this Agreement.

5.7.5 Waiver of Subrogation. City and PWRP release and relieve the other from any liability they might otherwise have and waive their entire right of recovery for loss or damage to property located within or constituting a part or all of the Premises or the PWR Museum to the extent that the loss or damage either (a) is actually covered by the injured party's property insurance, or (b) if the injured party failed to maintain insurance as required under this Agreement, would have been covered under the terms and conditions of the property insurance the injured party is required to carry under Section 5.7, whichever is greater. This waiver applies regardless of the cause or origin of the claim including without limitation loss due to the negligent acts or omissions of City or PWRP, or their respective officers, directors, council members, employees, agents, contractors, invitees, PWRP's assignees or subtenants. The parties shall have their property insurers endorse the applicable insurance policies to reflect the foregoing waiver of claims, provided however, that the endorsement shall not be required if the applicable policy of insurance permits the named insured to waive rights of subrogation on a blanket basis, in which case the blanket waiver shall be acceptable; and provided further, that the failure to obtain such endorsement, when required, shall not impair the effectiveness of this waiver and/or release between City and PWRP.



5.7.6 Evidence of Insurance. On or before the effective date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by PWRF:

5.7.6.1 Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein.

5.7.6.2 A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements;

5.7.6.3 A copy of the CGL insurance policy provision(s) and endorsements expressly including the City and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement; a full and complete copy of insurance policies must be provided to the City upon request.

5.7.6.4 Pending receipt of the documentation specified in this Section 5.7, PWRF may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

Evidence of Insurance as set forth above, shall be issued to: City of Snoqualmie.

5.7.7 Assumption of Property Risk. Except to the extent of City's negligence or willful misconduct, but subject to Section 5.7.5 above, the placement and storage of PWRF's personal property in or about the Premises shall be the responsibility, and at the sole risk, of PWRF.

5.7.8 Adjustments of Claims. PWRF shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of PWRF under this Agreement.

5.7.9 PWRF's Responsibility. The procuring of the policies of insurance required by this Agreement shall not be construed to limit PWRF's liability hereunder. Notwithstanding said insurance, but subject to Section 5.7.5 above, PWRF shall be obligated for the full and total amount of any damage, injury or loss caused by negligence of PWRF, or any of its agents, officers and employees or through use or occupancy of the Premises.

## ARTICLE 6

### **Indemnification and Dispute Resolution**

#### Section 6.1 Indemnification.

(a) PWRF Indemnification. To the fullest extent permitted by law, PWRF shall indemnify, defend (using counsel acceptable to the City) and hold the City, its officers, agents, employees and elected officials (collectively, the “City Indemnified Parties”) harmless, and shall require its construction contractor to similarly indemnify, defend and hold the City Indemnified Parties harmless throughout the course of the Project from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City’s actual and reasonable personnel and overhead costs and attorneys’ fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever arising out of the Project, and which result from, arising out of, or connected with the following: (i) the acts or omissions of PWRF, its employees, agents, officers, affiliates, contractors, guests or invitees throughout the course of the Project; (ii) PWRF’s breach of this Agreement; or (iii) construction of the Project. PWRF’s defense and indemnity obligations and those of its contractor shall extend to claims brought by their own employees and the foregoing obligations are specifically and expressly intended to act as a waiver of PWRF’s and PWRF’s contractor’s immunity under Washington’s Industrial Insurance Act, RCW Title 51, but only as to the City Indemnified Parties and to the extent necessary to provide the City Indemnified Parties with a full and complete defense and indemnity.

(b) City Indemnification. To the fullest extent permitted by law, the City shall indemnify, defend (using counsel acceptable to PWRF) and hold PWRF, its board members, employees, agents, officers, contractors, guests or invitees (collectively, “PWRF Indemnified Parties”) harmless throughout the course of the Project from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including PWRF’s actual and reasonable personnel and overhead costs and attorneys’ fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever resulting from, arising out of the Project, and which result from, arising out of, or connected with the following: (i) the acts or omissions of the City, its employees, agents, officers, elected officials, affiliates, contractors, guests or invitees throughout the course of the Project; or (ii) the City’s breach of this Agreement, specifically including, without limitation, any such claims related to the condition of the land as delivered to PWRF for which the City bears sole responsibility to provide a construction-ready site. The City’s defense and indemnity obligations extend to claims brought by its own employees and the City’s foregoing obligations are specifically and expressly intended to act as a waiver of the City’s immunity under Washington’s Industrial Insurance Act, RCW Title 51, but only as to PWRF Indemnified Parties and to the extent necessary to provide PWRF Indemnified Parties with a full and complete defense and indemnity.

Section 6.2 Limitation of PWRF’s Obligation. To the extent necessary to comply with RCW 4.24.115 as in effect on the effective date of this Agreement, PWRF’s and PWRF’s contractor’s obligation to indemnify the City for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from,

improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Project (i) shall not apply to damages caused by or resulting from the sole negligence of the City Indemnified Parties; and (ii) to the extent caused by or resulting from the concurrent negligence of (A) the City Indemnified Parties and (B) PWRF, its board members, agents, contractors, officers, affiliates, employees, guests or invitees shall apply only to the extent of the negligence of PWRF, its board members, agents, contractors, officers, employees, guests or invitees; PROVIDED, HOWEVER, the limitations on indemnity set forth in this Section shall automatically and without further act by either the City or PWRF be deemed amended so as to remove any of the restrictions contained in this Section 6.2 no longer required by then applicable law.

**Section 6.3 Waiver of Indemnity; Indemnities Negotiated.** PWRF and the City agree that the foregoing indemnity specifically includes, without limitation, claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE OTHER PARTY OR PARTIES WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES, TO THE EXTENT OF THEIR NEGLIGENCE. THE CITY AND PWRF ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

**Section 6.4 Dispute Resolution.** In the event of a dispute regarding this Agreement, the Parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The Parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the Mayor and the Executive Director or Board Chair of PWRF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. PWRF and the City agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally between the City (one-half) and PWRF (one-half).

## **ARTICLE 7**

### **Miscellaneous**

**Section 7.1 Amendments.** This Agreement may not be amended, changed, modified or altered, except by an instrument in writing duly executed by the Mayor and PWRF (or their successors in title).

- (a) The Mayor is authorized to approve "minor" amendments to this Agreement. A proposed amendment is "minor" if it does not alter the purpose and intent of this Agreement and does not increase the financial burdens or obligations of the City. Any proposed amendment that does not meet the definition of a "minor"

amendment constitutes a “major” amendment. The determination of whether a proposed amendment is “major” or “minor” lies with the Mayor.

- (b) Major amendments require the approval of the City Council via passage of a resolution or ordinance.

Section 7.2 Authority. Each Party hereto warrants that it has the authority to enter into this Agreement and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Agreement, warrant that they have the authority to bind the respective parties.

Section 7.3 Binding Effect; No Assignment. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their successors. This Agreement may not be assigned without the written consent of the Parties.

Section 7.4 Consents and Approvals. In any instance when any Party’s consent or approval is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Whenever the consent of City to any act to be performed under this Agreement is required, PWRP must obtain the consent or approval expressly for purposes of this Agreement, regardless of whether a consent or approval shall have been granted by the City in its regulatory, public utility, or other capacity. No permission, consent, or approval of the City contained herein or given pursuant to this Agreement is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with applicable laws, regulations, ordinances or codes, nor shall any such consent or approval be construed to authorize any failure to comply with any of the foregoing.

Section 7.5 Construction. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

- (a) Words describing the singular number shall include the plural number and vice versa, except where otherwise indicated.

- (b) All references herein to articles, sections or exhibits are references to articles, sections or exhibits of this Agreement, unless otherwise stated.

- (c) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

- (d) This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties had prepared it.

Section 7.6 Counterparts. This Agreement may be executed in counterparts for the convenience of the Parties, and such counterparts shall together constitute one Agreement.

Section 7.7 Cumulative Remedies. The rights and remedies that any Party may have under this Agreement or at law or in equity, upon any breach, are distinct, separate and cumulative

and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

Section 7.8 Force Majeure. Except as otherwise provided in this Agreement, time periods for any Party's performance under any provision of this Agreement shall be extended for periods of time during which such performance is prevented due to circumstances beyond such party's reasonable control, including without limitation, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of God, unforeseen Site conditions, casualty, war or other strife.

Section 7.9 Governing Law; Jurisdiction and Venue. This Agreement is governed by and shall be construed in accordance with the laws of the State of Washington without reference to its choice-of-law principles and shall be liberally construed so as to carry out the purposes hereof. City and PWRF each hereby consent to personal jurisdiction in the state and federal courts located in the State of Washington. Except as otherwise required by applicable law, any action arising under this Agreement shall be brought and maintained in the Superior Court of the State of Washington in and for King County, City and PWRF each consent and agree that venue is proper in such court, and City and PWRF each waive any defense or right to seek dismissal or transfer on grounds of improper or inconvenient venue.

Section 7.10 Integration. This Agreement contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein.

Section 7.11 Limitation on Third Party Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Parties any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Parties.

Section 7.12 No Partnership. Nothing in this Agreement shall create any partnership, joint venture or other relationship between PWRF and the City.

Section 7.13 No Waiver. Failure of any Party to complain of any act or omission by the other, no matter how long the failure may continue, shall not constitute a waiver of any rights under this Agreement. No waiver by any Party of any breach of any provisions of this Agreement shall be deemed a waiver of a breach of any other provision or consent to any subsequent breach of any other provision. If any action of any Party requires the consent or approval of another, consent or approval given on one occasion shall not be deemed a consent to or approval of that action on any other occasion. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

Section 7.14 Notices. All notices, demands or requests that may or must be given by any Party to another under this Agreement shall be given in writing and delivered personally, or sent

by U.S. certified mail, postage prepaid, return receipt requested, or nationally recognized overnight air carrier, and addressed to City's address or PWRF's address, as follows:

If to the City:  
 City of Snoqualmie  
 Attn: City Administrator  
 38624 SE River Street  
 P.O. Box 987  
 Snoqualmie, WA 98065  
 Email: mchambless@snoqualmiewa.gov

And:

Copy to: City Attorney

If to PWRF:  
 Peter Hambling  
 7811 NE 10<sup>th</sup> Street  
 Medina, WA 98039

Copy to: B. Gerald Johnson  
 Pacifica Law Group LLP  
 1191 2<sup>nd</sup> Avenue, Suite 2000  
 Seattle, WA 98101-3404  
 Phone: 206.245.1700  
 Email: gerry.johnson@pacificallawgroup.com

Notices shall be deemed to have been given upon receipt or attempted delivery where delivery is not accepted. Any Party may change its address and/or those receiving copies of notices upon written notice given to the other.

Section 7.15 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, then that provision and the remainder of this Agreement shall continue in effect and be enforceable to the fullest extent permitted by law. It is the intention of the Parties that if any provision of this Agreement is capable of two constructions, one of which would render the provision void, and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

#### Section 7.16 Termination of Agreement.

7.16.1 Upon Project Completion. Unless otherwise stated herein, this Agreement and all obligations hereunder shall terminate when the Project receives its final certificate of occupancy, except that the provisions of Article 6; and Sections 5.3(a); 5.7.1.1; 5.7.2.1; 5.7.2.6; 5.7.3.1; 5.7.3.5; 5.7.4.6; and 7.9; and such other Sections or provisions as indicated by context and commercial reasonableness shall survive the expiration or termination of this Agreement.

7.16.2 Failure of Assumptions. This Agreement may be terminated under the following circumstances:

- (a) As provided in Section 3.3, the failure to assemble a suitable Site;
- (b) As provided in Sections 3.3 and 4.2.2(a), in either Party's sole discretion, due to unreasonably high Site preparation costs;
- (c) As provided in Section 4.2.1(c), in PWRF's sole discretion, due to unsuccessful fundraising;
- (d) By mutual agreement of the Parties for any other failure of a material shared assumption underlying the Project's purpose or prospects.

7.16.3 Disputes. Any disputes with regard to this section are expressly made subject to the terms of Section 6.4 of this Agreement regarding Dispute Resolution.

Section 7.17 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

## ARTICLE 8

### City Right to Retake/Right to Purchase

Section 8.1 Notwithstanding anything to the contrary contained in this Agreement, in the event that PWRF does not complete construction of the Museum within three (3) years after having been authorized to issue its Notice to Proceed to its general contractor as provided here (such event a "Project Failure"), then the City shall have the following rights:

(a) Right to Retake City Parcels. After a Project Failure and the City Parcels have been transferred to PWRF, the City may elect to have the City Parcels, increased in size by their respective share of the vacated street right-of-way, if applicable, transferred to the City by providing written notice to PWRF of such election within ninety (90) days of the occurrence of the Project Failure. The Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer. In the event the City does not timely exercise its right contained in this subsection (a), then the City will be deemed to have waived such right and PWRF shall be permitted to retain ownership in the City Parcels or sell or transfer the same to another party without any compensation to the City.

(b) Right to Purchase. After a Project Failure, if Hambling has acquired the Hambling Parcels, the City may elect to purchase ("Purchase Option") the Hambling Parcels, increased in size by their respective share of the vacated street right-of-way, if applicable, for a purchase price equal to the greater of (i) the then fair market value of the Hambling Parcels ("FMV") or (ii) the amount Hambling paid for the acquisition of the Hambling Parcels from Seventy-Nine Forty, LLC (such amount in (ii) referred to as the "Purchase Price Floor"). In order

to exercise its Purchase Right, the City must provide written notice (“Purchase Notice”) to PWRF of such election within ninety (90) days of the occurrence of the Project Failure.

Within sixty (60) days of receipt of the Purchase Notice, PWRF shall inform the City of its reasonable determination of the FMV and the purchase price. If the City objects to PWRF’s determination, then the Parties shall meet and confer for up to ninety (90) days (“Negotiation Period”) in order to determine a mutually agreeable purchase price. In the event the Parties are unable to agree within the Negotiation Period, then, if the City continues to desire to purchase the Hambling Parcels, the purchase price shall be determined as follows (but in no event shall be less than the Purchase Price Floor):

(i) Within ten (10) business days of the end of the Negotiation Period, each of the Parties shall select one MAI real estate appraiser with at least ten (10) years’ full-time commercial appraisal experience in the greater Snoqualmie, WA area for comparable projects and who is neutral and has not rendered services to either PWRF or City or their respective affiliates within the preceding ten (10) year period (each, an “Appraiser”).

(ii) Within ten (10) days after each of the Appraisers have been selected, each Appraiser shall make its respective determination of the FMV, provided, however, that if either Appraiser requests additional information or documentation needed to make its determination of the FMV, such ten (10) day period shall be extended by up to an additional twenty (20) days, and each Party shall cooperate to provide any such requested information and documentation to the applicable Appraiser. The determination of each Appraiser shall be limited solely to the FMV. Neither Appraiser shall have the power to add to, modify, or change any of the provisions of this Agreement.

(iii) Upon a Party’s selected Appraiser’s determination of the purchase price, such Party shall cause its selected Appraiser to notify the Parties thereof. Upon each Appraiser having made its determination of FMV, the purchase price shall be equal the greater of (A) the mean of the two Appraisers’ respective determinations of the FMV (i.e., the average of the two Appraisers’ respective determinations of the FMV) or (B) the Purchase Price Floor. Such determination of the purchase price shall be final.

The cost of each Appraiser shall be paid by the Party that selected such Appraiser. Upon determination of the purchase price, the Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer.

[signatures on next page]



City:

CITY OF SNOQUALMIE, a Washington municipal  
corporation

By: \_\_\_\_\_  
Name: Katherine Ross  
Title: Mayor

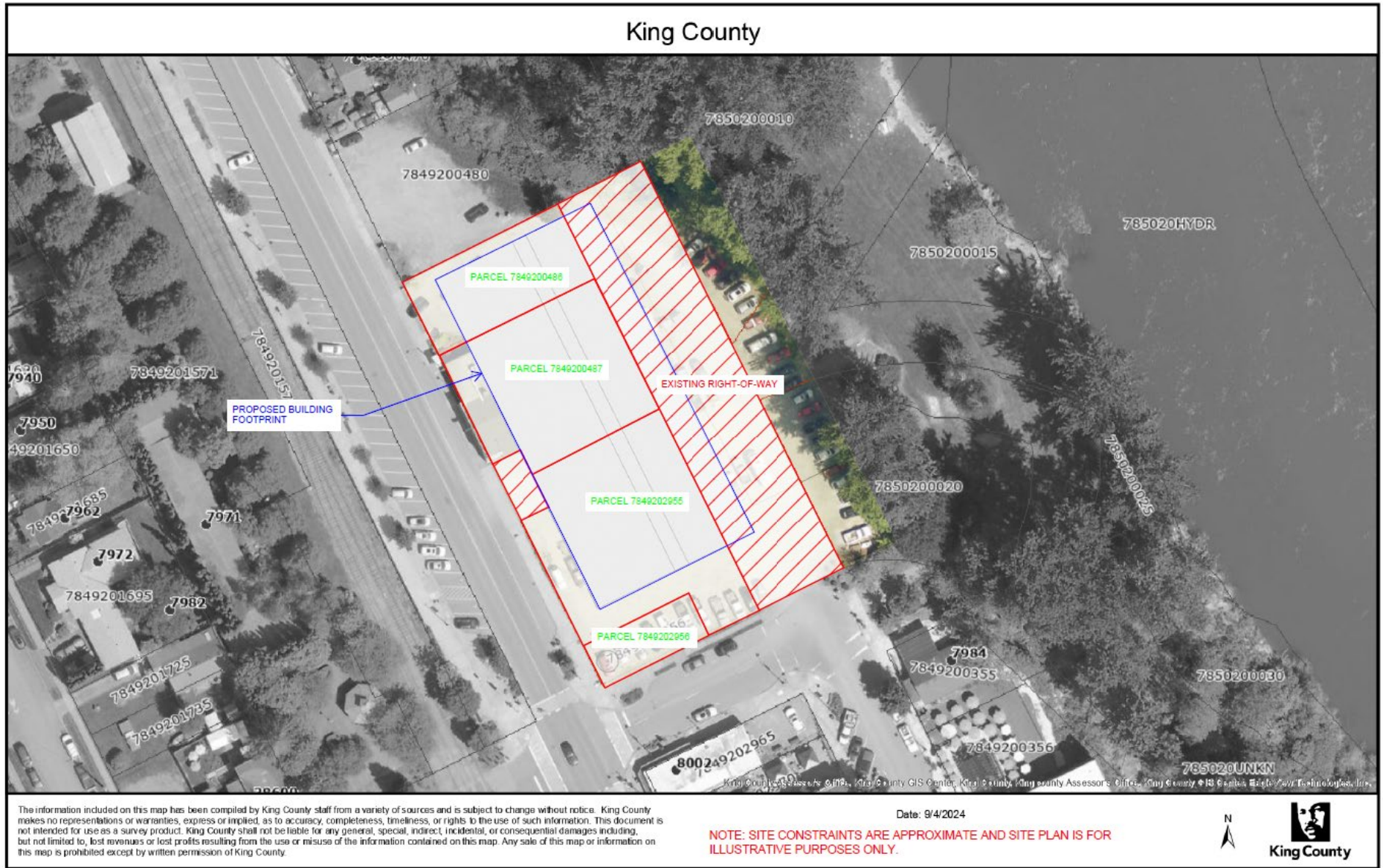
PWRF:

PACIFIC WEST RAIL FOUNDATION, a  
Washington nonprofit corporation

By: \_\_\_\_\_  
Name: Peter Hambling  
Title:

# EXHIBIT A

## Site



Item 1.

## EXHIBIT B

### Contingent Gift Agreement

## EXHIBIT C

### Conveyance Agreement

## Exhibit D

### Public Use Covenant

Exhibit EFundraising Plan

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**OVERVIEW OF PACIFIC WEST RAIL**

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***Background***

Pacific West Rail began in 2007 as the Northwest Trunk Lines. Originally constructed in the basement of a private residence, this 3,700 square foot model railroad showcases re-creations of numerous scenic locations around the western United States and Canada. Designed and built with portability in mind, this miniature display has reached a level of completion, authenticity, and detail such that it deserves a new location as a public exhibit.

***Location***

In 2020, the Pacific West Rail team began actively searching for a new location to construct a dedicated building for an expanded and reimagined model railroad display in a museum setting. The City of Snoqualmie quickly emerged as the leading option due to strong government backing, high tourist traffic, and existing railroad-themed attractions. Initially, a prominent lot within the city limits was selected, and the attraction was renamed Pacific West Rail to enhance its identity. However, with guidance from the Snoqualmie Tribe, the team decided to relocate the project to Downtown Snoqualmie. This location offered a deeper connection to railroad history and tourism, while ensuring a respectful distance from a sacred Snoqualmie Tribe site.

***Team***

Several prominent advisors have been a part of the effort to transform Pacific West Rail into a unique and economically viable interpretive experience.

**Howard and Peggy Lovering** of Logic Inc. bring decades of experience in the museum sector with involvement in multiple large-scale projects including Seattle's Museum of Flight.

**Nicole Klein** with the ASUW Shell House has been a helpful guide in regard to working alongside local Indian Tribes.

**Kelly Coughlin** with the Snoqualmie Valley Chamber of Commerce has proven indispensable with her local connections and detailed knowledge of the Snoqualmie area.

**Tom Kundig, Edward Lalonde, Alan Maskin, and Michael Paraszczak** of Olson Kundig Architects bring their years of experience working on museum design. The firm's

projects include The Tillamook Creamery, The Burke, Wagner Center at the Center for Wooden Boats, among many other distinguishable museums.

**Gerry Johnson** of Pacifica Law Group has been an invaluable resource. Gerry has an extensive history of working with nonprofits in the Seattle area. Gerry has provided counsel to some of the region's most impressive projects, including the initial development and expansion of the Seattle Art Museum, T-Mobile Park, Lumen Field and the Museum of Flight.

**The Snoqualmie Tribe** has played a crucial role in deepening our understanding of the spiritual significance of the area. They have provided valuable input on how to construct a museum that is not only respectful but also appropriately located in relation to their sacred sites.

**Matt Hayes**, President and CEO at the Museum of Flight, has been instrumental in PWR understanding the operations within a museum and what it takes to run a successful museum.

**John Ferguson** of the Museum of Glass has been a champion of the project from the initial stages. John has been an eager participant in the project, offering his guidance through the ins and outs of the museum industry.

**Jack Anderson** is one of PWR's initial board members. Jack brings a keen design eye to the project. Jack founded Hornal Anderson, a top design company on the West Coast, and has been vital while working with Olson Kundig.

**John Hanson** is another of our initial board members. John is founder and head of KBC Advisors. A preeminent real estate advisory firm looking after most of Amazon's properties.

**Andy Eccleshall** is a brilliant mural artist that performed all of the mural artwork on PWR. Andy's work has been featured in a number of publications throughout the region. Andy is a valuable asset that will provide insight into the best methods of relocating the model railroad's mural.

**Lou Maxon** is a local Snoqualmie Valley resident. Lou's experience in branding has been showcased throughout some of the world's largest corporations. Lou has a strong passion for railroading and has offered his expertise as PWR moves forward.

**Bruce McCaw** has been a valuable resource, facilitating connections with many of these individuals as well as possible donors. Olson Kundig architects were hired to develop a building and site plan that would meet the unique requirements of the lot as well as cater to the wants and needs of the community.



## FEASIBILITY

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### ***Economic Feasibility***

The Snoqualmie Valley plays host to millions of tourists who come to be closer to nature and enjoy the charming towns tucked within. Annually, over 2 million people visit Snoqualmie Falls alone, which is located one mile from the proposed site of the Pacific West Rail Museum. Based on projected revenues and expenses prepared by our consultants Logic Inc, the museum could be profitable if even 2% of this traffic became paying customers. Break-even is forecast to be approximately 30,000 visitors, with a very reasonable target of 70,000 once established.

The construction of the Pacific West Rail Museum is also expected to benefit the City of Snoqualmie. The Northwest Railway Museum, already a major draw for tourists, estimates its annual visitors at 130,000, and we anticipate significant crossover between the audiences of both museums. Furthermore, the proposed location for the Pacific West Rail Museum aligns with Snoqualmie's rich rail history and tourism, helping to establish a railroad district in the heart of downtown. This development is likely to extend visitor stays, creating opportunities for local businesses, including shopping, dining, and accommodations.

## MUSEUM & CAMPUS

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### ***The Pacific West Rail Museum***

The design crafted by Olson Kundig is a two-story structure. A building footprint of roughly 220' x 110' should provide approximately 35,000 square feet of interior space plus 1,885 square feet of outdoor covered balcony. This provides room for permanent and rotating exhibits, event and catering space, gift shop, and a variety of educational and interpretive programming.

The roughly 1.13-acre museum site is envisioned as a community gathering space. It will feature a roughly 60' wide park space extending from Railroad Avenue along King Street, connecting to Sandy Cove Park. This design will link downtown Snoqualmie with key attractions, including the railroad depot, Railroad Community Park, Sandy Cove Park, and the future Riverwalk Project, creating a seamless connection throughout the area.

Pacific West Rail is committed to keeping development costs in the neighborhood of \$20 million and will work with Olson Kundig to achieve a final design that meets this budget. To ensure the best outcome, we will not begin construction until the full cost has been committed. In conjunction with the City of Snoqualmie, we hope to set an aggressive timeline and move as quickly as possible.

## FUNDRAISING SOURCES

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### ***Individual & Charitable Gift Solicitation***

The fundraising strategy is driven by the importance of moving forward expeditiously. Fundraising will focus on high-net-worth individuals and charitable foundations with whom we can find an emotionally connected interest, and subsequently a discovered passion for PWR.

The campaign would inherently be a private placement offering, with a directed approach to potential supporters and institutions of substantial means. Following their network of social and business connections would ideally lead others to ride on the same train as it were. Initial fundraising efforts will be focused on friends and colleagues, followed by connections that are developed through these initial pledgers.

Efforts will be focused on those with a latent interest in railroads, Western American history, and the ancestral and cultural evolution of America, as well as an innate curiosity and fascination with imaginary models and experiences, living museum exhibits, and sub-scale realities contrasted with a scene's real-life counterpart.

The model railroad has a significant impact on visitors, one that isn't fully appreciated until seen with one's own eyes. Guests of all ages and interests are stunned and temporarily blown away by what they see. These are not just individuals interested in trains, but in fact a wide spectrum of people from all walks of life, who by having been dropped into an imaginary world, momentarily get lost in it. One common theme is the emotional reconnection with feelings of childhood, fueled by endless imagination.

An invite would be extended to potential supporters and investors to immerse themselves in the model railroad, in which we believe would supercharge any curiosity and interest they may have started with. The miniature world of trains and scenery is extremely impressive and quite unforgettable, an experience that is impossible to comprehend until one sees it, and offers a shining example of what the PWR museum will become.

In these early stages, we would look for commitments to funding, and not accept financial contributions until substantially all the funds necessary to complete the design, construction, and exhibit installation of the museum have been assured. We intend to complete this effort within two years if we are going to be successful.

### ***Government Grants***

City, County and State government is not to be overlooked. PWRF will utilize connections facilitated through the Snoqualmie Valley Chamber of Commerce, as well as other regional connections to acquire grants through all levels of government.

### ***City of Snoqualmie:***

PWR will explore potential grant money that could be available to the city. This money could provide assistance with site preparation, drainage, utilities, and parking to help reduce the cost of construction and operations.

**King County:**

The county is a potential source of capital funding. Grants from nonprofits such as 4Culture will be accessed. The Northwest Railway Museum, also located within the City of Snoqualmie, has greatly benefited from grants provided by 4Culture. We believe pursuing a grant for \$2 to \$3 million is reasonable.

**State of Washington:**

The state, in two-year cycles, includes capital grants for cultural facilities. PWR will begin the solicitation process to apply for these grants. Starting with State Representatives for the area, along with the assistance of the City of Snoqualmie and local business representatives.

We believe our case for grants is strong, as the economic impact to the area is significant. Our economic impact survey estimates \$250k in local taxes will be generated annually from tourism, more than twice that to the state. The impact is estimated at an additional \$5 million in earnings, creating many jobs. For construction alone, the state taxes are \$700k, and earnings are \$21 million regionally. This provides a great case for support from City, County and State Government. We believe a target request of \$3 to \$5 million is appropriate, with the understanding that this money will take years to receive, but will look for a commitment as soon as possible.

**Corporations**

The corporations most likely to support Pacific West Rail are those in the rail and transportation sector. That said, the region is home to numerous fortune 500 companies that look to give back to their community.

**Online Campaign**

Some of today's largest contributions for non-profits can be found in the form of online fundraising. PWR could harness the power of the internet and social media to gain attention and source donations. Online campaigns featuring updates provided in the form of photos, videos and blog articles could keep donors engaged throughout the project, showcasing how their contributions are being utilized.

## Exhibit F

Preliminary Project Budget

Provided by Olson Kundig

**Building Hard Costs (Materials + Construction):**

**\$21,434,000 - \$27,361,435**

**Building Soft Costs (Design Team + Consultants):**

**\$2,250,601 - \$4,120,000**

**Exhibition Hard Costs (Materials + Fabrication):**

**\$2,575,000 - \$4,006,700**

**Exhibition Hard Costs (Design Team + Consultants):**

**\$2,300,000 - \$6,500,000**

**Total:**

**\$28,559,601- \$41,988,135**

Exhibit G

Preliminary Project Design

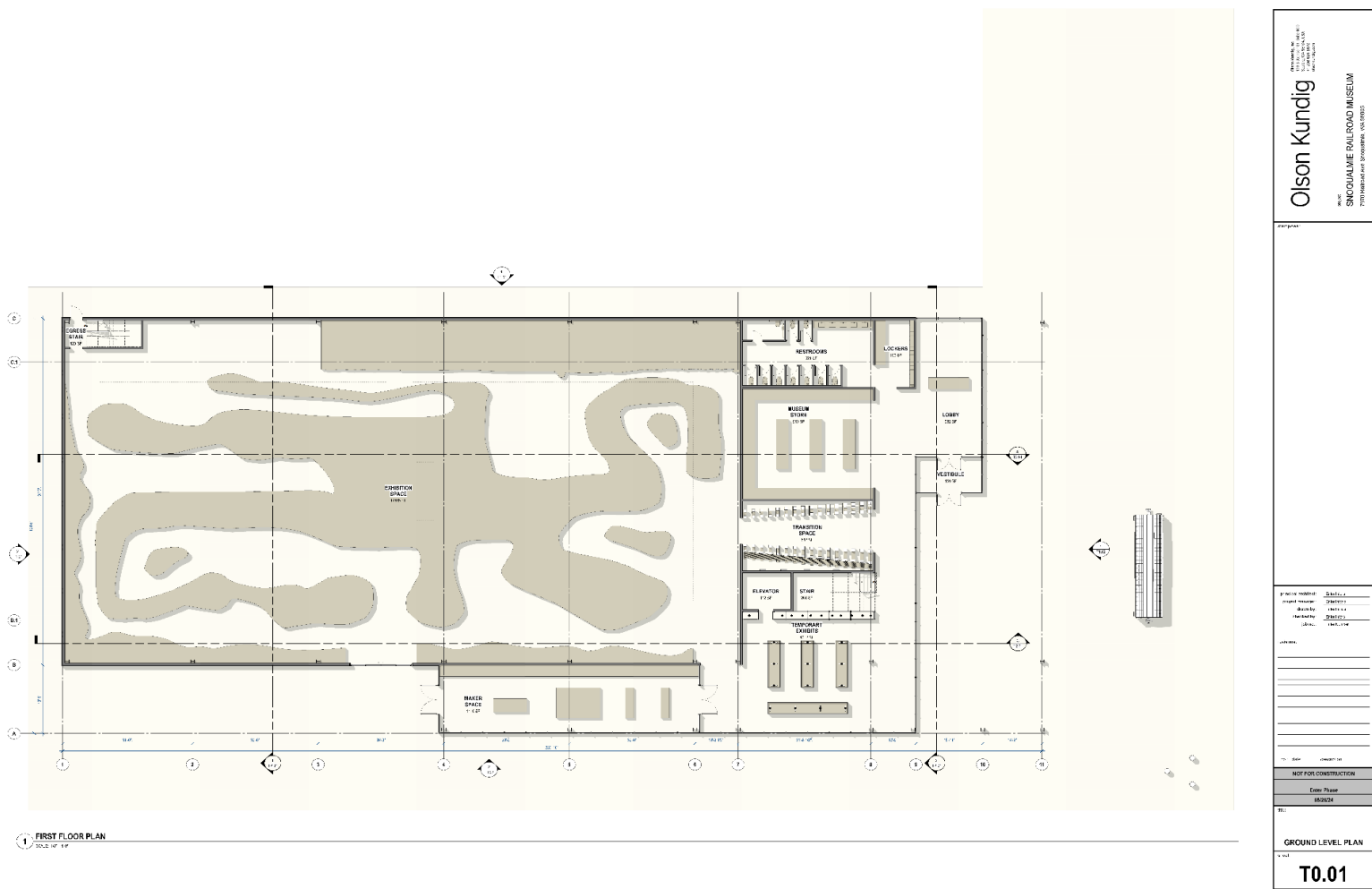


Exhibit G-1





Exhibit G-3



Exhibit G-4

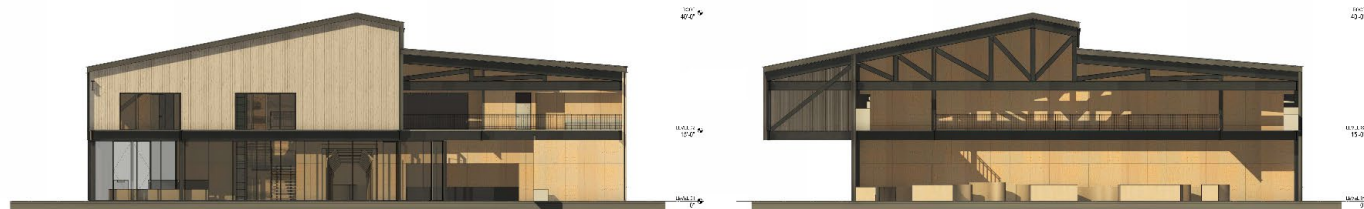




4 BUILDING SECTION 04  
ELEV. REF. 1.0



3 BUILDING SECTION 02  
ELEV. REF. 1.0



2 BUILDING SECTION 03  
ELEV. REF. 1.0

1 BUILDING SECTION 01  
ELEV. REF. 1.0

Olson Kundig

Principal Architect  
1000 1st Avenue, Suite 1000  
Seattle, WA 98101  
Phone: 206.461.1000  
Fax: 206.461.1001  
www.olsonkundig.com

PROJECT  
SNOQUALMIE RAILROAD MUSEUM  
2017 - 2018  
1000 1st Avenue, Suite 1000

NOT FOR CONSTRUCTION

Issue Phase  
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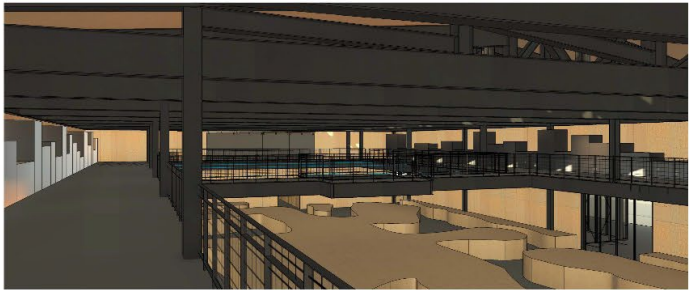
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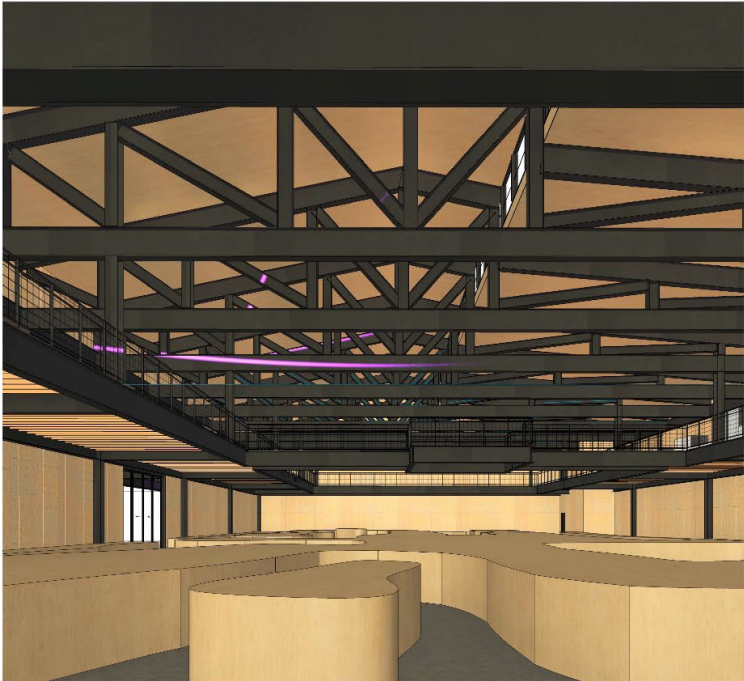
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4 TEMPORARY EXHIBITS  
1/10/18



3 MEZZANINE VIEW  
1/10/18



2 EXHIBITION SPACE  
1/10/18



1 PLAZA PERSPECTIVE  
1/10/18

Olson Kundig	
PROJECT: SNOQUALMIE RAILROAD MUSEUM	
1700 Railroad Ave. Snoqualmie, WA 98065	
1/10/18	
PROJECT NO:	1700RAIL
PROJECT NAME:	SNOQUALMIE RAILROAD MUSEUM
DATE:	1/10/18
BY:	OLSON KUNDIG
NOT FOR CONSTRUCTION	
Enter Phase	
000004	
PERSPECTIVES	
Sheet	
T3.00	

Exhibit G-6

Exhibit H

Preliminary Project Schedule

Schematic Design = 12 weeks

Design Development = 12 weeks

Apply for Building Permit HERE

Construction Documents = 16 weeks

Construction estimate = 2 years

## CONVEYANCE AGREEMENT

THIS CONVEYANCE AGREEMENT (the "Agreement") is made and entered into as of the date of the last signature below ("Effective Date"), by and between the CITY OF SNOQUALMIE, a municipal corporation organized under the laws of the State of Washington (the "City") and the PACIFIC WEST RAIL FOUNDATION, a Washington nonprofit corporation ("PWRF").

WHEREAS, the City owns certain real property located in King County, further described on Exhibit A-1, attached hereto ("City Parcels");

WHEREAS, PWRF or an affiliate ("Hambling LLC"), intend to purchase pursuant to an Agreement of Purchase and Sale ("PSA"), pursuant to which Hambling LLC will acquire from Seventy-Nine Forty, LLC ("City") certain real property located in King County, further described on Exhibit A-2, attached hereto ("Hambling LLC Parcels");

WHEREAS, the Pacific West Rail ("PWR") is a model railroad layout that depicts fourteen different locations across the western United States within the timeframe of the early 1900's to the late 1960s. Its layout was created by the country's preeminent model rail designer and reflects actual locations accurately modeled with the highest degree of realism, with sound and lighting for different times of day and night and topography finished with materials from each of the locations. The collection includes 100 engines, 125 passenger cars and 550 freight cars running on one half-mile of tracks though miniature dioramas set in these recognizable locations throughout the West. Some ten (10) major railroad lines are represented within the areas that they serve or served. The system is controlled by a command center using highly sophisticated software that runs the trains autonomously for hours with programming. Three full-time staff are employed to maintain and operate the model;

WHEREAS, PWR's founder and original owner, local resident and entrepreneur Peter Hambling ("Hambling"), always has intended to share the PWR with the public in a suitable venue in an appropriate location;

WHEREAS, Hambling has formed PWRF to which he intends to donate the PWR in its entirety pursuant to that certain Contingent Gift Agreement by and among PWRF, Hambling, Lorrie Hambling, and Hambling LLC, dated on or about the date hereof ("Hambling Gift Agreement");

WHEREAS, under the Hambling Gift Agreement, Hambling LLC intends to donate the Hambling LLC Parcels to PWRF;

WHEREAS, the City enjoys a rich railroad history and also is the home to the legacy Northwest Railway;

WHEREAS, PWRF is willing to (i) construct a railroad museum, to be known as the Pacific West Rail Museum ("Museum") pursuant to that certain Development Agreement by and among PWRF and City dated on or about the date hereof ("Development Agreement"), featuring the PWR and (ii) operate the Museum on the Land (defined in the Development Agreement) on the express condition that City convey the City Parcels to PWRF;

WHEREAS, City believes it serves an important public function and provides a substantial public benefit to have a vibrant and successful Museum on the Land and desires to transfer fee ownership of the City Parcels to PWRF, pursuant to the terms and conditions set forth below; and

WHEREAS, the City has determined that the public benefits represented by the corollary gift of the model railroad collection and the balance of site required for the development of the PWRF museum as well as PWRF's commitments to construct and operate the public museum pursuant to the Covenant (as defined below) represent more than adequate consideration for the transfer of the City Parcels to PWRF.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree as follows:

## AGREEMENT

**1. TOTAL MONETARY COMPENSATION:** There is no monetary compensation for the above-described transactions. The City Parcels is being granted in exchange for the PWRF's agreement to construct the Museum pursuant to the Development Agreement and operate the same pursuant to the Covenant.

**2. ESCROW.** Following the Effective Date, PWRF will establish an escrow (the "Escrow") with an escrow holder ("Escrow Holder"). The provisions of this Agreement will constitute joint instructions to Escrow Agent; provided, however, that the parties will execute such additional instructions as requested by Escrow Agent not inconsistent with the provisions of this Agreement.

**3. TITLE:** PWRF shall accept the City Parcels with title to the underlying properties as-is, provided, however, City shall remove all monetary liens ("Liens") prior to transferring fee ownership of the City Parcels to PWRF. City shall not create or permit any liens, encumbrances, easements, restrictions, conditions, covenants, rights, rights-of-way or other matters affecting title to the City Parcels prior to such transfer, and any City created title exceptions shall be subject to PWRF acceptance, in its reasonable discretion. Delivery of title in accordance with the foregoing shall be evidenced by the willingness of the Escrow Agent to issue, at Closing, a standard form ALTA owner's policy of title insurance in assessed value of the City Parcels showing title to the City Parcels vested in PWRF, or its permitted assignee, in form and with such endorsements thereto as PWRF may reasonably request (the "Title Policy").

**4. USE OF THE CITY PARCELS:** As partial consideration for the City Parcels, PWRF shall operate the Museum on the Land pursuant to the terms of a Public Use Covenant ("Covenant") substantially in the form attached as Exhibit B.

City covenants and agrees that the City Parcels will, except as may be required in the Development Agreement, remain in its current condition (as of the Effective Date) until and through the Closing Date and that, until and through the Closing Date, City will refrain from and will not actively permit any intentional use of the City Parcels for any purpose or in any manner that would adversely affect the ability of PWRF to use the City Parcels as intended. City covenants and agrees that, on and after the Effective Date and until and through the Closing Date, City will not intentionally create any leases, licenses, easements, tenancies, possessions, rights of way, or other rights to use or occupy any portion of the City Parcels, whether of record, prescriptive, or otherwise not of record with respect to the City Parcels. In the event that (a) City fails to maintain the City Parcels in the condition required by this Section 4, (b) City fails to refrain from or actively permits use of the City Parcels for any purpose or in any manner that would adversely affect PWRF's intended use, or (c) loss or damage occurs to the City Parcels at any time prior to the Closing: (i) PWRF may, without liability, refuse to accept the City Parcels, in which event City will pay any escrow cancellation fees due to Escrow Agent; or (ii) alternatively, PWRF may elect to accept conveyance of the City Parcels.

**5. CLOSING DATE:** The closing of the property transfer ("Closing") shall take place on the Closing Date. As used herein, "Closing Date" means the date that is mutually agreed by the parties, but in no event shall the Closing Date occur prior to all of the conditions precedent described in Section 8 below being satisfied, it being in intent of the intent of the parties that the closings under the various agreements related to the development of the Museum and referenced herein occur simultaneously.

#### **6. REPRESENTATIONS AND WARRANTIES OF CITY:**

City hereby covenants, warrants and represents to PWRF that as of the Effective Date and as of the Closing Date:

(a) Status; Authority. City has all requisite power and authority to own and operate the City Parcels. City has full power and authority to execute and deliver this Agreement and all related documents executed by City in connection with the consummation of the transaction contemplated hereby (collectively with this Agreement, "City's Transaction Documents"), and to carry out the transactions contemplated herein and therein. This Agreement is, and each of City's Transaction Documents will on the Closing Date be, duly executed and delivered and each (when executed and delivered) will be valid, binding and enforceable against City in accordance with their terms, except as such enforceability may be limited by creditors rights laws, or general principals of equity.

(b) No Conflict; Consents and Approvals. The execution and delivery of this Agreement and the other City's Transaction Documents and the consummation of the transactions contemplated herein and therein do not result in a breach (either alone or with the giving of notice and/or the passage of time) of the terms and conditions of, nor constitute a default under, or violation of, or accelerate or permit the acceleration of the performance required by, any of the terms or provisions of: (a) any law, regulation, court order, statute, ruling, ordinance, rule, requirement, or decree of any Governmental Authority (as defined below), whether federal, state, or local, at law or in equity (collectively, "Laws"), applicable to City or any of its properties or assets; or (b) any mortgage, note, bond, indenture, agreement, license, contract, lease or other instrument or obligation to which City is a party or by which City or any of the assets of City may be bound or affected. No filing with or approval, consent or authorization of any federal, state, municipal or other governmental body, court, department, commission, board, bureau, agency or instrumentality ("Governmental Authority") or third party is required for City to enter into and to perform its obligations under City's Transaction Documents.

(c) Litigation. There is no action, suit, claim, proceeding or investigation (whether or not purportedly on behalf of or against City) pending or, to the best of City's knowledge, threatened against or affecting City or the City Parcels, nor, to City's knowledge, is there a basis for any such action, suit, claim, proceeding or investigation. Neither City nor the City Parcels are subject to any judgment, award, order, writ, injunction, arbitration decision or decree. The transaction contemplated herein has not been challenged by any Governmental Authority or any other person, nor does City know or have reasonable grounds to know of any basis for any such actions, suits or proceedings.

(d) Compliance with Law. City is in material compliance with all applicable Laws related to its ownership of the City Parcels.

(e) Title Conveyed. City is the sole and exclusive owner of the City Parcels and has good and valid title to the City Parcels, free and clear of liens, and no other third party has any claim to or interest in any of the City Parcels. City has complete and unrestricted power and the unqualified right to sell, assign, transfer and deliver the City Parcels to PWRP, and at the Closing PWRP will acquire good and valid title to the City Parcels, free and clear of all liens.

(f) Undisclosed Liabilities. To the best of City's knowledge, there is no claim or liability of any nature whatsoever, whether absolute, accrued, contingent or otherwise, that alone or combined with all claims or liabilities would reasonably be expected to have a material adverse effect upon the City Parcels.

(g) Environmental Matters. As used in this Agreement, "Hazardous Substance" shall mean all of those hazardous substances, pollutants, contaminants, chemicals, substances, materials, controlled substances, objects, conditions, wastes, living organisms or combinations thereof which are now or become in the future listed, defined or regulated in any manner by any federal, state or local Law based upon, directly or indirectly, such properties or effects, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, the Superfund Amendments and Reauthorization Act, the Resource Conservation and Recovery Act, the Toxic Substances Control Act, the Occupational Safety and Health Act, and the Washington Model Toxics Control Act, each as now or hereinafter amended, and any flammable or explosive material, radioactive material, dioxins, heavy metals, radon gas, asbestos, petroleum hydrocarbons or other petroleum products or by-products, medical or infectious waste or materials, lead, polychlorinated biphenyls (PCBs), mold or any other chemical, substance, material, controlled substance, object, condition, waste, living organisms or combination thereof which is or may be hazardous to human health or safety or to the environment due to its radioactivity, ignitability, corrosiveness, reactivity, explosivity, toxicity, carcinogenicity, mutagenicity, phytotoxicity, infectiousness or other harmful or potentially harmful properties or effects.

(i) City has not, and to the best of City's knowledge no predecessor in interest of City or any other person or entity has, generated, manufactured, stored, transported, treated, recycled, disposed of or otherwise handled in any way any Hazardous Substances on, beneath or about any of the City Parcels.

(ii) City has not received any notice, complaint, order or action from any Governmental Authority or private or public entity or person relating to Hazardous Substances or environmental, health or safety problems, impairments or liabilities with respect to operation of the City

Parcels or advising City that it is potentially responsible for response costs or remediation with respect to a release or threatened release of any Hazardous Substances.

(h) Taxes. All federal, state and other tax returns and reports required to be filed in connection with the City Parcels have been duly filed or will be timely filed in accordance with the requirements of applicable Law, and all taxes and other assessments and levies (including all interest and penalties), including, without limitation, income, franchise, real estate, sales, gross receipts, use, excise and service taxes and employee withholding taxes (“Taxes”), owed in connection with the ownership of the City Parcels have been paid or will be timely paid in accordance with the requirements of applicable Law. No statute of limitation has been waived with respect to any Tax applicable to City or the City Parcels and all such Taxes required by law to be withheld or collected have been duly withheld and collected and have been paid over to the proper Governmental Authorities or segregated and set aside for such payment and, if so segregated and set aside, shall be so paid by City as required by applicable Law. Neither the IRS nor any other taxing authority is now asserting or is threatening to assert against City any deficiency or claim for additional Taxes or interest thereon or penalties in connection therewith. None of the City Parcels is subject to any lien for payment of any Tax or assessment, other than Taxes and assessments not yet due and payable.

(i) Condition. City shall cause the City Parcels, as of the Closing Date, to be in the condition required by the Development Agreement.

## 7. REPRESENTATIONS AND WARRANTIES OF PWRF:

PWRF hereby warrants and represents to City that as of the Closing Date and as of the Effective Date:

(a) Status; Authority. PWRF is duly organized and validly existing under the laws of the State of Washington, with all requisite power and authority to own and operate its property and to carry on its business as now conducted. PWRF has full power and authority to execute and to deliver this Agreement and all related documents (collectively, “PWRF’s Transaction Documents”), and to carry out the transactions contemplated herein. The execution, delivery and performance of PWRF’s Transaction Documents by PWRF have been duly and validly authorized by all necessary company action. This Agreement is and each of PWRF’s Transaction Documents will on the Closing Date be duly executed and delivered and each (when executed and delivered) will be valid, binding and enforceable as against PWRF in accordance with its terms except as such enforceability may be limited by applicable creditors rights laws and general principles of equity.

(b) No Conflict. The execution and delivery of PWRF’s Transaction Documents and the consummation of the transaction contemplated therein do not result in a breach (either alone or with the giving of notice and/or the passage of time) of the terms and conditions of nor constitute a default under, or violation of, or accelerate or permit the acceleration of the performance required by, any of the terms or provisions of: (a) PWRF’s Articles of Incorporation and Bylaws; (b) any Laws applicable to PWRF; or (c) any mortgage, note, bond, indenture, agreement, license, contract, lease, or other instrument or obligation to which PWRF is a party or by which PWRF or any of the assets of PWRF may be bound or affected.

8. **CONDITIONS PRECEDENT TO CLOSING:** The obligations of the parties to consummate the transfer contemplated herein is subject to the satisfaction as of the Closing of the following conditions:

(a) City and PWRF are each prepared to execute and deliver the Covenant.

(b) The City Council has approved the transactions contemplated herein and has enacted all necessary ordinances(s) permitting conveyance of the City Parcels and development and operation of the Museum.

(c) The City shall be prepared to vacate the (i) City street right of way separating the City Parcels and the Hambling LLC Parcels and (ii) City street right of way immediately to the east of the City Parcels and Hambling Parcels, each as depicted on Exhibit C attached hereto and further described in the Development Agreement (“Street Vacation”). The parties acknowledge and agree that the Street Vacation is intended to occur immediately after Hambling LLC acquires the Hambling LLC Parcels and that the City Parcels are intended to be conveyed to PWRF enlarged by the Street Vacation.

(d) PWRF has satisfied all conditions in the Development Agreement to issue the Notice to Proceed (as defined in the Development Agreement) and is committed to do the same.

(e) All conditions precedent under the PSA have been satisfied or waived by Hambling LLC and the parties to the PSA are ready to close.

**9. CLOSING DELIVERABLES:** The parties shall each deliver the following documents to the Escrow Agent no later than 5:00 P.M. (Pacific Time) on the date that is one (1) business day prior to the Closing Date:

(a) PWRF Deliverables.

- (i) the Covenant duly executed and notarized by PWRF.
- (ii) a memorandum of purchase right (the “Purchase Right Memo”) duly executed and notarized by PWRF in substantially the form of Exhibit D attached hereto<sup>1</sup>.
- (iii) a closing statement prepared by Escrow Agent and approved by PWRF and City, consistent with the terms of this Agreement (the “Closing Statement”) duly executed by PWRF.
- (iv) such other documents, certificates and other instruments as may be reasonably required to consummate the transaction contemplated hereby.

(b) City Deliverables.

- (i) a statutory warranty deed (the “Deed”) in substantially the form of Exhibit E attached hereto, duly executed and notarized by City.
- (ii) an original counterpart to the Covenant duly executed and notarized by City.
- (iii) an original counterpart to the Purchase Right Memo duly executed and notarized by City.
- (iv) such other documents, certificates and other instruments as may be reasonably required by the Escrow Company to consummate the transaction contemplated hereby.

**10. RIGHT TO ACCESS; CONDITION; DISCLOSURE STATEMENT.**

(a) Right to Access. Through the earlier of the Closing or the termination of this Agreement, PWRF and its agents, attorneys, licensed and insured engineers, architects advisors and consultants shall have the right, upon reasonable prior written notice to City (which shall in any event be at least 24 hours in advance) and at PWRF’s sole cost, risk and expense to access and inspect the City Parcels, provided that any such inspection shall not unreasonably impede the normal day-to-day business operation of the City Parcels, and provided further that City shall be entitled to accompany PWRF and its agents on such inspection.

(b) As-Is Condition. PWRF acknowledges, by its initials as set forth below, that the provisions of this Section 10(b) have been required by City as a material inducement to enter into the contemplated transactions, and the intent and effect of such provisions have been explained to PWRF by PWRF’s counsel and have been understood and agreed to by PWRF.

EXCEPT FOR THE EXPRESS REPRESENTATIONS, WARRANTIES AND COVENANTS OF CITY SET FORTH IN THIS AGREEMENT AND THE CLOSING DOCUMENTS (AS DEFINED

<sup>1</sup> NTD: This is in reference to the City’s purchase rights in the Development Agreement.



BELOW), PWRF ACKNOWLEDGES AND AGREES THAT, UPON CLOSING, CITY SHALL TRANSFER AND CONVEY TO PWRF, AND PWRF SHALL ACCEPT, THE CITY PARCELS IN THEIR “AS IS, WHERE IS, WITH ALL FAULTS” CONDITION, EXCEPT TO THE EXTENT EXPRESSLY PROVIDED OTHERWISE IN THIS AGREEMENT OR IN ANY AGREEMENT OR INSTRUMENT EXECUTED BY CITY AND DELIVERED TO PWRF AT CLOSING (“CLOSING DOCUMENTS”).

### PWRF Initials

(c) Disclosure Statement. PWRF waives the requirement that City deliver to PWRF a Real Property Disclosure Statement as required by RCW 64.06.013 (the “Disclosure Statement”); provided, however, that if the answers to any of the questions in the section entitled “Environmental” would be “yes,” PWRF does not waive receipt of the “Environmental” section of the Disclosure Statement. By executing this Agreement, PWRF acknowledges that it has received the “Environmental” section of the Disclosure Statement attached hereto as Exhibit F and completed by City, and PWRF waives its right to receive the balance of the completed Disclosure Statement. The Disclosure Statement shall not constitute representations and warranties under this Agreement. All materials delivered by City hereunder, including the Disclosure Statement, shall be without warranty or representation as to accuracy or completeness, and nothing herein shall be interpreted as requiring City to obtain documents from any government agency or other third party.

## 11. TRANSACTION COSTS; RISK OF LOSS

(a) Transaction Costs. City shall pay (i) one-half (1/2) of any escrow or closing charge of the Escrow Agent; (ii) the cost of curing, and to record any instruments necessary to cure, any title objections that City elects or is obligated to cure under this Agreement; (iii) all grantor transfer taxes, deed stamps, real estate excise taxes, conveyance taxes, mortgage recording taxes and documentary stamp taxes (“Transfer Taxes”) with respect to the City Parcels; and (iv) one-half (1/2) of the cost of recording the Deed.

PWRF shall pay (i) one-half (1/2) of any escrow or closing charge of the Escrow Agent; (ii) all expenses relating to its inspection of the City Parcels including, but not limited to, engineering, environmental and property surveys obtained by PWRF; (iii) any cost incurred in connection with any lender’s title insurance premiums, endorsements or additional coverage added thereto; (iv) the cost of the premium for the Title Policy and all premiums and costs associated with any endorsements, extended, comprehensive or additional coverage to the Title Policy; (v) all costs incurred by PWRF in connection with any financing PWRF obtains relating to its acquisition of the City Parcels (including, without limitation, payment of the mortgage registration tax); and (vi) one-half (1/2) of the cost of recording the Deed.

(b) Transfer Taxes. PWRF and City agree to comply with all real estate transfer tax laws applicable to the transfer of the City Parcels. City and PWRF shall pay their respective shares of prorations of taxes and other closing costs. Except as otherwise expressly provided in this Agreement, each party shall pay the fees of its own attorneys, accountants and other professionals. Each of PWRF, on the one hand, and City, on the other hand, shall indemnify the other and their respective successors and assigns from and against any and all loss, damage, cost, charge, liability or expense (including court costs and reasonable attorneys’ fees) which such other party may sustain or incur as a result of the failure of either such party to timely pay any of the aforementioned Transfer Taxes, fees or other charges for which it has assumed responsibility under this Section. The provisions of this Section 9(b) shall survive the Closing or the termination of this Agreement.

(c) Risk of Loss. All risk of loss relating to the City Parcels shall remain with City until Closing. In the event the City Parcels, or any material portion thereof, is substantially destroyed or substantially damaged prior to the Closing, or in the event of the taking of all or any material portion of the City Parcels by eminent domain proceedings, or the commencement of such proceedings prior to Closing, PWRF shall have the right, at PWRF’s option, to terminate this Agreement by delivering notice to City within ten (10) business days after PWRF’s discovery of such damage or condemnation action, in which case (and notwithstanding any other provision to the contrary in this Agreement) and except as otherwise provided herein, the parties shall have no further rights or obligations under this Agreement. If PWRF does not so terminate this Agreement, then PWRF shall proceed to close,

in which event upon the Closing, City shall pay to PWRF the amount of any insurance proceeds or condemnation awards collected by City as a result of any such damage or destruction or condemnation, plus the amount of any insurance deductible or co-insurance, less any sums expended by City toward the collection of such proceeds or awards and the restoration or repair of the City Parcels (the nature of which restoration or repairs, but not the right of City to effect such restoration or repairs, shall be subject to the approval of PWRF, which approval shall not be unreasonably withheld, conditioned or delayed). If the proceeds or awards have not been collected as of the Closing, then such proceeds or awards shall be assigned to PWRF (and the Closing shall be extended to the day which is one (1) business day following such assignment), except to the extent needed to reimburse City for sums expended to collect such proceeds or awards or to repair or restore the City Parcels, and City shall retain the rights to such proceeds and awards to such extent.

## 12. ADJUSTMENTS

(a) In General. All income and expenses, to the extent applicable, arising from the conduct of the business on the City Parcels, including all utilities, vendor charges, any assessments, and real estate taxes, shall be apportioned between PWRF and City as of 12:01 a.m. on the Closing Date, in accordance with the principle that City shall be entitled to and responsible for all revenue, expenses and obligations arising from the conduct of the business or ownership of the City Parcels before 12:01 a.m. on the Closing Date, and PWRF shall be entitled to and responsible for all revenue, expenses and obligations arising from the conduct of the business or ownership of the City Parcels on and after the Closing Date. The net amount thereof under this Article X shall be reflected on the Closing Statement.

(b) Other Adjustments. If applicable, Closing Statement shall reflect the adjustment of any other item which, under the explicit terms of this Agreement, is to be apportioned at Closing. Any other items of operating income or operating expense that are customarily apportioned between the parties in real estate closings of comparable commercial properties in the metropolitan area where the City Parcels is located shall be prorated as applicable, however, there will be no prorations for insurance premiums or payroll (because PWRF is not acquiring or assuming City's insurance or employees).

**13. NOTICES:** Any and all notices, consents, approvals and other communications required or permitted under this Agreement shall be deemed adequately given only if in writing delivered either in hand, by mail or by expedited commercial carrier which provides evidence of delivery or refusal, addressed to the recipient, postage prepaid and certified or registered with return receipt requested, if by mail, or with all freight charges prepaid, if by commercial carrier. All notices and other communications shall be deemed to have been given for all purposes of this Agreement upon the date of receipt or refusal. All such notices and other communications shall be addressed to the parties at their respective addresses set forth below or at such other addresses as any of them may designate by notice to the other party:

If to City: City of Snoqualmie  
c/o City Administrator  
P.O. Box 987  
Snoqualmie, WA 98065

If to PWRF: Peter Hambling  
7811 NE 10<sup>th</sup> Street  
Medina, WA 98039

With a copy to: Pacifica Law Group LLP  
1191 2<sup>nd</sup> Ave., Suite 2000  
Seattle, WA 98101  
Attn. B. Gerald Johnson

## 14. INDEMNIFICATION:

(a) Indemnification by City. Following the Closing, City shall indemnify and hold PWRF, and its Affiliates, members, partners, shareholders, officers and directors, representatives and agents of each of the

foregoing (collectively, “PWRF-Related Entities”) harmless from and against any and all costs, fees, expenses, damages, deficiencies, interest and penalties (including, without limitation, reasonable attorneys’ fees and disbursements) suffered or incurred by any such indemnified party in connection with any and all losses, liabilities, claims, damages and expenses (“Losses”) arising out of, or resulting from (a) any breach of any representation or warranty of City contained in this Agreement or in any Closing Document or (b) any breach of any covenant of City contained in this Agreement or in any Closing Document that expressly survives the Closing.

(b) Indemnification by PWRF. Following the Closing, PWRF shall indemnify and hold City and its officers, agents, employees and elected officials of each of the foregoing (collectively, the “City-Related Entities”) harmless from any and all Losses arising out of, or in any way resulting from (a) any breach of any representation or warranty by PWRF contained in this Agreement or in any Closing Document or (b) any breach of any covenant of PWRF contained in this Agreement or in any Closing Document that expressly survives the Closing.

(c) Survival. Notwithstanding anything in this Agreement to the contrary, the representations, warranties and covenants of City contained in this Agreement and the Closing Documents that expressly survive the Closing shall survive for a period of nine (9) months after the Closing (the “Survival Period”) unless a longer or shorter period is expressly provided for in this Agreement; provided, however, the Survival Period shall not apply in the event of City fraud or intentional, bad faith material misrepresentation. No claim for indemnification under this Section 14 and no action or proceeding with respect to such claim shall be valid or enforceable, at law or in equity, unless (A) a Claim Notice is delivered prior to the expiration of the Survival Period and (B) a legal proceeding is commenced prior to the expiration of the Survival Period.

(d) Notification. In the event that any indemnified party (“Indemnified Party”) becomes aware of any claim or demand for which an indemnifying party (an “Indemnifying Party”) may have liability to such Indemnified Party hereunder (an “Indemnification Claim”), such Indemnified Party shall promptly, but in no event more than thirty (30) days following such Indemnified Party’s having become aware of such Indemnification Claim, notify the Indemnifying Party in writing of such Indemnification Claim, the amount or the estimated amount of damages sought thereunder to the extent then ascertainable (which estimate shall not be conclusive of the final amount of such Indemnification Claim), any other remedy sought thereunder, any relevant time constraints relating thereto and, to the extent practicable, any other material details pertaining thereto (a “Claim Notice”); provided, that no delay on the part of the Indemnified Party in giving any such notice of a Indemnification Claim shall relieve the Indemnifying Party of any indemnification obligations hereunder except to the extent that the Indemnifying Party is prejudiced by such delay.

## 15. DEFAULT.

(a) PWRF’S Default. If PWRF is in material default or material breach of one or more of PWRF’s representations, warranties or obligations under this Agreement of which City has provided PWRF written notice of and PWRF has failed to cure within ten (10) days of such notice (but in all events such material breach or default is not cured prior to the Closing Date, if earlier), provided that PWRF shall not be entitled to such notice and opportunity to cure for failure to perform obligations to occur on the Closing Date (a “PWRF Default”), then City’s sole and exclusive remedy for such default shall be to terminate this Agreement by giving notice of such termination to PWRF (with a copy to Escrow Agent) and City and PWRF shall have no further obligations under this Agreement, except those which expressly survive such termination.

(b) City’s Default. If City is in material default or material breach of one or more of City’s representations, warranties or obligations under this Agreement of which PWRF has provided City written notice of and City has failed to cure within ten (10) days of such notice (but in all events such material breach or default is not cured prior to the Closing Date, if earlier), provided that City shall not be entitled to such notice and opportunity to cure for failure to cause the transfer of the City Parcels on the Closing Date (a “City Default”), then PWRF shall as its sole and exclusive remedy and at its election, be entitled to: (1) terminate this Agreement and City shall promptly reimburse Buyer for all of its reasonable costs incurred in connection with this Agreement (including, without limitation, all due diligence costs, consultant fees, reasonable attorney’s fees, and brokerage commissions) in an amount not to exceed \$100,000, (2) pursue an action for specific performance, within the thirty (30) day period following the occurrence of such City Default, (3) pursue specific performance of Seller’s obligations under this Agreement, or (4) waive such City Default and proceed to Closing as contemplated herein.

## 16. MISCELLANEOUS.

(a) No Partnership. Nothing contained in this Agreement shall create any partnership, joint venture or other relationship between PWRF and City.

(b) Construction. City and PWRF agree that all the provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section thereof.

(c) No Waiver. Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, of any breach of any provision of this Agreement shall be deemed a waiver of a breach of any other provision of this Agreement or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on any subsequent occasion.

(d) Headings. The headings used for the various articles and sections of this Agreement are used only as a matter of convenience for reference, and are not to be construed as part of this Agreement or to be used in determining the intent of the parties of this Agreement.

(e) Partial Invalidity. If any term, covenant, provision or condition of this Agreement or the application thereof to any person or circumstance shall be declared invalid or unenforceable by the final ruling of a court of competent jurisdiction having final review, the remaining terms, covenants, provisions and conditions of this Agreement and their application to persons or circumstances shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid or unenforceable provision there shall be substituted a like, but valid and enforceable, provision mutually agreeable to City and PWRF which comports to the findings of the aforesaid court and most nearly accomplishes the original intention of the parties.

(f) Time of Essence. Time is of the essence of this Agreement and of all provisions hereof.

(g) Entire Agreement. Together with the Development Agreement, this Agreement contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein. This Agreement may not be amended, changed, modified or altered, except by an instrument in writing duly executed by City and PWRF (or their successors in title) upon approval by the City Council.

(h) Successors. The terms of this Agreement shall be binding upon and inure to the benefit of and be enforceable by and against the heirs, successors and assigns of the parties hereto. No party shall be entitled to assign its rights or delegate its obligations hereunder without the other party's prior written consent.

(i) Consents and Approvals. In any instance when either party's consent or approval is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed. No permission, consent, or approval of City contained herein or given pursuant to this Agreement is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with applicable Laws, nor shall any such consent or approval be construed to authorize any failure to comply with such applicable Laws.

(j) Governing Law; Jurisdiction and Venue. This Agreement, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Washington. City and PWRF each hereby consent to personal jurisdiction in the state and federal courts located in the State of Washington. Except as otherwise required by applicable Law, any action arising under this Agreement shall be brought and maintained in the Superior Court of the State of Washington in and for King County, City and PWRF each consent and agree that venue is proper in such court, and City and PWRF each waive any defense or right to seek dismissal or transfer on grounds of improper or inconvenient venue.

(k) Dispute Resolution. In the event of a dispute arising out of this Agreement, the parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the City Manager of City and

the executive director or board chair of PWRF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. City and PWRF agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally by City and PWRF.

(l) Attorney's Fees. In the event of litigation or other proceedings involving the parties to this Agreement to enforce any provision of this Agreement, to enforce any remedy available upon default under this Agreement, or seeking a declaration of the rights of either party under this Agreement, the substantially prevailing party shall be entitled to recover from the other such reasonable attorneys' fees and costs as may be actually incurred, including its costs and fees on appeal.

(m) Limitation on Third Party Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than City or PWRF any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of City and PWRF.

(n) Counterparts. This Agreement may be executed in counterparts for the convenience of the parties, and such counterparts shall together constitute one Agreement.

**[SIGNATURES ON FOLLOWING PAGE]**

IN WITNESS WHEREOF, the parties have hereunto set their signatures to this Agreement, effective as of the later of the dates shown below.

**CITY:**

CITY OF SNOQUALMIE,  
a Washington municipal corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**PWRF:**

PACIFIC WEST RAIL FOUNDATION,  
a Washington nonprofit corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Exhibit A-1**

City Parcels

[to be attached]

2024-09-26

**Exhibit A-2**

Hambling LLC Parcels

[to be attached]



2024-09-26

**Exhibit B**

Form of Covenant

[to be attached]

2024-09-26

**Exhibit C**

Street Vacation

[to be attached]

2024-09-26

**Exhibit D**

Purchase Right Memo

[to be attached]

**Exhibit E**Form of Deed

After recording, return to:

Pacifica Law Group LLP  
1191 Second Avenue, Suite 2000  
Seattle, WA 98101  
Attn: Erik Jennings

**STATUTORY WARRANTY DEED**

**Recording number of documents modified, assigned or released by this document:** None.

**Grantor:** City of Snoqualmie, a Washington municipal corporation

**Grantee:** [ ]

**Abbreviated legal description:** [ ]

**Assessor's Property**

**Tax Parcel/Account Number(s):** [ ]

City of Snoqualmie, a Washington municipal corporation ("**Grantor**"), for good and valuable consideration, receipt of which is hereby acknowledged, conveys and warrants to [ ] ("**Grantee**"), the following described real estate, situated in King County, Washington:

See Exhibit A attached hereto and incorporated herein by this reference;

SUBJECT TO the exceptions set forth on Exhibit B attached hereto.

2024-09-26

DATED this \_\_\_\_ day of \_\_\_\_\_, 202\_.

GRANTOR:

City of Snoqualmie,  
a Washington municipal corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

STATE OF WASHINGTON    )  
  ) ss.  
COUNTY OF KING        )

On this day personally appeared before me \_\_\_\_\_, a \_\_\_\_\_ of \_\_\_\_\_, who executed the within and foregoing instrument on behalf of said company, and acknowledged the said instrument to be the free and voluntary act and deed of said individuals, for the uses and purposes therein mentioned, and on oath stated that he is authorized to execute said instrument and that the seal affixed, if any, is the corporate seal of said limited liability company and done for the purposes and uses therein mentioned.

GIVEN under my hand and official seal this \_\_\_\_ day of \_\_\_\_\_, 202\_.

\_\_\_\_\_  
(Print name of notary)  
NOTARY PUBLIC in and for the State of  
Washington, residing at \_\_\_\_\_  
My commission expires \_\_\_\_\_

2024-09-26

**EXHIBIT A TO DEED**  
**Legal Description**

2024-09-26

**EXHIBIT B TO DEED**  
**Permitted Exceptions**

2024-09-26

**Exhibit F****Disclosure Statement****Form 17 – Environmental Section****6. ENVIRONMENTAL**

- |                              |                             |                                     |   |
|------------------------------|-----------------------------|-------------------------------------|---|
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | A. Has there been any flooding, standing water, or drainage problems on the property that affect the property or access to the property? Storm drain blocked by tree root; has been repaired.   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | B. Is there any material damage to the property from fire, wind, floods, beach movements, earthquake, expansive soils, or landslides?   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | C. Are there any shorelines, wetlands, floodplains, or critical areas on the property? Wetlands   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | D. Are there any substances, materials, or products in or on the property that may be environmental concerns, such as asbestos, formaldehyde, radon gas, lead-based paint, fuel or chemical storage tanks, or contaminated soil or water? |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | E. Is there any soil or groundwater contamination?  |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | F. Has the property been used as a legal or illegal dumping site?   |
| <input type="checkbox"/> Yes | <input type="checkbox"/> No | <input type="checkbox"/> Don't know | G. Has the property been used as an illegal drug manufacturing site?  |



AFTER RECORDING, RETURN TO:

City of Snoqualmie  
c/o City Administrator  
P.O. Box 987  
Snoqualmie, WA 98065

### **PUBLIC USE COVENANT**

Reference numbers of related documents: N/A

Grantor: PACIFIC WEST RAIL FOUNDATION

Grantee: CITY OF SNOQUALMIE

Abbr. Legal Description: \_\_\_\_\_

Assessor's Property Tax Parcel/Account Number(s): \_\_\_\_\_

## PUBLIC USE COVENANT

THIS PUBLIC USE COVENANT (this “Covenant”) is made and entered into as of \_\_\_\_\_, 202\_\_, by and between the City of Snoqualmie, a municipal corporation organized under the laws of the State of Washington (the “City”) and Pacific West Rail Foundation, a Washington nonprofit corporation (the “PWRF”).

### RECITALS

A. WHEREAS, PWRF owns certain parcels of real property located in the City of Snoqualmie, King County, Washington legally described on Exhibit A hereto, together with all appurtenances, rights and privileges now belonging or appertaining thereto (the “Land”);

B. WHEREAS, the Pacific West Rail (“PWR”) is a model railroad layout that depicts fourteen different locations across the western United States within the timeframe of the early 1900’s to the late 1960s. Its layout was created by the country’s preeminent model rail designer and reflects actual locations accurately modeled with the highest degree of realism, with sound and lighting for different times of day and night and topography finished with materials from each of the locations. The collection includes 100 engines, 125 passenger cars and 550 freight cars running on one half-mile of tracks though miniature dioramas set in these recognizable locations throughout the West. Some ten (10) major railroad lines are represented within the areas that they serve or served. The system is controlled by a command center using highly sophisticated software that runs the trains autonomously for hours with programming. Three full-time staff are employed to maintain and operate the model;

C. WHEREAS, PWR’s founder and original owner, local resident and entrepreneur Peter Hambling (“Hambling”), always has intended to share the PWR with the public in a suitable venue in an appropriate location;

D. WHEREAS, Hambling has formed PWRF to which he intends to donate the PWR in its entirety pursuant to the Gift Agreement (defined below);

E. WHEREAS, the City enjoys a rich railroad history and also is the home to the legacy Northwest Railway;

F. WHEREAS, PWRF has indicated that it intends that its museum would, ideally in close and respectful collaboration with the Snoqualmie Tribe if it is located in Snoqualmie, suitably convey the deleterious impact the extension of the transcontinental railroads had on Tribal Nations and Indigenous People across the Western United States. Toward that end it expects that museum exhibitry will include candid, informative and respectful explanations, based on information available to the museum, of that impact in order that the public may begin to comprehend this dimension of the arrival of the railroads in the Puget Sound region;

G. WHEREAS, PWRF is willing to construct a railroad museum, to be known as the Pacific West Rail Museum (“Museum”) pursuant to the Development Agreement (defined below) featuring the PWR and to operate the Museum on the Land pursuant to the terms and conditions set forth in this Covenant on the express condition that City convey the City Conveyed Land (defined below) to PWRF;

H. WHEREAS, Hambling, in furtherance of the forgoing, has donated fee ownership of certain real property describe on Exhibit B-1 (“Hambling Conveyed Land”) to PWRF, which is part of the Land;

I. WHEREAS, City believes it serves an important public function and provides a substantial public benefit to have a vibrant and successful Museum on the Land and has transferred fee ownership of certain real property described on Exhibit B-2 (“City Conveyed Land”) to PWRF, which is a part of the Land, on the express condition that PWRF operates the Museum on the Land during the Term of this Covenant on the terms and conditions set forth below;

J. WHEREAS, City and PWRF are parties to that certain Development Agreement dated as of

[REDACTED] (as hereafter amended, the “Development Agreement”), pursuant to which PWRF shall construct the Museum on the Land;

K. WHEREAS, the City has determined that the public benefits represented by the corollary gift of the model railroad collection and the balance of site required for the development of the PWRF museum as well as PWRF’s commitments to construct and operate the public museum pursuant to this Covenant represent more than adequate consideration for the transfer of the City Parcels to PWRF; and

L. WHEREAS, the parties have agreed that this Covenant is a required condition of the City’s transfer of the City Conveyed Land to PWRF and that it will facilitate the establishment and operation of the Museum as indeed by the parties. Thus the parties are entering into this Covenant on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree as follows:

## AGREEMENT

### ARTICLE 1. EFFECTIVE DATE; INCORPORATION OF DOCUMENTS; DEFINED TERMS.

**Effective Date.** This Covenant is conditioned upon and will be effective upon the date when the following conditions are satisfied: (a) the City Council of City (“City Council”) has authorized this Covenant; (b) this Covenant is executed by authorized representatives of City and PWRF and recorded in the official records of King County, (c) the Development Agreement is executed by authorized representatives of City and PWRF and the Notice to Proceed has been issued thereunder, and (d) the Gift Agreement (defined below) has been executed by all parties thereto.

**Incorporation of Documents and Materials.** The following documents and materials are attached as exhibits to this Covenant and by this reference are incorporated into this Covenant:

- Exhibit A: Land
- Exhibit B-1: Hambling Conveyed Land
- Exhibit B-2: City Conveyed Land
- Exhibit C: Public Benefits

**Defined Terms.** The above Recitals are hereby incorporated by this reference. In addition to the defined terms set forth above in the Recitals to this Covenant, the following defined terms used herein shall have the meanings specified below:

“Affiliate” means (a) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, PWRF; (b) any entity of which a majority of the voting or economic interest is owned, directly or indirectly, by PWRF or one or more of the persons referred to in the preceding clause; (c) any entity in which PWRF or a person referred to in the preceding clauses is a controlling stockholder, controlling partner or controlling member (directly or indirectly); (d) any person or entity which is an officer, director, trustee, controlling stockholder, controlling partner or controlling member (directly or indirectly) of PWRF or of any person or entity referred to in the preceding clauses; or (e) any person or entity directly or indirectly controlling, controlled by or under common control with, PWRF or any person or entity referred to in any of the preceding clauses. For purposes of this definition, “control” means owning directly or indirectly fifty percent (50%) or more of the beneficial interest in such entity or the direct or indirect power to control the management policies of such person or entity, whether through ownership, by contract or otherwise.

“Casualty Termination Date” has the meaning set forth in Section 8.1.

“Casualty Termination Notice” has the meaning set forth in Section 8.1.

“City Conveyed Land” has the meaning set forth in the Recitals.

“City Council” has the meaning set forth in the Recitals.

“City Events” has the meaning set forth in Exhibit C.

“Claims” has the meaning set forth in Section 4.1.

“Closing” has the meaning set forth in Section 14.17.

“Code” means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law.

“Commencement Date” means the date that construction of the Improvements commences after delivery of the Notice to Proceed (as defined in the Development Agreement) pursuant to the Development Agreement.

“Covenant” has the meaning set forth in the introductory paragraph.

“Development Agreement” has the meaning set forth in the Recitals.

“Environmental Laws” means the Hazardous Materials Transportation Act, 49 U.S.C. § 1501 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 9601 et seq., and/or the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and/or the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, 33 U.S.C. § 1251, et seq., the Safe Drinking Water Control Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992, each as amended from time to time and any other federal, state, or local statute, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, judicial decision, common law rule, decree, agency interpretation, injunction or other authorization or requirement whenever promulgated, issued, or modified, including the requirement to register underground storage tanks, relating to:

(i) emissions, discharges, spills, releases, or threatened release of pollutants, contaminants, Hazardous Substances (as hereinafter defined), materials containing Hazardous Substances, or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, watercourses, publicly or privately owned treatment works, drains, sewer systems, wetlands, septic systems or onto land; or

(ii) the use, treatment, storage, disposal, handling, manufacturing, transportation, or shipment of Hazardous Substances, materials containing Hazardous Substances or hazardous and/or toxic wastes, material, products, or by-products (or of equipment or apparatus containing Hazardous Substances).

“Event of Default” has the meaning set forth in Section 13.1.

“Exhibit Insurance” has the meaning set forth in Section 4.3.

“Force Majeure” means any (i) strikes, lockouts, or labor disputes; (ii) failure of power or other utilities; (iii) inability to obtain labor or materials or reasonable substitutes therefor; (iv) war, governmental action, court order, condemnation, civil unrest, riot, fire or other casualty; (v) extreme or unusual weather conditions, acts of God or unforeseen soil conditions; (vi) governmental orders or actions in connection to public health emergencies including, without limitation, pandemics, or (vii) other conditions similar to those enumerated in this Section beyond the reasonable control of the party obligated to perform (except for financial inability).

“Gift Agreement” means that certain Contingent Gift Agreement by and among PWRF, Hambling, and Lorrie Hambling dated on or about the date hereof and pursuant to which PWRF will receive the PWR.

“Hambling Conveyed Land” has the meaning set forth in the Recitals.

“Hazardous Substance” means (i) hazardous materials, hazardous wastes, and hazardous substances as those terms are defined under any applicable Environmental Laws, (ii) petroleum and petroleum products including crude oil and any fractions thereof, (iii) natural gas, synthetic gas, and any mixtures thereof, (iv) asbestos and/or any material which contains any hydrated mineral silicate, including but not limited to chrysotile, amosite, crocidolite, tremolite, anthophyllite, and/or actinolite, whether friable or non-friable, (v) polychlorinated biphenyls (“PCBs”), or PCB-containing materials or fluids, (vi) radon, (vii) lead-based paint, (viii) underground storage tanks; (ix) any other hazardous, radioactive, toxic, or noxious substance, materials, pollutant, or solid, liquid or gaseous waste, and (x) any substance with respect to which a federal, state or local agency requires environmental investigation, monitoring, or remediation.

“Improvements” means the Museum and all Alterations, together with any and all buildings, structures, systems, facilities and fixtures to be located within the Land pursuant to this Covenant.

“Improvements Insurance” has the meaning set forth in Section 4.3.

“Viability Notice” has the meaning set forth in Section 7.1.

“Land” has the meaning set forth in the Recitals.

“Legal Requirements” means all laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities and the appropriate officers, departments, and boards thereof applicable to the Property.

“Major Destruction” has the meaning set forth in Section 8.1.

“Mortgage” has the meaning set forth in Section 14.1.

“Museum” has the meaning set forth in the Recitals.

“Museum Property” means the PWR and other any fixtures, display cases, exhibits, art, artifacts, or the Museum collections located in or used in connection with the Museum.

“Offer” has the meaning set forth in Section 7.2.

“Offer Period” has the meaning set forth in Section 7.2

“Opening Date” has the meaning set forth in Section 3.2.

“Operating Hours” means at least Wednesday – Monday, 10:00am- 6:00pm, excepting Christmas Day, New Year’s Day, Thanksgiving, Independence Day and up to three (3) other holidays (recognized at the state or federal level) as determined by PWRF.

“Permitted Transfers” has the meaning set forth in Section 12.2.

“Person” means an individual or entity, including, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so requires.

“Property” means, collectively, the Land and the Improvements.

“Public Benefits” has the meanings set forth in Section 3.3.

“PWR” means has the meaning set forth in the Recitals.

“Right of Purchase” has the meaning set forth in Section 7.2

“Taxes” has the meaning set forth in Section 3.5.

“Term” has the meaning set forth in Section 2.2.

“Transfer” has the meaning set forth in Section 12.1.

## **ARTICLE 2. TERM AND TRANSFER OF CITY CONVEYED PROPERTY**

2.1 **Term.** This Covenant shall commence upon the Commencement Date and expire on the date that is Six Hundred (600) full calendar months following the Commencement Date (the “Term”), unless sooner terminated as provided for herein.

2.2 **Termination of Development Agreement.** The parties acknowledge and agree that the Development Agreement contains certain termination rights and that in the event the Development Agreement is terminated this Covenant shall terminate concurrently, in which case the City Conveyed Land will be transferred to the City and the Hambling Conveyed Land will be transferred back to Hambling. The parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfers.

2.3 **Transfer of City Conveyed Land.** City has transferred fee interest in the City Conveyed Land to PWRF as of or prior to the Commencement Date, in the condition described in Section 3.2.2(a) of the Development Agreement. Except as specifically required in the Development Agreement or in this Covenant, City has no obligation to contribute to the cost of the Improvements, nor shall City be obligated to perform any construction or make any improvements in connection with the Improvements, except as may be expressly provided in this Covenant.

2.4 **Quiet Enjoyment.** City covenants and warrants that PWRF, upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Land during the Term, free from hindrance by City or any person claiming by, through or under City, and subject only to the provisions of all applicable Legal Requirements.

## **ARTICLE 3. CONSIDERATION; PUBLIC BENEFIT AND EXPENSE ALLOCATION**

3.1 **Consideration.** During the Term, PWRF shall at its expense (i) undertake construction of the Museum and the construction and installation of Museum Property, (ii) maintain and operate the Museum as open to the public and in a condition suitable for Museum purposes, and (iii) permit the City Events, all as further provided below. The parties agree that there is no monetary consideration that is owed by PWRF to City for the City Conveyed Land. Rather, the consideration for the City Conveyed Land consists of the construction, maintenance, and operation of the Improvements at the expense of PWRF as provided herein and the duties and obligations to be undertaken by PWRF set forth in this Section 3.1 and as further detailed in Sections 3.2 through 3.5 below.

3.2 **Construction; Repairs.** PWRF shall construct the Museum as provided in the Development Agreement. From and after the date the Museum is placed in service, the relocation of the PWR to the Museum, and the opening of the Museum to the public (“Opening Date”), PWRF shall ensure that the Museum Property is maintained in good operating condition and state of repair and in a condition suitable for the Public Benefits to be provided, subject to the terms and conditions of this Covenant. During the Term, except as otherwise provided in this Covenant, PWRF shall, at its own cost and expense and without any cost or expense to City, keep and maintain the Property and appurtenant facilities, including without limitation the structural components, roof, fixtures, and building systems of the Improvements, grounds, groundwater, stormwater facilities, soil, parking and landscaped areas, in a first-class condition. PWRF shall promptly make all repairs, replacements and Alterations (whether structural or nonstructural, foreseen or unforeseen, or ordinary or extraordinary) necessary to maintain the Property in

a first-class condition and in compliance with all Legal Requirements and to avoid any structural damage or injury to the Property, or any persons in or around the Property.

3.3 **Public Benefits.** A central element of this Covenant is the identification of and PWRF's commitment to the ongoing provision of certain public benefits as described herein. In fulfillment of PWRF's commitment, from and after the Opening Date, PWRF shall, subject to casualty, Force Majeure and any renovations, operate or cause to be operated the Museum and shall perform or ensure the provision of certain "Public Benefits" identified in Exhibit C during the Term of this Covenant, all at no cost to City.

3.4 **Museum Operations.** As part of the Public Benefits, the Museum will be open to the public only during regular hours of operation as determined by PWRF but consistent with the requirements of Exhibit C. PWRF may restrict access to the Museum as necessary for security purposes. PWRF may close portions of the Museum to the public for offices, ancillary services, installation or repairs, as PWRF deems necessary or desirable from time to time. PWRF may use any portion of the Museum for its purposes when the Museum is not open to the general public. Nothing herein shall limit PWRF's ability to regulate use of the café (if any), restrooms, or other facilities consistent with Museum security needs or to address unruly or inappropriate behavior.

3.5 **Taxes.** Throughout the Term, PWRF shall pay or cause to be paid, directly to the authority charged with the collection thereof, any Taxes, personal property taxes, betterment assessments, and all other impositions, ordinary and extraordinary, general and special, of every kind and nature whatsoever, as well as any payments in lieu of taxes, which may be levied, assessed, charged or imposed during the Term of this Covenant (prorated for any tax or installment period partially included in the Term) upon the Land or any part thereof, or upon any improvements at any time situated thereon (such taxes, payments and installments of assessments being hereinafter together referred to as "Taxes"), all such payments to be made not less than five (5) calendar days prior to the last date on which the same may be paid without interest or penalty.

3.6 **Other.** PWRF covenants to pay and discharge, when the same shall become due, all other amounts, liabilities and obligations which PWRF assumes or agrees to pay or discharge pursuant to this Covenant, together with every fine, penalty, interest and cost which may be added for nonpayment or late payment thereof and which payment PWRF has failed to make when due.

#### **ARTICLE 4. INDEMNITY, INSURANCE AND LIMITATION OF LIABILITY**

##### **4.1 Indemnification.**

To the fullest extent permitted by law, PWRF agrees to defend, indemnify and hold harmless City, its officers, agents, employees and elected officials from and against any and all liabilities, losses, damages, causes of action, suits, claims, demands, judgments, costs and expenses of any kind or any nature whatsoever (collectively, "Claims") (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable expert's and attorneys' fees and expenses), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by, or asserted or awarded against City, its employees, agents, officials, members, or other persons serving in an advisory capacity to any of them or against the Land or any portion thereof, arising from: (i) any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property on the Land, in each case arising out of the use, possession, ownership, condition or occupation of the Land or any part thereof (but not of any other property) from and after the Commencement Date by PWRF, its employees, agents, or members or invitees of any of them, or (ii) violation by PWRF, its employees, agents, or members, or invitees of any of them, of any Environmental Law affecting the Land or any part thereof or the ownership, occupancy or use thereof from and after the Commencement Date; provided, however, that notwithstanding the foregoing, PWRF shall not have any liability to City for any loss or damage arising out of acts of City or persons under the control or direction of City or out of any release or threat of release of Hazardous Substances for which City is responsible under this Covenant. City shall give PWRF prompt and timely written notice of any claim made or suit instituted against it or any other party of which it has knowledge, relating to any matter which in any way may result in indemnification pursuant to this Section 4.1. The obligations of PWRF under this Section 4.1 shall survive the Term. The foregoing indemnification shall not be construed as creating any rights in or conferring any rights to any third parties.

To the fullest extent permitted by law and subject to the waiver of recovery and subrogation in Section 4.5, City shall indemnify, pay the defense costs of and hold harmless PWRF and its officers, directors, trustees, agents,

employees, contractors and licensees from Claims for damages, costs, personal injury, death or for loss or damage to property that arise out of or relate to the negligence or willful misconduct of City in connection with the Land or this Covenant. This indemnity does not apply: (i) to Claims to the extent they are caused by the acts or omissions or misconduct of PWRF, including its officers, directors, trustees, agents, employees, contractors, affiliates and licensees; or (ii) to damages, claims, suits, actions or liabilities waived under Section 4.6.

City and PWRF agree that the foregoing indemnities specifically include, without limitation, Claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE OTHER PARTY OR PARTIES WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES, TO THE EXTENT OF THEIR NEGLIGENCE. CITY AND PWRF ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

**4.2 PWRF's Liability Insurance.** PWRF, at its expense, shall purchase and keep in force during the Term Commercial General Liability insurance with limits of not less than Five Million and 00/100 Dollars (\$5,000,000.00) combined single limit each occurrence, covering bodily injury to persons, including death, and damage to property. Such insurance shall provide coverage for PWRF's premises and operations and contractual liability assumed in Section 4.1.

**4.3 Property Insurance.** Throughout the Term of this Covenant, PWRF shall maintain (a) a standard form property insurance policy insuring the Improvements (excluding the Museum Property) against all risks of physical loss or damage (including earthquake and flood) ("Improvements Insurance") and (b) a standard form property insurance policy insuring the Museum Property against all risks of physical loss or damage (including earthquake and flood) ("Exhibit Insurance"). The Improvements Insurance required under this Section 4.3 shall provide coverage in an amount not less than one hundred percent (100%) of the replacement cost of the Improvements with a commercially reasonable deductible or self-insured retention, provided, however, the amounts of such Improvements Insurance coverages for earthquake, flood and other natural disaster coverages may be reduced to percentages of replacement cost that reflect PWRF's probable maximum loss assessment and the availability of such insurances on commercially reasonable terms consistent with PWRF's financial capacity as reasonably determined by PWRF to be appropriate within the constraints of a self-sustaining budget. Similarly, the amount of the Exhibit Insurance coverage required under this Section 4.3 also shall be determined by PWRF based on its reasonable determination of a practical replacement value of the Museum Property and the availability of any such insurance on commercially reasonable terms consistent with PWRF's financial capacity as reasonably determined by PWRF to be appropriate within the constraints of a self-sustaining budget.

**4.4 General Insurance Requirements.** All of the insurance policies required to be maintained under Sections 4.2 – 4.3 shall be issued by insurance companies authorized to do business in the State of Washington and having an A.M. Best's rating of not less than A- VII, unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

**4.5 Limitation of PWRF's Liability.** In no event shall City, its successors or assigns, have any recourse whatsoever for any damages payable, obligations assumed or indemnifications proffered by PWRF under this Covenant to (i) the Museum Property, any endowment, archives or other property of PWRF; (ii) funds and pledges of funds raised by PWRF for Property or operation of the Museum; (iii) proceeds, rents or other income derived, arising from or attributable to the Museum, excluding insurance or condemnation proceeds; or (iv) any claims for relief related to the Property, including claims arising under the insurance policies required to be carried under this Covenant or actually carried by PWRF. Under no circumstances shall City have any recourse whatsoever to PWRF's officers, trustees, directors, agents, employees, contractors or licensees for any debt or obligation created by this Covenant.

## **ARTICLE 5. USE**

**5.1 Use.** PWRF shall use the Land for Museum purposes (including the display of Museum Property, and cultural, educational, and special events), ancillary purposes (including cafe and gift shop), functions and events hosted or sponsored by PWRF, and related office, educational, research, administrative, storage, and back-



of-house uses only. The use of the Land shall comply with this Covenant, any easements, covenants, restrictions, as well as all Legal Requirements. PWRF shall not use any Hazardous Substances, except to the extent reasonable or appropriate in connection with the lawful use of the Land in the ordinary course of PWRF's or any tenant's business, and PWRF shall comply with all Environmental Laws in connection with such use. In consideration of the prominent location of the Land, the Museum will be seen as an informal gateway to the City. As such, PWRF shall provide and maintain space at or near its main public entrance for a visitor information display showcasing other features in and information about the City and its environs that also would be of interest to visitors. The contents of the display shall be provided by the City and approved by PWRF, in its reasonable discretion. Notwithstanding the foregoing, the display is not intended to include third-party-generated commercial advertising or promotional materials.

5.2 **Compliance with Law.** PWRF shall be solely responsible, at its sole cost, for compliance with Legal Requirements affecting the design, construction and operation of the Improvements and those affecting use of the Land throughout the Term. City agrees that PWRF shall have the right to reasonably contest, at PWRF's sole cost, any asserted or alleged violation of any Legal Requirements in the name of PWRF, as PWRF deems appropriate. In addition, PWRF shall, at its expense, perform all its activities on the Land in compliance, and shall use commercially reasonable efforts to cause all tenants of any portion thereof to comply, with the Legal Requirements, as the same may be administered by authorized governmental officials.

## **ARTICLE 6. ALTERATIONS; LIENS**

6.1 **Alterations.** PWRF may from time to time replace the Improvements and make any Alterations, provided that the replacements for such items are of equivalent or better value and quality without the prior consent of City. Notwithstanding the foregoing, City shall have the right to consent to any major re-development of the Improvements after construction of the Museum, provided further that such consent shall not be unreasonably withheld, conditioned or delayed. PWRF shall be responsible for obtaining permits necessary for any repairs, replacements, or Alterations. No change or alteration to the Property shall be undertaken until PWRF shall have procured all required permits, licenses and authorizations for such alterations. All changes and Alterations shall be made in a good and workmanlike manner and in compliance with all Legal Requirements.

6.2 **Mechanic's Liens.** PWRF will pay or cause to be paid all sums payable by it on account of any labor performed or materials furnished in connection with any work performed on the Land. PWRF will discharge, by bond or otherwise, any mechanic's or materialman's lien filed against the Land for work claimed to have been done for, or materials claimed to have been furnished to, PWRF within thirty (30) days after filing.

6.3 **Ownership of Improvements.** All Improvements shall be owned by and be the property of PWRF. During the Term, no Improvements shall be conveyed, transferred or assigned, except as permitted under Articles 12 and 14.

## **ARTICLE 7. ONGOING VIABILITY; CITY ROFR; SALE OF PROPERTY**

7.1 **Ongoing Viability.** If during the Term PWRF determines, in its reasonable business judgment, that for whatever reason, such as unexpected expenses, lack of sufficient public demand, and/or inability to regularly earn adequate revenues, the continued operation of the Museum is no longer viable, then such event shall be referred to as a "Viability Event". If a Viability Event occurs, or is likely to occur, PWRF may elect to terminate this Covenant by providing written notice of the same to City ("Viability Notice"). Within thirty (30) days of the City's receipt of a Viability Notice, the parties shall meet and confer in order to determine what practical measures, if any, may be taken in order to ensure sustainable financial operation of the Museum in the long term. If the parties are unable to mutually agree on a viable plan for future operations within sixty (60) days of their initial meeting (which timeline may be extended by mutual agreement of the parties), then PWRF will, subject to Section 7.2, be permitted to sell the Land and Improvements. PWRF will work with the City, each acting in good faith, to determine the current fair market value of both the Hambling Conveyed Land and the City Conveyed Land.

7.2 **City ROFR.** If PWRF, pursuant to Section 7.1, receives a bona fide written offer from a third party to purchase the Land and Improvements which PWRF desires to accept ("Offer"), City may elect to purchase the Land and Improvements at the price and on the terms and conditions (except for the time within which to close the transaction, if such time is shorter than that set forth below) as are contained in the Offer ("Right of Purchase") minus the current fair market value of the City Conveyed Land, as determined by the parties. PWRF shall give notice to the City, including delivery to the City of a true and exact copy of the Offer, and allow the City sixty

(60) days subsequent to City's receipt of such notice ("Offer Period") within which the City may elect to purchase the Land and Improvements from PWRF; and in the event the City so elects to purchase the Land and Improvements, by giving notice of such election to PWRF within the Offer Period, PWRF shall sell the Land and Improvements, to City at the price (minus the current fair market value of the City Conveyed Land) and on the same terms and conditions as are contained in the Offer, except that City shall not be required to close the transaction prior to ninety (90) days following the expiration of the above 60-day period. If City timely elects to acquire the Land and the Improvements, then (a) City shall deposit 5% of the purchase price as earnest money within three (3) business days of the City's election to acquire the Land and Improvements, and (b) closing shall occur within ninety (90) days following City's written election to acquire the Land and Improvements. Notwithstanding the foregoing, unless explicitly agreed by PWRF to the contrary, the ownership of the Museum Property and all personal property of PWRF shall not be included in any sale contemplated herein and shall remain with PWRF in all events.

7.3 **Sale of Property.** In the event the City informs PWRF that it does not desire to exercise its Right or Purchase or fails to exercise its Right of Purchase within the Offer Period, then PWRF shall be permitted to sell the Land and Improvements to a third party on terms substantially similar to those contained in the Offer. The proceeds of such sale shall be allocated between the City and PWRF as reasonably agreed by the parties pursuant to Section 17.15. In addition, as part of such sale, the parties shall enter into a mutually acceptable termination agreement to terminate this Covenant as of the closing date of such sale.

## **ARTICLE 8. CASUALTY**

### **8.1 The parties agree that:**

(a) **Effect of Damage or Destruction.** In the event of any damage or destruction to the Improvements or Land, PWRF, at its sole cost and expense, regardless of the availability of insurance proceeds, but subject to Force Majeure and any permitting requirements of governmental authorities, shall promptly take such action as is reasonably necessary to assure that none of the damaged Land, the damaged Improvements, or damaged Museum Property, nor any part thereof, nor any debris or rubble resulting therefrom (i) impairs or impedes public access through and across the public streets and sidewalks adjacent to the Land, or (ii) constitutes a nuisance or otherwise presents a health or safety hazard. In the event of any damage or destruction to the Land, any Improvements, or Museum Property, PWRF shall, subject to the requirements of the holder of any Mortgage, repair and restore the Land, Improvements, or Museum Property, as applicable. All such repair and restoration shall be performed in accordance with the requirements of this Covenant. Any insurance proceeds from PWRF's insurance payable by reason of damage or destruction shall, subject to the rights of the holder of any Mortgage, be made available to pay the cost of such repair or restoration. In the event of any material damage to or destruction of the Land, any Improvements thereon, or Museum Property (i.e. the cost of repairing or replacing the same equals or exceeds thirty percent (30%) of the fair market value of the Improvements or Museum Property, as applicable, immediately preceding such damage or destruction) ("Major Destruction") from any causes whatever, PWRF shall promptly give written notice thereof to City. In the event (i) Major Destruction occurs within the last five (5) years of the term of this Covenant, (ii) Major Destruction cannot be substantially repaired within eighteen (18) months, (iii) the Museum Property (or portion thereof) is damaged to the extent that continued display to the public as a Museum is no longer feasible, or (iv) the Improvements have been damaged or destroyed by a casualty that was not required to be (and in fact was not) insured against by PWRF and the cost of repair and restoration exceeds ten percent (10%) of the fair market value of PWRF's interest in the Property immediately preceding such damage or destruction, PWRF may elect by written notice to City ("Casualty Termination Notice"), within ninety (90) days after the date of such damage or destruction, to terminate this Covenant. In the event PWRF elects to terminate this Covenant, the Term of this Covenant shall terminate one hundred twenty (120) days after the date of the Casualty Termination Notice ("Casualty Termination Date").

(b) **Disposition of Land.** As of the Casualty Termination Date the City Conveyed Land shall be transferred to the City and the Hambling Conveyed Land shall be transferred to Hambling. To effectuate the foregoing, PWRF shall execute, acknowledge and deliver to (i) City a quitclaim deed confirming that all of PWRF's rights, title and interest in the City Conveyed Land, has vested in City and (ii) Hambling a quitclaim deed confirming that all of PWRF's rights, title and interest in the Hambling Conveyed Land, has vested in Hambling.

(c) City Purchase Option. Following such transfers, the City may then elect to purchase (“Purchase Option”) the Hambling Parcels for a purchase price equal to the greater of (i) the then fair market value of the Hambling Parcels or (ii) the purchase price paid by Hambling (or his affiliate) paid when purchasing the Hambling Parcels from Seventy-Nine Forty, LLC (such amount in (ii) referred to as the “Purchase Price Floor”). In order to exercise its Purchase Right, the City must provide written notice (“Purchase Notice”) to PWRF of such election within ninety (90) days of the Casualty Termination Date.

Within thirty (30) days of receipt of the Purchase Notice, PWRF shall inform the City of its reasonable determination of the FMV and the purchase price. If the City objects to PWRF’s determination, then the Parties shall meet and confer for up to thirty (30) days (“Negotiation Period”) in order to determine a mutually agreeable purchase price. In the event the Parties are unable to agree within the Negotiation Period, then the purchase price shall be determined as follows (but in no event shall be less than the Purchase Price Floor):

(i) Within ten (10) business days of the end of the Negotiation Period, each of the Parties shall select one MAI real estate appraiser with at least ten (10) years’ full-time commercial appraisal experience in the greater Snoqualmie, WA area for comparable projects and who is neutral and has not rendered services to either PWRF or City or their respective affiliates within the preceding ten (10) year period (each, an “Appraiser”).

(ii) Within ten (10) days after each of the Appraisers have been selected, each Appraiser shall make its respective determination of the FMV, provided, however, that if either Appraiser requests additional information or documentation needed to make its determination of the FMV, such ten (10) day period shall be extended by up to an additional twenty (20) days, and each Party shall cooperate to provide any such requested information and documentation to the applicable Appraiser. The determination of each Appraiser shall be limited solely to the FMV. Neither Appraiser shall have the power to add to, modify, or change any of the provisions of this Agreement.

(iii) Upon a Party’s selected Appraiser’s determination of the purchase price, such Party shall cause its selected Appraiser to notify the Parties thereof. Upon each Appraiser having made its determination of FMV, the purchase price shall be equal the greater of (A) the mean of the two Appraisers’ respective determinations of the FMV (i.e., the average of the two Appraisers’ respective determinations of the FMV) or (B) the Purchase Price Floor. Such determination of the purchase price shall be final.

The cost of each Appraiser shall be paid by the Party that selected such Appraiser. Upon determination of the purchase price, the Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer.

(d) Museum Property. Notwithstanding the foregoing, the ownership of the Museum Property and all personal property of PWRF shall remain with PWRF in all events.

8.2 **Insurance Proceeds**. Any insurance proceeds payable from PWRF’s insurance shall, subject to the requirements of the holder of any Mortgage, be paid to PWRF. In the event PWRF elects to terminate the Covenant under Section 8.1, PWRF’s insurance proceeds under the Improvements Insurance payable by reason of such damage or destruction shall, subject to the rights of the holder of any Mortgage, be made available to pay the cost of PWRF’s obligation to surrender the City Conveyed Land to City in accordance with the terms and provisions of Article 8.2 and the balance of such proceeds shall be paid to PWRF. In all events, the proceeds available under the Exhibit Insurance shall be paid to PWRF.

8.3 **Clearing of Property**. In of a Major Destruction and this Covenant is terminated pursuant to Section 8.1, then PWRF shall, prior to surrendering the City Conveyed Land to Land, either (a) make such repairs to the Improvements as are necessary so that the Improvements are structurally sound and in compliance with all Legal Requirements or (b) in the event the keeping the remaining Improvements in place would prevent transfer of the City Conveyed Land, demolish the remaining Improvements and clear the City Conveyed Land of all debris and related hazards. The Casualty Termination Date shall be extended as needed in order for Tenant to satisfy its obligations under this Section 8.3.

## **ARTICLE 9. CONDEMNATION**

9.1 **Taking.** “Taking” means a taking by condemnation or by the exercise of the power of eminent domain by a public or quasi-public authority or entity, whether or not there is a taking of title, or a conveyance in lieu thereof. If there is a Taking of the entire Land, then this Covenant shall terminate as of the earlier of the date title to the Land is transferred or the date PWRF is dispossessed by the Taking authority. City agrees not to exercise its eminent domain rights with respect to the Land.

9.2 **Termination for Material Interference.** If there is a Taking of part of the Land that in PWRF’s reasonable judgment materially interferes with PWRF’s ability to use the Land for the purposes set forth herein, which interference cannot be feasibly, economically, operationally or legally remediated, then PWRF shall have the right to terminate this Covenant by giving City notice of its election within sixty (60) days after the Taking. If this Covenant is so terminated, then it shall terminate on the earlier of the date title is transferred, the date PWRF is dispossessed by the Taking authority or thirty (30) days following PWRF’s notice; provided that such termination shall in no event extinguish or diminish PWRF’s right under Section 9.3 to receive a portion of the award payable on account of the Taking. If the Taking does not materially interfere with PWRF’s ability to operate the Land for the purposes set forth in this Covenant, then this Covenant shall continue in full force and effect as to the part not taken, except that PWRF need not operate a Museum or provide the Public Benefits in the space so taken.

9.3 **Taking Award.** The parties are entitled to the following portions of any award or settlement in lieu thereof payable on account of a Taking:

- (a) City shall be entitled to all amounts attributable to the value of the City Conveyed Land; and
- (b) PWRF shall be entitled to receive all amounts attributable (i) to the value of the Improvements, (ii) the Museum Property; (iii) the Hambling Conveyed Land, and (iv) PWRF’s relocation expenses.

## **ARTICLE 10. ACCESS TO LAND**

UPON PRIOR REASONABLE NOTICE, CITY’S AGENTS, EMPLOYEES, AND REPRESENTATIVES SHALL HAVE THE RIGHT TO ACCESS, ENTER AND INSPECT THE LAND AT ANY REASONABLE TIME DURING THE OPERATING HOURS OR WHEN MUSEUM STAFF IS PRESENT ON THE LAND TO ESCORT THE INSPECTOR FOR THE PURPOSE MONITORING COMPLIANCE WITH THIS COVENANT OR FOR ANY OTHER PURPOSE PERMITTED UNDER THE TERMS OF THIS COVENANT. CITY UNDERSTANDS THAT MUSEUM OPERATING REQUIREMENTS PROHIBIT UNACCOMPANIED, UNSUPERVISED ACCESS (INCLUDING INSPECTION), EXCEPT AS SPECIFICALLY PROVIDED HEREIN. IN EXERCISING SUCH RIGHTS, THE PARTIES SHALL COOPERATE AND SHALL TAKE ALL REASONABLE STEPS TO AVOID DISRUPTION OR UNNECESSARY INTERFERENCE WITH PWRF’S USE AND OPERATIONS OF THE MUSEUM.

## **ARTICLE 11. ENVIRONMENTAL**

11.1 **PWRF Obligations.** PWRF agrees that:

(a) Neither PWRF nor its employees, agents, contractors, assignees, tenants, licensees or invitees will use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Land, or transport to or from the Land, any Hazardous Substances except in such quantities as are typically used in connection with the construction, rehabilitation, operation and use of property of a similar sort for the uses permitted under this Covenant and the Development Agreement, and then only in compliance with all Environmental Laws.

(b) PWRF shall give prompt written notice to City of (i) any proceeding or inquiry by any governmental authority known to PWRF with respect to the presence or release of any Hazardous Substance on, in, about or from the Land or relating to any loss or injury resulting from any Hazardous Substance, all caused or alleged to be caused by PWRF or its employees, agents, contractors, assignees, tenants or invitees, (ii) all claims made or threatened by any third party in writing against PWRF with respect to the Land relating to any loss or injury resulting from any Hazardous Substance caused or alleged to be caused by PWRF, (iii) discovery after the date hereof by PWRF of any occurrence or condition on the Land that could cause it to be subject to any restrictions on occupancy or use under any Environmental Law, and (iv) any release of a Hazardous Substance on or from the Land by PWRF.

## 11.2 **Intentionally Omitted.**

11.3 **Environmental Indemnity.** PWRF covenants and agrees to indemnify, protect, defend (by counsel reasonably satisfactory to City), and save City, its employees, agents, members and any successor thereof, harmless against and from any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable attorneys' and experts' fees and disbursements), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by or asserted or awarded against City, its employees, agents, managers and members, and arising directly or indirectly, in whole or in part, from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Land, (i) from and after the Commencement Date, or (ii) which migrate off of the Land (or portion thereof) after the Commencement Date, except that the foregoing indemnity does not include any condition on the City Conveyed Land which pre-existed the Commencement Date or any increase in scope or exacerbation of any such release or threat of release covered in clauses (i) and (ii) above is excluded from the foregoing indemnity if said increase in scope or exacerbation arises out of City's negligence or willful misconduct.

City covenants and agrees to indemnify, protect, defend (by counsel reasonably satisfactory to PWRF), and save PWRF, its employees, agents, members and any successor thereof, harmless against and from any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable attorneys' and experts' fees and disbursements), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by or asserted or awarded against PWRF, its employees, agents, managers and members or the Land or any portion thereof and arising directly or indirectly, in whole or in part, from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Land (i) which existed on the City Conveyed Land at any time prior to the Commencement Date, or (ii) which migrate onto the Land hereafter from any other property owned by City, except that any increase in scope or exacerbation of any such release or threat of release covered above is excluded from the foregoing indemnity if said increase in scope or exacerbation arises out of PWRF's gross negligence or willful misconduct.

## **ARTICLE 12. ASSIGNMENT AND SUBLETTING**

12.1 **No Transfer Without City's Consent.** Except for Permitted Transfers, PWRF shall not directly or indirectly, in whole or in part, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate its interest in or rights with respect to the Land or the Improvements (any of the foregoing being herein referred to as a "Transfer") without the prior express written consent of City, which shall not be unreasonably withheld, conditioned or delayed and no Transfer (whether voluntary or involuntary, by operation of law or otherwise) shall be valid or effective without such prior written consent. Any attempted Transfer in violation of this Covenant shall be null and void at City's option. Should City consent to a Transfer, (i) such consent shall not constitute a waiver of any of the restrictions or prohibitions of this Covenant, including any then-existing Event of Default or breach, and such restrictions or prohibitions shall apply to each successive Transfer, and (ii) unless otherwise agreed by the parties, such Transfer shall relieve the transferring PWRF of its liability under this Covenant and such transferring PWRF shall be released from performance of any of the terms, covenants and conditions of this Covenant upon such Transfer, and thereafter the assignee PWRF shall be liable under this Covenant.

12.2 **Permitted Transfers.** Notwithstanding the provisions of Section 12.1, the following transactions ("Permitted Transfers") shall not require the consent of City:

(a) the transfer of any ownership interests in PWRF to any Affiliate of PWRF or from one owner of ownership interests in PWRF to another owner of ownership interests in PWRF; or

(b) the assignment of this Covenant, PWRF's interest in the Land or any lease of the Land (or portion thereof) to any Affiliate of PWRF or any lease to any retail or commercial tenant or licensee who is providing food or retail services to the Museum; or

(c) the merger, consolidation, restructuring or sale of substantially all of the assets of PWRF or any Affiliate of PWRF, provided that the resulting entity has a net worth, calculated in accordance with GAAP, equal to or greater than the net worth of PWRF immediately prior to such transaction; or

(d) the assignment to any trustee by way of a deed of trust in favor of any Mortgagee, for the purpose of creating a Mortgage, or to any such Mortgagee or other purchaser in connection with a foreclosure of a Mortgage; or

(e) intentionally omitted; or

(f) a mere change in the form, method or status of ownership (including, without limitation, the creation of single purpose entities) so long as the ultimate beneficial ownership interest of PWRF remains the same as that on the Commencement Date or as otherwise permitted in accordance with this Section 12.2 above; or

(g) any transfer resulting from a Taking.

### **ARTICLE 13. DEFAULTS**

13.1 **Default.** The occurrence of any of the following events shall constitute an event of default (“Event of Default”) hereunder:

(a) if PWRF fails in any material respect to observe or perform any covenant, condition, agreement or obligation hereunder not addressed by any other event described in this Section 13.1, and, to the extent such failure is susceptible to cure, PWRF shall fail to cure, correct or remedy such failure within sixty (60) calendar days after the receipt of written notice thereof; provided, however, if such failure cannot be cured by the payment of a sum certain to City (or other required payee), then, if such failure is susceptible to cure, but cannot with due diligence be cured within such sixty (60) day period, the time within which PWRF may cure such failure shall be extended so long as PWRF proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within a reasonable period of time; or

(b) if PWRF abandons the Land or any substantial portion thereof and such abandonment is not cured within sixty (60) calendar days following written notice from City.

### **13.2 Rights and Remedies.**

(a) Upon the occurrence of any Event of Default herein (including the expiration of all applicable notice and cure periods) City, subject in all respects to (i) the provisions of this Covenant with respect to City's rights to cure defaults by PWRF and (ii) the rights of the holder of any Mortgage, shall have the right to pursue any and all remedies available at law or in equity including, without limitation, a preliminary or permanent injunction, specific performance or other equitable relief; actual (but not special, consequential or punitive) damages; and/or termination of this Covenant.

(b) No default in the performance of the terms, covenants or conditions of this Covenant on the part of PWRF shall be deemed to continue if and so long as PWRF shall be delayed in or prevented from remedying the same due to Force Majeure; but if and when the occurrence or condition which delayed or prevented the remedying of such default shall cease or be removed, it shall be the obligation of PWRF without further delay, to commence the correction of such default or to continue and complete the correction thereof.

(c) The defaulting party shall be liable for the reasonable legal expenses (including reasonable attorneys' fees) of the non-defaulting party in connection with the remedying of any Event of Default under this Covenant or any termination of this Covenant where such collection, remedying or termination results from an Event of Default, as finally determined by a court of competent jurisdiction. If a default is alleged and it shall be determined that no Event of Default exists the court may, in its discretion, determine that the alleging party shall be liable for the legal costs and expenses (including reasonable attorneys' fees) of the other party in defending such claim.

(d) Notwithstanding anything to the contrary set forth in this Covenant, City, for itself and for each and every succeeding owner of the Land or Improvements, agrees that it shall never be entitled to seek a personal judgment against PWRF's member(s), and that upon any Event of Default hereunder, the rights of City to enforce the obligations of PWRF, its successors or assigns, or to collect any judgment, shall be limited to specific performance, the termination of this Covenant and/or to collection from the assets of PWRF and the enforcement of any other

equitable rights and remedies specifically granted to City hereunder.

**13.3 Termination of Covenant for PWRF's Default.** Upon a termination of this Covenant pursuant to Section 13.2(a), all of PWRF's right, title and interest in the Land, Improvements, and any Alterations shall cease and terminate, and title to the Improvements shall immediately vest in City. No further deed or other instrument shall be necessary to confirm the vesting in City of title to the Land, Improvements, and any Alterations. However, upon any such termination of this Covenant, PWRF, upon request of City, shall execute, acknowledge and deliver to City a quitclaim deed confirming that all of PWRF's rights, title and interest in the Land, Improvements, and any Alterations has expired and that title thereto has vested in City. Notwithstanding the foregoing, the ownership of the Museum Property and all personal property of PWRF shall remain with PWRF in all events.

**13.4 Remedies Cumulative.** Unless otherwise specifically provided in this Covenant, no remedy herein shall be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy; and every power and remedy given by this Covenant may be exercised from time to time and as often as may be deemed expedient by either party. No delay or omission by City to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence thereto.

#### **ARTICLE 14. MORTGAGES**

**14.1 Right to Encumber.** Notwithstanding the provisions of Article 12 regarding Transfers of this Covenant, but subject to the provisions of this Article 14, PWRF shall have the right at any time and from time to time to encumber the Land and Improvements by a mortgage, deed of trust or other security instrument (any such mortgage, deed of trust, or other security instrument that satisfies the requirements of this Article 14 being herein referred to as a "Mortgage") to secure repayment of a loan (and associated obligations) made to PWRF for the purpose of financing the construction of any Improvements or for the long-term financing of any such Improvements.

**14.2 Required Notice.** Each time PWRF shall mortgage PWRF's interest in the Property, PWRF shall require the holder of such Mortgage to provide City with notice of such Mortgage, together with a true the name and address of the Mortgagee. Following receipt of such notice by City, the provisions of this Section 14 shall apply in respect to such Mortgage. In the event of any assignment of a Mortgage or in the event of a change of address of a Mortgagee or of an assignee of such Mortgagee, notice of the new name and address shall be provided to City. PWRF shall thereafter with reasonable promptness also provide City from time to time with a copy of each material amendment, modification or supplement to such instruments.

**14.3 Acknowledgement of Notice.** If requested by the terms of such notice, City shall promptly upon receipt of a communication purporting to constitute the notice provided for by Section 14.4 acknowledge in writing receipt of such communication as constituting the notice provided for by this Section, or in the alternative, notify PWRF and the Mortgagee of the rejection of such communication as not conforming with the provisions of this Section and specify the basis of such rejection.

**14.4 Protection of Mortgagees.** If PWRF shall mortgage PWRF the Land in compliance with the provisions of this Section 14, then so long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply:

(a) Consent. No cancellation, surrender or modification of this Covenant shall be effective as to any Mortgagee unless consented to in writing by such Mortgagee, except that such consent shall not be required with respect to a termination of this Covenant in accordance with this Section 14, or in accordance with Section 8 and 9 upon certain casualty events or condemnation.

(b) Notice of Default. City, upon providing PWRF any notice of (a) any default under this Covenant, (b) a termination of this Covenant, or (c) a matter on which City may predicate or claim a default, shall at the same time provide a copy of such notice to every Mortgagee of which City has been provided notice in accordance with Section 14.4 hereof. City shall have no liability for the failure to give any such notice, except that no such notice by City to PWRF shall be deemed to have been duly given unless and until a copy thereof has been so provided to every Mortgagee of which City has been provided notice in accordance with Section 14.4 hereof. From and after such notice has been given to a Mortgagee, such Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to

be remedied, as is given PWRF after the giving of such notice to PWRF, plus in each instance, the additional periods of time specified in Sections 14.6(c) and 14.7 hereof to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice. City shall accept such performance by or at the instigation of such Mortgagee as if the same had been done by PWRF. PWRF authorizes each Mortgagee to take any such action at such Mortgagee's option and does hereby authorize entry upon the Land by the Mortgagee for such purpose.

(c) Second Notice to Mortgagee. Anything contained in this Covenant to the contrary notwithstanding, if any Event of Default shall occur which entitles City to terminate this Covenant, City shall have no right to terminate this Covenant unless, following the expiration of the period of time given PWRF to cure such Event of Default or the act or omission which gave rise to such Event of Default, City shall notify every Mortgagee of City's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if the nature of such Event of Default is the failure to pay a sum of money to City and at least ninety (90) days in advance of the proposed effective date of such termination in the event of any other Event of Default. The provisions of Section 14.7 hereof shall apply only if, during such thirty (30) or ninety (90) day termination notice period, any Mortgagee shall:

(i) Notify City of such Mortgagee's desire to nullify such Notice; and

(ii) Pay or cause to be paid all amounts (i) then due and in arrears as specified in the termination notice to such Mortgagee and (ii) any of the same which become due during such thirty (30) or ninety (90) day period as and when they become due; and

(iii) Comply or in good faith, with reasonable diligence and continuity, commence to comply with all non-monetary requirements of this Covenant then in default and reasonably susceptible of being complied with by such Mortgagee; provided, however, that such Mortgagee shall not be required during such thirty (30) or ninety (90) day period to cure or commence to cure any Event of Default consisting of (i) PWRF's failure to satisfy and discharge any lien, charge or encumbrance against PWRF's interest in the Land junior in priority to the lien of the mortgage held by such Mortgagee, or (ii) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Mortgagee, such as, by way of example only, the bankruptcy of PWRF or a court-ordered stay or injunction. If such Mortgagee has not completed the cure within three hundred sixty five (365) days after the later to occur of (A) the receipt of City's termination notice or (B) three hundred sixty five (365) days after the date that any court with jurisdiction over PWRF or the Land releases any stay, order or injunction, City shall have the right to terminate this Covenant upon written notice to PWRF and such Mortgagee.

(iv) If more than one Mortgagee notifies City of such Mortgagee's desire to nullify such notice, the Mortgagee whose Mortgage is prior in lien (as determined in accordance with Section 14.9) shall have the right to nullify such notice and City without liability to PWRF or any Mortgage with a subordinate lien shall accept the cure tendered by the Mortgagee whose Mortgage is prior in lien.

#### 14.5 **Procedure on Default.**

(a) Cure of Default. If City shall elect to terminate this Covenant by reason of any Event of Default, and a Mortgagee shall have proceeded in the manner provided for by Section 14.6(c), this Covenant shall not be deemed terminated so long as such Mortgagee shall:

(i) Continue its good faith efforts to perform all of PWRF's other obligations under this Covenant excepting (A) obligations of PWRF to satisfy or otherwise discharge any lien, charge or encumbrance against PWRF's interest in the Land junior in priority to the lien of the Mortgage held by such Mortgagee, and (B) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Mortgagee; and

(ii) If not enjoined or stayed, take steps to acquire or sell PWRF's interest in the Land by foreclosure of the Mortgage or other appropriate means and prosecute the same with due diligence within the time period described in Section 14.6(c)(iii). Nothing in this Section 14.7(a), however, shall be construed to extend this Covenant beyond the original Term hereof, nor to require a Mortgagee to continue such foreclosure proceedings after the Event of Default has been cured. If the Event of Default shall be cured and the Mortgagee shall discontinue such foreclosure proceedings, this Covenant shall continue in full force and effect as if PWRF had not defaulted under this Covenant.



(b) **Covenant Remains in Effect.** If a Mortgagee is complying with Section 14.7(a), upon the acquisition of the Land by such Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge of any lien, charge or encumbrance against the Land which is junior in priority to the lien of the Mortgage held by such Mortgagee and which PWRF is obligated to satisfy and discharge by reason of the terms of this Covenant, this Covenant shall continue in full force and effect as if PWRF had not defaulted under this Covenant.

(c) **Assumption of Covenant.** The making of a Mortgage shall not be deemed to constitute an assignment or transfer of PWRF's interest under this Covenant or the Land, nor shall any Mortgagee, as such, be deemed to be an assignee or transferee of PWRF's interest under this Covenant or of the Land so as to require such Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of PWRF to be performed hereunder. Notwithstanding the foregoing, the purchaser at any sale of PWRF's interest in the Land in any proceedings for the foreclosure of any Mortgage, or the assignee or transferee of the Land under any instrument of assignment or transfer in lieu of the foreclosure of any Mortgage, including, without limitation, a Mortgagee, shall be deemed to be an assignee or transferee within the meaning of this Section 14.7 and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of PWRF to be performed hereunder from and after the date of such purchase and assignment only for as long as such purchaser or assignee is the holder of owner of the Land.

#### 14.6 **Intentionally Omitted.**

14.7 **Conflicting Priorities.** If more than one Mortgagee shall seek to nullify a notice in accordance with Section 14.6(c)(iv) above, the Mortgagee whose Mortgage is prior in lien, or with the designee of such Mortgagee, shall have the right to nullify such notice. City, without liability to PWRF or any Mortgagee with an adverse claim, may rely upon a mortgagee title insurance policy issued by a responsible title insurance company doing business in the state where the Land is located as the basis for determining the appropriate Mortgagee who is entitled to nullify such notice.

14.8 **Certain Defaults.** Nothing herein contained shall require any Mortgagee or its designee as a condition to its exercise of rights hereunder to cure any Event of Default which by its terms is not reasonably susceptible of being cured by such Mortgagee or such designee in order to comply with the provisions of Sections 14.6 or 14.7. The financial condition of any Mortgagee or successor to PWRF's interest under this Covenant shall not be a consideration in the determination of the reasonable susceptibility of cure of such Event of Default. No Event of Default, the cure of which, and no obligation of PWRF, the performance of which, requires possession of the Land shall be deemed reasonably susceptible of cure or performance by any Mortgagee or successor to PWRF's interest under this Covenant not in possession of the Land, provided such holder is complying with the requirements described in Section 14.7(a)(ii) hereof and, upon obtaining possession, promptly proceeds to cure any such Event of Default then reasonably susceptible of cure by such Mortgagee or successor. No Mortgagee shall be required to cure the bankruptcy, insolvency or any related or similar condition of PWRF.

14.9 **Eminent Domain.** PWRF's share, as provided in Section 9 of this Covenant, of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of Section 9, be disposed of as provided for by any Mortgage.

14.10 **Insurance.** A standard mortgagee clause naming each Mortgagee may be added to any and all insurance policies required to be carried by PWRF hereunder.

14.11 **Legal Proceedings.** City shall give each Mortgagee of which City has written notice prompt notice of any dispute resolution or legal proceedings between City and PWRF involving obligations under this Covenant. Each such Mortgagee shall have the right to intervene, within sixty (60) days after receipt of such notice of dispute resolution or legal proceedings, in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. Any intervening Mortgagee shall be bound by the outcome of such proceedings. In the event that any Mortgagee shall not elect to intervene or become a party to any such proceedings, City shall give the Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Mortgagees not intervening after receipt of Notice of such proceedings.

#### 14.12 **Intentionally Omitted.**

14.13 **Notices.** Notices from City to the Mortgagee shall be mailed to the address furnished City pursuant to Section 14.4 and those from the Mortgagee to City shall be mailed to the address designated pursuant to the provisions of Section 16 hereof, as the same may be amended from time to time. All notices from any Mortgagee or City shall be given in the manner described in Section 32 and shall in all respects be governed by the provisions of that section.

14.14 **Covenant Amendments or Recognition Agreement Requested by Mortgagee.** In the event PWRP seeks to obtain or modify a Mortgage, and the applicable Mortgagee desires amendments to this Section 14 or desires to enter into a recognition agreement with City, then City agrees to negotiate in good faith any commercially reasonable amendment or recognition agreement; provided that the form and content of such amendment or recognition agreement is not unreasonable and that such proposed amendment or recognition agreement does not adversely affect the rights of City hereunder or its interest in the Land, as determined by City in its reasonable discretion. All reasonable expenses incurred by City in connection with any such amendment or recognition agreement shall be paid by PWRP.

14.15 **City Purchase Right.** In the event a Mortgagee desires to transfer the Land and Improvements by foreclosure sale, accept a deed in lieu of foreclosure, or acquire PWRP's interest in this Covenant by other means, the Mortgagee shall provide City no less than thirty (30) days prior written notice of its intention to exercise such right and City shall have the right exercisable within thirty (30) days after receipt of such written notice to elect to acquire the entire interest in the loan and the Mortgage for a price equal to the sum of the outstanding unpaid balance of the loan secured by the Mortgage, together with any other amounts due and unpaid under the Mortgage. The closing of the acquisition of the loan (the "Closing") shall occur within thirty (30) days after the date of the election through escrow at a title company selected by City and reasonably acceptable to Mortgagee. At the Closing, City shall deliver to the Mortgagee through escrow the purchase price for the loan, and Mortgagee shall assign to City all of its right, title and interest in the loan and the Mortgage pursuant to documentation reasonably satisfactory to City and the Mortgagee. If City fails to deliver into escrow the required funds with said thirty (30) day period with instructions to deliver said funds to Mortgagee conditioned only upon receipt of the documentation necessary to enable the title company to insure City as the sole beneficiary of the Mortgage, the Mortgagee shall be entitled to pursue its rights to acquire or transfer the Land pursuant the Mortgage. If City delivers said funds as required herein, the Mortgagee's rights under this Covenant and the Mortgage shall terminate and be of no further force and effect.

#### **ARTICLE 15. INTENTIONALLY OMITTED**

#### **ARTICLE 16. NOTICES**

Any and all notices, consents, approvals and other communications required or permitted under this Covenant shall be deemed adequately given only if in writing delivered either in hand, by mail or by expedited commercial carrier which provides evidence of delivery or refusal, addressed to the recipient, postage prepaid and certified or registered with return receipt requested, if by mail, or with all freight charges prepaid, if by commercial carrier. All notices and other communications shall be deemed to have been given for all purposes of this Covenant upon the date of receipt or refusal. All such notices and other communications shall be addressed to the parties at their respective addresses set forth below or at such other addresses as any of them may designate by notice to the other party:

If to City: City of Snoqualmie  
c/o City Administrator  
P.O. Box 987  
Snoqualmie, WA 98065

If to PWRP: Peter Hambling  
7811 NE 10<sup>th</sup> Street  
Medina, WA 98039

With a copy to: Pacifica Law Group LLP  
1191 2<sup>nd</sup> Ave., Suite 2000

Seattle, WA 98101  
Attn. B. Gerald Johnson

#### **ARTICLE 17. MISCELLANEOUS**

17.1 **No Partnership.** Nothing contained in this Covenant shall create any partnership, joint venture or other relationship between PWRF and City. It is the intent of the parties that this Covenant creates a restriction on the use of the Land and the relationship between the parties if one of grantor and grantee only.

17.2 **Severability.** This Covenant shall bind and inure to the benefit of City, its successors and assigns, PWRF, and its successors and assigns.

17.3 **Construction.** City and PWRF agree that all the provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section thereof.

17.4 **Performance Under Protest.** In the event of a dispute or difference between City and PWRF as to any obligation which either may assert the other is obligated to perform or do, then the party against whom such obligation is asserted shall have the right and privilege to carry out and perform the obligation so asserted against it without being considered a volunteer or deemed to have admitted the correctness of the claim, and shall have the right to bring an appropriate action at law, equity or otherwise against the other for the recovery of any sums expended in the performance thereof and in any such action, the successful party shall be entitled to recover in addition to all other recoveries such reasonable attorneys' fees as may be awarded by the court.

17.5 **No Waiver.** Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, of any breach of any provision of this Covenant shall be deemed a waiver of a breach of any other provision of this Covenant or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on any subsequent occasion.

17.6 **Headings.** The headings used for the various articles and sections of this Covenant are used only as a matter of convenience for reference, and are not to be construed as part of this Covenant or to be used in determining the intent of the parties of this Covenant.

17.7 **Partial Invalidity.** If any term, covenant, provision or condition of this Covenant or the application thereof to any person or circumstance shall be declared invalid or unenforceable by the final ruling of a court of competent jurisdiction having final review, the remaining terms, covenants, provisions and conditions of this Covenant and their application to persons or circumstances shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid or unenforceable provision there shall be substituted a like, but valid and enforceable, provision mutually agreeable to City and PWRF which comports to the findings of the aforesaid court and most nearly accomplishes the original intention of the parties.

17.8 **Bind and Inure.** Unless the context requires otherwise, the words "City" and "PWRF" shall be construed to mean the original parties, their respective permitted successors and assigns and those claiming through or under them respectively. Subject to the provisions of Section 12.1, the agreements and conditions in this Covenant contained on the part of PWRF to be performed and observed shall be binding upon PWRF and its permitted successors and assigns and shall inure to the benefit of City and its permitted successors and assigns, and the agreements and conditions in this Covenant contained on the part of City to be performed and observed shall be binding upon City and its permitted successors and assigns and shall inure to the benefit of PWRF and its successors and assigns. No holder of a Mortgage shall be deemed to be the holder of said Interest until such holder shall have acquired indefeasible title to said Interest.

17.9 **Time of Essence.** Time is of the essence of this Covenant and of all provisions hereof.

17.10 **Entire Agreement.** Together with the Development Agreement, this Covenant contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein. This Covenant may not be amended, changed, modified or altered, except by an instrument in writing duly executed by City and PWRF (or their successors in title) upon approval by the City Council.

17.11 **Authority.** Each party hereto warrants that it has the authority to enter into this Covenant and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Covenant, warrant that they have the authority to bind the respective parties.

17.12 **Consents and Approvals.** In any instance when either party's consent or approval is required under this Covenant, such consent or approval shall not be unreasonably withheld, conditioned or delayed. No permission, consent, or approval of City contained herein or given pursuant to this Covenant is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with Legal Requirements, nor shall any such consent or approval be construed to authorize any failure to comply with such Legal Requirements.

17.13 **Governing Law; Jurisdiction and Venue.** This Covenant, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Washington without reference to its choice-of-law rules. City and PWRF each hereby consent to personal jurisdiction in the state and federal courts located in the State of Washington. Except as otherwise required by applicable law, any action arising under this Covenant shall be brought and maintained in the Superior Court of the State of Washington in and for King County, City and PWRF each consent and agree that venue is proper in such court, and City and PWRF each waive any defense or right to seek dismissal or transfer on grounds of improper or inconvenient venue.

17.14 **Exhibits.** Exhibits A through C attached hereto are hereby incorporated herein and made a part of this Covenant.

17.15 **Dispute Resolution.** In the event of a dispute arising out of this Covenant, the parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the Mayor of City and the executive director or board chair of PWRF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. City and PWRF agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally by City and PWRF.

17.16 **Limitation on Third Party Rights.** Nothing in this Covenant expressed or implied is intended or shall be construed to give to any person other than City or PWRF any legal or equitable right, remedy or claim under or in respect of this Covenant or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of City and PWRF.

17.17 **Counterparts.** This Covenant may be executed in counterparts for the convenience of the parties, and such counterparts shall together constitute one Covenant.

[SIGNATURE PAGE FOLLOWS]

2024-09-26

SIGNATURE PAGE TO COVENANT

IN WITNESS WHEREOF, the parties have hereunto set their signatures to this Covenant as of the date first written above.

CITY:

CITY OF SNOQUALMIE,  
a municipal corporation organized under the laws of the State of Washington

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

PWRF:

PACIFIC WEST RAIL FOUNDATION,  
a Washington nonprofit corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Page to Covenant

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and he/she/they acknowledged that he/she/they signed this instrument, on oath stated that he/she/they was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

ss.

COUNTY OF KING

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and he/she/they acknowledged that he/she/they signed this instrument, on oath stated that he/she/they was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_

My appointment expires \_\_\_\_\_

EXHIBIT A  
LEGAL DESCRIPTION

[to be attached]

Exhibit A

EXHIBIT B-1  
CITY CONVEYED LAND

[to be attached]

Exhibit B



EXHIBIT B-2  
CITY CONVEYED LAND

[to be attached]

Exhibit B

EXHIBIT C  
PUBLIC BENEFITS

- 1) Creation and operation of a new tourist destination and point of attraction for local residents and guests, which shall be open during the Operating Hours, provided, however, PWRF may, in its reasonable discretion, offer limited hours in which it is open to the public on holiday adjacent days (e.g. New Year's Eve, Christmas Eve, Friday following Thanksgiving).
- 2) Driving additional economic activity to City businesses, including restaurants, hotels, and retail stores, thereby promoting the prosperity of the business community and increasing City tax revenues. Provided, however, for the purposes of clarity and the avoidance of doubt, PWRF makes no representations related to any level of additional economic activity and shall have no obligation regarding the same (other than operating the Museum as contemplated herein).
- 3) During the Term, PWRF agrees to make the Museum available to City for City-planned events up to two (2) times per calendar year ("City Events"). City shall be responsible for the costs of the City Events, provided, however, there shall be no event fee, license fee, or other amount due to PWRF unless the parties mutually agree otherwise. The parties acknowledge and agree that each City Event shall not exceed eight (8) hours, inclusive of set-up and take-down time. City and PWRF shall reasonably cooperate with each other to schedule the City Events, and Museum will be closed to the public during each City Event. City shall comply with PWRF's reasonable rules and regulations during City Events.

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

AFTER RECORDING, RETURN TO:

City of Snoqualmie  
c/o City Administrator  
P.O. Box 987  
Snoqualmie, WA 98065

**PUBLIC USE COVENANT**

Reference numbers of related documents: N/A

Grantor: PACIFIC WEST RAIL FOUNDATION.

Grantee: CITY OF SNOQUALMIE

Abbr. Legal Description:

Assessor's Property Tax Parcel/Account Number(s):

**Deleted:** *<object>*¶

GROUND LEASE

## GROUND LEASE¶

by and between¶

**Deleted:** ,

**Deleted:** a Washington municipal corporation ¶  
(as Landlord)¶

¶ and ¶

**Deleted: ,**

**Deleted:** a Washington nonprofit corporation ¶  
(as Tenant)¶

● ● ● ●

\_\_\_\_\_, 2023

## GROUND LEASE¶

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

### PUBLIC USE COVENANT

THIS PUBLIC USE COVENANT (this "Covenant") is made and entered into as of           , 202  , by and between the City of Snoqualmie, a municipal corporation organized under the laws of the State of Washington (the "City") and Pacific West Rail Foundation, a Washington nonprofit corporation (the "PWRF").

### RECITALS

A. WHEREAS, PWRF owns certain parcels of real property located in the City of Snoqualmie, King County, Washington legally described on Exhibit A hereto, together with all appurtenances, rights and privileges now belonging or appertaining thereto (the "Land");

B. WHEREAS, the Pacific West Rail ("PWR") is a model railroad layout that depicts fourteen different locations across the western United States within the timeframe of the early 1900's to the late 1960s. Its layout was created by the country's preeminent model rail designer and reflects actual locations accurately modeled with the highest degree of realism, with sound and lighting for different times of day and night and topography finished with materials from each of the locations. The collection includes 100 engines, 125 passenger cars and 550 freight cars running on one half-mile of tracks though miniature dioramas set in these recognizable locations throughout the West. Some ten (10) major railroad lines are represented within the areas that they serve or served. The system is controlled by a command center using highly sophisticated software that runs the trains autonomously for hours with programming. Three full-time staff are employed to maintain and operate the model;

C. WHEREAS, PWR's founder and original owner, local resident and entrepreneur Peter Hambling ("Hambling"), always has intended to share the PWR with the public in a suitable venue in an appropriate location;

D. WHEREAS, Hambling has formed PWRF to which he intends to donate the PWR in its entirety pursuant to the Gift Agreement (defined below);

E. WHEREAS, the City enjoys a rich railroad history and also is the home to the legacy Snoqualmie Valley Railroad ("SVR");

F. WHEREAS, PWRF has indicated that it intends that its museum would, ideally in close and respectful collaboration with the Snoqualmie Tribe if it is located in Snoqualmie, suitably convey the deleterious impact the extension of the transcontinental railroads had on Tribal Nations and Indigenous People across the Western United States. Toward that end it expects that museum exhibitry will include candid, informative and respectful explanations, based on information available to the museum, of that impact in order that the public may begin to comprehend this dimension of the arrival of the railroads in the Puget Sound region;

G. WHEREAS, PWRF is willing to construct a railroad museum, to be known as the Pacific West Rail Museum ("Museum") pursuant to the Development Agreement (defined below) featuring the PWR and to operate the Museum on the Land pursuant to the terms and conditions set forth in this Covenant on the express condition that City convey the City Conveyed Land (defined below) to PWRF;

H. WHEREAS, Hambling, in furtherance of the forgoing, has donated fee ownership of certain real property describe on Exhibit B-1 ("Hambling Conveyed Land") to PWRF, which is part of the Land;

I. WHEREAS, City believes it serves an important public function and provides a substantial public benefit to have a vibrant and successful Museum on the Land and has transferred fee ownership of certain real property described on Exhibit B-2 ("City Conveyed Land") to PWRF, which is a part of the Land, on the express condition that PWRF operates the Museum on the Land during the Term of this Covenant on the terms and conditions set forth below;

J. WHEREAS, City and PWRF are parties to that certain Development Agreement dated as of

Deleted: GROUND LEASE

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Deleted: Washington

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Deleted: Landlord

Deleted: and

Deleted: <#>WHEREAS, the City has expressed a keen interest in providing land for the construction of the Museum (defined below) adjacent to tracks of the SVR, enabling real-time comparison between the actual and the model; and ¶  
WHEREAS, the

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Deleted: Tenant

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Deleted: Landlord enter into a long-term lease of

Deleted: on the terms and conditions set forth herein; and

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CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

1 (as hereafter amended, the "Development Agreement"), pursuant to which PWRF shall construct the Museum on the Land;

K. WHEREAS, the City has determined that the public benefits represented by the corollary gift of the model railroad collection and the balance of site required for the development of the PWRF museum as well as PWRF's commitments to construct and operate the public museum pursuant to this Covenant represent more than adequate consideration for the transfer of the City Parcels to PWRF; and

L. WHEREAS, The parties have agreed that this Covenant is a required condition of the City's transfer of the City Conveyed Land to PWRF and that it will facilitate the establishment and operation of the Museum, as indeed by the parties. Thus the parties are entering into this Covenant on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing, of mutual promises of the parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the parties hereby agree as follows:

#### AGREEMENT

##### ARTICLE 1. EFFECTIVE DATE; INCORPORATION OF DOCUMENTS; DEFINED TERMS.

Effective Date. This Covenant is conditioned upon and will be effective upon the date when the following conditions are satisfied: (a) the City Council of City ("City Council") has authorized this Covenant; (b) this Covenant is executed by authorized representatives of City and PWRF and recorded in the official records of King County, (c) the Development Agreement is executed by authorized representatives of City and PWRF and the Notice to Proceed has been issued thereunder, and (d) the Gift Agreement (defined below) has been executed by all parties thereto.

Incorporation of Documents and Materials. The following documents and materials are attached as exhibits to this Covenant and by this reference are incorporated into this Covenant:

Exhibit A: Land

Exhibit B-1: Hambling Conveyed Land

Exhibit B-2: City Conveyed Land

Exhibit C: Public Benefits

Defined Terms. The above Recitals are hereby incorporated by this reference. In addition to the defined terms set forth above in the Recitals to this Covenant, the following defined terms used herein shall have the meanings specified below:

"Affiliate" means (a) the legal representative, successor or assignee of, or any trustee of a trust for the benefit of, PWRF; (b) any entity of which a majority of the voting or economic interest is owned, directly or indirectly, by PWRF or one or more of the persons referred to in the preceding clause; (c) any entity in which PWRF or a person referred to in the preceding clauses is a controlling stockholder, controlling partner or controlling member (directly or indirectly); (d) any person or entity which is an officer, director, trustee, controlling stockholder, controlling partner or controlling member (directly or indirectly) of PWRF or of any person or entity referred to in the preceding clauses; or (e) any person or entity directly or indirectly controlling, controlled by or under common control with, PWRF or any person or entity referred to in any of the preceding clauses. For purposes of this definition, "control" means owning directly or indirectly fifty percent (50%) or more of the beneficial interest in such entity or the direct or indirect power to control the management policies of such person or entity, whether through ownership, by contract or otherwise.

"Casualty Termination Date" has the meaning set forth in Section 8.1.

"Casualty Termination Notice" has the meaning set forth in Section 8.1.

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Deleted: <#>WHEREAS, The Land and the Improvements (defined below), together with any and all buildings, structures, systems, facilities and fixtures currently located and to be located within the Land pursuant to this Lease, as well as all easements and other appurtenant rights, are referred to collectively as the "Premises"; and ¶

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¶ "Alterations" means any additional improvements, alterations, remodeling, or reconstruction of or to the Improvements by Tenant. ¶

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"City Conveyed Land" has the meaning set forth in the Recitals.

"City Council" has the meaning set forth in the Recitals.

"City Events" has the meaning set forth in Exhibit C.

"Claims" has the meaning set forth in Section 4.1.

"Closing" has the meaning set forth in Section 14.17.

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"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding provision or provisions of prior or succeeding law.

"Commencement Date" means the date that construction of the Improvements commences after delivery of the Notice to Proceed (as defined in the Development Agreement) pursuant to the Development Agreement.

"Covenant" has the meaning set forth in the introductory paragraph.

"Development Agreement" has the meaning set forth in the Recitals.

"Environmental Laws" means the Hazardous Materials Transportation Act, 49 U.S.C. § 1501 et seq., the Resource Conservation and Recovery Act, 42 U.S.C. § 6901 et seq., the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, 42 U.S.C. § 9601 et seq., and/or the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq., and/or the Occupational Safety and Health Act, the Clean Air Act, the Clean Water Act, 33 U.S.C. § 1251, et seq., the Safe Drinking Water Control Act, and the Residential Lead-Based Paint Hazard Reduction Act of 1992, each as amended from time to time and any other federal, state, or local statute, code, ordinance, rule, regulation, permit, consent, approval, license, judgment, order, writ, judicial decision, common law rule, decree, agency interpretation, injunction or other authorization or requirement whenever promulgated, issued, or modified, including the requirement to register underground storage tanks, relating to:

(i) emissions, discharges, spills, releases, or threatened release of pollutants, contaminants, Hazardous Substances (as hereinafter defined), materials containing Hazardous Substances, or hazardous or toxic materials or wastes into ambient air, surface water, groundwater, watercourses, publicly or privately owned treatment works, drains, sewer systems, wetlands, septic systems or onto land; or

(ii) the use, treatment, storage, disposal, handling, manufacturing, transportation, or shipment of Hazardous Substances, materials containing Hazardous Substances or hazardous and/or toxic wastes, material, products, or by-products (or of equipment or apparatus containing Hazardous Substances).

"Event of Default" has the meaning set forth in Section 13.1.

"Exhibit Insurance" has the meaning set forth in Section 4.3.

"Force Majeure" means any (i) strikes, lockouts, or labor disputes; (ii) failure of power or other utilities; (iii) inability to obtain labor or materials or reasonable substitutes therefor; (iv) war, governmental action, court order, condemnation, civil unrest, riot, fire or other casualty; (v) extreme or unusual weather conditions, acts of God or unforeseen soil conditions; (vi) governmental orders or actions in connection to public health emergencies including, without limitation, pandemics, or (vii) other conditions similar to those enumerated in this Section beyond the reasonable control of the party obligated to perform (except for financial inability).

"Gift Agreement" means that certain Contingent Gift Agreement by and among PWRF, Hambling, and Lorrie Hambling dated on or about the date hereof and pursuant to which PWRF will receive the PWR.

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~~“Hambling Conveyed Land” has the meaning set forth in the Recitals.~~

“Hazardous Substance” means (i) hazardous materials, hazardous wastes, and hazardous substances as those terms are defined under any applicable Environmental Laws, (ii) petroleum and petroleum products including crude oil and any fractions thereof, (iii) natural gas, synthetic gas, and any mixtures thereof, (iv) asbestos and/or any material which contains any hydrated mineral silicate, including but not limited to chrysotile, amosite, crocidolite, tremolite, anthophyllite, and/or actinolite, whether friable or non-friable, (v) polychlorinated biphenyls (“PCBs”), or PCB-containing materials or fluids, (vi) radon, (vii) lead-based paint, (viii) underground storage tanks; (ix) any other hazardous, radioactive, toxic, or noxious substance, materials, pollutant, or solid, liquid or gaseous waste, and (x) any substance with respect to which a federal, state or local agency requires environmental investigation, monitoring, or remediation.

“Improvements” means the Museum and all Alterations, together with any and all buildings, structures, systems, facilities and fixtures to be located within the Land pursuant to this Covenant.

“Improvements Insurance” has the meaning set forth in Section 4.3.

~~“Viability Notice” has the meaning set forth in Section 7.1.~~

“Land” has the meaning set forth in the Recitals.

“Legal Requirements” means all laws, statutes, ordinances, orders, rules, regulations and requirements of all federal, state and local governmental or quasi-governmental entities, subdivisions, agencies, authorities or instrumentalities and the appropriate officers, departments, and boards thereof applicable to the Property.

“Major Destruction” has the meaning set forth in Section 8.1.

~~“Mortgage” has the meaning set forth in Section 14.1.~~

“Museum” has the meaning set forth in the Recitals.

“Museum Property” means the PWR and other any fixtures, display cases, exhibits, art, artifacts, or the Museum collections located in or used in connection with the Museum.

~~“Offer” has the meaning set forth in Section 7.2.~~

~~“Offer Period” has the meaning set forth in Section 7.2~~

~~“Opening Date” has the meaning set forth in Section 3.2.~~

“Operating Hours” means at least Wednesday – Monday, 10:00am- 6:00pm, excepting Christmas Day, New Year’s Day, Thanksgiving, Independence Day and up to three (3) other holidays (recognized at the state or federal level) as determined by PWRF.

“Permitted Transfers” has the meaning set forth in Section 12.2.

“Person” means an individual or entity, including, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, trust, cooperative, or association and the heirs, executors, administrators, legal representatives, successors, and assigns of such Person where the context so requires.

~~“Property” means, collectively, the Land and the Improvements.~~

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¶  
“Lease Payment” has the meaning set forth in Section 3.2. ¶

“Lease Year” means, in the case of the first lease year, the period from the Commencement Date through December 31<sup>st</sup> of the year which includes the Commencement Date; thereafter, each successive twelve-calendar-month period following the expiration of the first lease year of the Term; except that in the event of the termination of this Lease on any day other than the last day of the last Lease Year then such Lease Year shall be the period commencing with the day following the end of the preceding Lease Year through and including the date of termination. ¶

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“Leasehold Interest” means the interest of Tenant as owner of the Improvements and as tenant in the Land granted by this Lease. ¶

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“Leasehold Mortgage” has the meaning set forth in Section 14.1. ¶

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**Deleted:** “Operating Expenses” means all expenses for maintaining, operating and repairing the Premises, including, but not limited to, management fees and expenses; any applicable insurance premiums, covering hazards, casualties, liability, and potential losses; license, permit, inspection and occupancy fees; Tenant’s accountant’s fees and legal fees; materials and supplies, including charges for telephone, fax, computers, postage and supplies; repairs, maintenance and replacements respecting the Premises, including costs of materials, supplies, tools and equipment used in connection therewith; costs incurred in connection with the operation, maintenance, repair, replacing, inspection and servicing (including maintenance contracts) of electrical, plumbing, heating, air conditioning and mechanical equipment and the cost of materials, supplies, tools and equipment used in ...

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"Public Benefits" has the meanings set forth in Section 3.3.

"PWR" means has the meaning set forth in the Recitals.

"Right of Purchase" has the meaning set forth in Section 7.2

"Taxes" has the meaning set forth in Section 3.5.

"Term" has the meaning set forth in Section 2.2.

"Transfer" has the meaning set forth in Section 12.1.

## ARTICLE 2. **TERM AND TRANSFER OF CITY CONVEYED PROPERTY**

**2.1 Term.** This Covenant shall commence upon the Commencement Date and expire on the date that is Six Hundred (600) full calendar months following the Commencement Date (the "Term"), unless sooner terminated as provided for herein.

**2.2 Termination of Development Agreement.** The parties acknowledge and agree that the Development Agreement contains certain termination rights and that in the event the Development Agreement is terminated this Covenant shall terminate concurrently, in which case the City Conveyed Land will be transferred to the City and the Hambling Conveyed Land will be transferred back to Hambling. The parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfers.

**2.3 Transfer of City Conveyed Land.** City has transferred fee interest in the City Conveyed Land to PWRF as of or prior to the Commencement Date, in the condition described in Section 3.2.2(a) of the Development Agreement. Except as specifically required in the Development Agreement or in this Covenant, City has no obligation to contribute to the cost of the Improvements, nor shall City be obligated to perform any construction or make any improvements in connection with the Improvements, except as may be expressly provided in this Covenant.

**2.4 Quiet Enjoyment.** City covenants and warrants that PWRF, upon performance and observance of all of its covenants herein contained, shall peaceably and quietly have, hold, occupy, use and enjoy and shall have the full, exclusive and unrestricted use and enjoyment of, all of the Land during the Term, free from hindrance by City or any person claiming by, through or under City, and subject only to the provisions of all applicable Legal Requirements.

## ARTICLE 3. **CONSIDERATION; PUBLIC BENEFIT AND EXPENSE ALLOCATION**

**3.1 Consideration.** During the Term, PWRF shall at its expense (i) undertake construction of the Museum and the construction and installation of Museum Property, (ii) maintain and operate the Museum as open to the public and in a condition suitable for Museum purposes, and (iii) permit the City Events, all as further provided below. The parties agree that there is no monetary consideration that is owed by PWRF to City for the City Conveyed Land. Rather, the consideration for the City Conveyed Land consists of the construction, maintenance, and operation of the Improvements at the expense of PWRF as provided herein and the duties and obligations to be undertaken by PWRF set forth in this Section 3.1 and as further detailed in Sections 3.2 through 3.5 below.

**3.2 Construction; Repairs.** PWRF shall construct the Museum as provided in the Development Agreement. From and after the date the Museum is placed in service, the relocation of the PWR to the Museum, and the opening of the Museum to the public ("Opening Date"), PWRF shall ensure that the Museum Property is maintained in good operating condition and state of repair and in a condition suitable for the Public Benefits to be provided, subject to the terms and conditions of this Covenant. During the Term, except as otherwise provided in this Covenant, PWRF shall, at its own cost and expense and without any cost or expense to City, keep and maintain the Property and appurtenant facilities, including without limitation the structural components, roof, fixtures, and building systems of the Improvements, grounds, groundwater, stormwater facilities, soil, parking and landscaped areas, in a first-class condition. PWRF shall promptly make all repairs, replacements and Alterations (whether structural or nonstructural, foreseen or unforeseen, or ordinary or extraordinary) necessary to maintain the Property in

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"Tax Exemption" has the meaning set forth in Section 3.8. ¶

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a first-class condition and in compliance with all Legal Requirements and to avoid any structural damage or injury to the Property, or any persons in or around the Property.

**3.3 Public Benefits.** A central element of this Covenant is the identification of and PWRF's commitment to the ongoing provision of certain public benefits as described herein. In fulfillment of PWRF's commitment, from and after the Opening Date, PWRF shall, subject to casualty, Force Majeure and any renovations, operate or cause to be operated the Museum and shall perform or ensure the provision of certain "Public Benefits" identified in Exhibit C during the Term of this Covenant, all at no cost to City.

**3.4 Museum Operations.** As part of the Public Benefits, the Museum will be open to the public only during regular hours of operation as determined by PWRF but consistent with the requirements of Exhibit C. PWRF may restrict access to the Museum as necessary for security purposes. PWRF may close portions of the Museum to the public for offices, ancillary services, installation or repairs, as PWRF deems necessary or desirable from time to time. PWRF may use any portion of the Museum for its purposes when the Museum is not open to the general public. Nothing herein shall limit PWRF's ability to regulate use of the café (if any), restrooms, or other facilities consistent with Museum security needs or to address unruly or inappropriate behavior.

**3.5 Taxes.** Throughout the Term, PWRF shall pay or cause to be paid, directly to the authority charged with the collection thereof, any Taxes, personal property taxes, betterment assessments, and all other impositions, ordinary and extraordinary, general and special, of every kind and nature whatsoever, as well as any payments in lieu of taxes, which may be levied, assessed, charged or imposed during the Term of this Covenant (prorated for any tax or installment period partially included in the Term) upon the Land or any part thereof, or upon any improvements at any time situated thereon (such taxes, payments and installments of assessments being hereinafter together referred to as "Taxes"), all such payments to be made not less than five (5) calendar days prior to the last date on which the same may be paid without interest or penalty.

**3.6 Other.** PWRF covenants to pay and discharge, when the same shall become due, all other amounts, liabilities and obligations which PWRF assumes or agrees to pay or discharge pursuant to this Covenant, together with every fine, penalty, interest and cost which may be added for nonpayment or late payment thereof and which payment PWRF has failed to make when due.

#### ARTICLE 4. INDEMNITY, INSURANCE AND LIMITATION OF LIABILITY

##### 4.1 Indemnification.

To the fullest extent permitted by law, PWRF agrees to defend, indemnify and hold harmless City, its officers, agents, employees and elected officials from and against any and all liabilities, losses, damages, causes of action, suits, claims, demands, judgments, costs and expenses of any kind or any nature whatsoever (collectively, "Claims") (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable expert's and attorneys' fees and expenses), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by, or asserted or awarded against City, its employees, agents, officials, members, or other persons serving in an advisory capacity to any of them or against the Land or any portion thereof, arising from: (i) any injury to or death of or claim of injury to or death of any person or any damage to or loss of or claim of damage to or loss of property on the Land, in each case arising out of the use, possession, ownership, condition or occupation of the Land or any part thereof (but not of any other property) from and after the Commencement Date by PWRF, its employees, agents, or members or invitees of any of them, or (ii) violation by PWRF, its employees, agents, or members, or invitees of any of them, of any Environmental Law affecting the Land or any part thereof or the ownership, occupancy or use thereof from and after the Commencement Date; provided, however, that notwithstanding the foregoing, PWRF shall not have any liability to City for any loss or damage arising out of acts of City or persons under the control or direction of City or out of any release or threat of release of Hazardous Substances for which City is responsible under this Covenant. City shall give PWRF prompt and timely written notice of any claim made or suit instituted against it or any other party of which it has knowledge, relating to any matter which in any way may result in indemnification pursuant to this Section 4.1. The obligations of PWRF under this Section 4.1 shall survive the Term. The foregoing indemnification shall not be construed as creating any rights in or conferring any rights to any third parties.

To the fullest extent permitted by law and subject to the waiver of recovery and subrogation in Section 4.5, City shall indemnify, pay the defense costs of and hold harmless PWRF and its officers, directors, trustees, agents,

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employees, contractors and licensees from Claims for damages, costs, personal injury, death or for loss or damage to property that arise out of or relate to the negligence or willful misconduct of City in connection with the Land or this Covenant. This indemnity does not apply: (i) to Claims to the extent they are caused by the acts or omissions or misconduct of PWRF, including its officers, directors, trustees, agents, employees, contractors, affiliates and licensees; or (ii) to damages, claims, suits, actions or liabilities waived under Section 4.6.

City and PWRF agree that the foregoing indemnities specifically include, without limitation, Claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE OTHER PARTY OR PARTIES WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES, TO THE EXTENT OF THEIR NEGLIGENCE. CITY AND PWRF ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

**4.2 PWRF's Liability Insurance.** PWRF, at its expense, shall purchase and keep in force during the Term Commercial General Liability insurance with limits of not less than Five Million and 00/100 Dollars (\$5,000,000.00) combined single limit each occurrence, covering bodily injury to persons, including death, and damage to property. Such insurance shall provide coverage for PWRF's premises and operations and contractual liability assumed in Section 4.1.

**4.3 Property Insurance.** Throughout the Term of this Covenant, PWRF shall maintain (a) a standard form property insurance policy insuring the Improvements (excluding the Museum Property) against all risks of physical loss or damage (including earthquake and flood) ("Improvements Insurance") and (b) a standard form property insurance policy insuring the Museum Property against all risks of physical loss or damage (including earthquake and flood) ("Exhibit Insurance"). The Improvements Insurance required under this Section 4.3 shall provide coverage in an amount not less than one hundred percent (100%) of the replacement cost of the Improvements with a commercially reasonable deductible or self-insured retention, provided, however, the amounts of such Improvements Insurance coverages for earthquake, flood and other natural disaster coverages may be reduced to percentages of replacement cost that reflect PWRF's probable maximum loss assessment and the availability of such insurances on commercially reasonable terms consistent with PWRF's financial capacity as reasonably determined by PWRF to be appropriate within the constraints of a self-sustaining budget. Similarly, the amount of the Exhibit Insurance coverage required under this Section 4.3 also shall be determined by PWRF based on its reasonable determination of a practical replacement value of the Museum Property and the availability of any such insurance on commercially reasonable terms consistent with PWRF's financial capacity as reasonably determined by PWRF to be appropriate within the constraints of a self-sustaining budget.

**4.4 General Insurance Requirements.** All of the insurance policies required to be maintained under Sections 4.2 – 4.3 shall be issued by insurance companies authorized to do business in the State of Washington and having an A.M. Best's rating of not less than A- VII, unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

**4.5 Limitation of PWRF's Liability.** In no event shall City, its successors or assigns, have any recourse whatsoever for any damages payable, obligations assumed or indemnifications proffered by PWRF under this Covenant to (i) the Museum Property, any endowment, archives or other property of PWRF; (ii) funds and pledges of funds raised by PWRF for Property or operation of the Museum; (iii) proceeds, rents or other income derived, arising from or attributable to the Museum, excluding insurance or condemnation proceeds; or (iv) any claims for relief related to the Property, including claims arising under the insurance policies required to be carried under this Covenant or actually carried by PWRF. Under no circumstances shall City have any recourse whatsoever to PWRF's officers, trustees, directors, agents, employees, contractors or licensees for any debt or obligation created by this Covenant.

## ARTICLE 5. USE

**5.1 Use.** PWRF shall use the Land for Museum purposes (including the display of Museum Property, and cultural, educational, and special events), ancillary purposes (including cafe and gift shop), functions and events hosted or sponsored by PWRF, and related office, educational, research, administrative, storage, and back-

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of-house uses only. The use of the Land shall comply with this Covenant, any easements, covenants, restrictions, as well as all Legal Requirements. PWRF shall not use any Hazardous Substances, except to the extent reasonable or appropriate in connection with the lawful use of the Land in the ordinary course of PWRF's or any tenant's business, and PWRF shall comply with all Environmental Laws in connection with such use. In consideration of the prominent location of the Land, the Museum will be seen as an informal gateway to the City. As such, PWRF shall provide and maintain space at or near its main public entrance for a visitor information display showcasing other features in and information about the City and its environs that also would be of interest to visitors. The contents of the display shall be provided by the City and approved by PWRF, in its reasonable discretion. Notwithstanding the foregoing, the display is not intended to include third-party-generated commercial advertising or promotional materials.

**5.2 Compliance with Law.** PWRF shall be solely responsible, at its sole cost, for compliance with Legal Requirements affecting the design, construction and operation of the Improvements and those affecting use of the Land throughout the Term. City agrees that PWRF shall have the right to reasonably contest, at PWRF's sole cost, any asserted or alleged violation of any Legal Requirements in the name of PWRF, as PWRF deems appropriate. In addition, PWRF shall, at its expense, perform all its activities on the Land in compliance, and shall use commercially reasonable efforts to cause all tenants of any portion thereof to comply, with the Legal Requirements, as the same may be administered by authorized governmental officials.

#### ARTICLE 6. ALTERATIONS; LIENS.

**6.1 Alterations.** PWRF may from time to time replace the Improvements and make any Alterations, provided that the replacements for such items are of equivalent or better value and quality without the prior consent of City. Notwithstanding the foregoing, City shall have the right to consent to any major re-development of the Improvements after construction of the Museum, provided further that such consent shall not be unreasonably withheld, conditioned or delayed. PWRF shall be responsible for obtaining permits necessary for any repairs, replacements, or Alterations. No change or alteration to the Property shall be undertaken until PWRF shall have procured all required permits, licenses and authorizations for such alterations. All changes and Alterations shall be made in a good and workmanlike manner and in compliance with all Legal Requirements.

**6.2 Mechanic's Liens.** PWRF will pay or cause to be paid all sums payable by it on account of any labor performed or materials furnished in connection with any work performed on the Land. PWRF will discharge, by bond or otherwise, any mechanic's or materialman's lien filed against the Land for work claimed to have been done for, or materials claimed to have been furnished to, PWRF within thirty (30) days after filing.

**6.3 Ownership of Improvements.** All Improvements shall be owned by and be the property of PWRF. During the Term, no Improvements shall be conveyed, transferred or assigned, except as permitted under Articles 12 and 14.

#### ARTICLE 7. ONGOING VIABILITY; CITY ROFR; SALE OF PROPERTY

**7.1 Ongoing Viability.** If during the Term PWRF determines, in its reasonable business judgement, that for whatever reason, such as unexpected expenses, lack of sufficient public demand, and/or inability to regularly earn adequate revenues, the continued operation of the Museum is no longer viable, then such event shall be referred to as an "Viability Event". If an Viability Event occurs, or is likely to occur, PWRF may elect to terminate this Covenant by providing written notice of the same to City ("Viability Notice"). Within thirty (30) days of the City's receipt of an Viability Notice, the parties shall meet and confer in order to determine what practical measures, if any, may be taken in order to ensure sustainable financial operation of the Museum in the long term. If the parties are unable to mutually agree on a viable plan for future operations within [ ] days of their initial meeting (which timeline may be extended by mutual agreement of the parties), then PWRF will, subject to Section 7.2, be permitted to sell the Land and Improvements. PWRF will work with the City, each acting in good faith, to determine the current fair market value of both the Hambling Conveyed Land and the City Conveyed Land.

**7.2 City ROFR.** If PWRF, pursuant to Section 7.1, receives a bona fide written offer from a third party to purchase the Land and Improvements which PWRF desires to accept ("Offer"), City may elect to purchase the Land and Improvements at the price and on the terms and conditions (except for the time within which to close the transaction, if such time is shorter than that set forth below) as are contained in the Offer ("Right of Purchase") minus the current fair market value of the City Conveyed Land, as determined by the parties. PWRF shall give notice to the City, including delivery to the City of a true and exact copy of the Offer, and allow the City thirty

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(30) days subsequent to City's receipt of such notice ("Offer Period") within which the City may elect to purchase the Land and Improvements from PWRF; and in the event the City so elects to purchase the Land and Improvements, by giving notice of such election to PWRF within the Offer Period, PWRF shall sell the Land and Improvements, to City at the price (minus the current fair market value of the City Conveyed Land) and on the same terms and conditions as are contained in the Offer, except that City shall not be required to close the transaction prior to ninety (90) days following the expiration of the above 30-day period. If City timely elects to acquire the Land and the Improvements, then (a) City shall deposit 5% of the purchase price as earnest money within three (3) business days of the City's election to acquire the Land and Improvements, and (b) closing shall occur within ninety (90) days following City's written election to acquire the Land and Improvements. Notwithstanding the foregoing, unless explicitly agreed by PWRF to the contrary, the ownership of the Museum Property and all personal property of PWRF shall not be included in any sale contemplated herein and shall remain with PWRF in all events.

**7.3 Sale of Property.** In the event the City informs PWRF that it does not desire to exercise its Right or Purchase of fails to exercise its Right of Purchase within the Offer Period, then PWRF shall be permitted to sell the Land and Improvements to a third party on terms substantially similar to those contained in the Offer. The proceeds of such sale shall be allocated between the City and PWRF as follows [NTD: PARTIES TO DISCUSS ALLOCATION MECHANICS]. In addition, as part of such sale, the parties shall enter into a mutually acceptable termination agreement to terminate this Covenant as of the closing date of such sale.

## ARTICLE 8. CASUALTY

### 8.1 The parties agree that:

(a) **Effect of Damage or Destruction.** In the event of any damage or destruction to the Improvements or Land, PWRF, at its sole cost and expense, regardless of the availability of insurance proceeds, but subject to Force Majeure and any permitting requirements of governmental authorities, shall promptly take such action as is reasonably necessary to assure that none of the damaged Land, the damaged Improvements, or damaged Museum Property, nor any part thereof, nor any debris or rubble resulting therefrom (i) impairs or impedes public access through and across the public streets and sidewalks adjacent to the Land, or (ii) constitutes a nuisance or otherwise presents a health or safety hazard. In the event of any damage or destruction to the Land, any Improvements, or Museum Property, PWRF shall, subject to the requirements of the holder of any Mortgage, repair and restore the Land, Improvements, or Museum Property, as applicable. All such repair and restoration shall be performed in accordance with the requirements of this Covenant. Any insurance proceeds from PWRF's insurance payable by reason of damage or destruction shall, subject to the rights of the holder of any Mortgage, be made available to pay the cost of such repair or restoration. In the event of any material damage to or destruction of the Land, any Improvements thereon, or Museum Property (i.e. the cost of repairing or replacing the same equals or exceeds thirty percent (30%) of the fair market value of the Improvements or Museum Property, as applicable, immediately preceding such damage or destruction) ("Major Destruction") from any causes whatever, PWRF shall promptly give written notice thereof to City. In the event (i) Major Destruction occurs within the last five (5) years of the term of this Covenant, (ii) Major Destruction cannot be substantially repaired within eighteen (18) months, (iii) the Museum Property (or portion thereof) is damaged to the extent that continued display to the public as a Museum is no longer feasible, or (iv) the Improvements have been damaged or destroyed by a casualty that was not required to be (and in fact was not) insured against by PWRF and the cost of repair and restoration exceeds ten percent (10%) of the fair market value of PWRF's interest in the Property immediately preceding such damage or destruction, PWRF may elect by written notice to City ("Casualty Termination Notice"), within ninety (90) days after the date of such damage or destruction, to terminate this Covenant. In the event PWRF elects to terminate this Covenant, the Term of this Covenant shall terminate one hundred twenty (120) days after the date of the Casualty Termination Notice ("Casualty Termination Date").

(b) **Disposition of Land.** As of the Casualty Termination Date the City Conveyed Land shall be transferred to the City and the Hambling Conveyed Land shall be transferred to Hambling. To effectuate the foregoing, PWRF shall execute, acknowledge and deliver to (i) City a quitclaim deed confirming that all of PWRF's rights, title and interest in the City Conveyed Land, has vested in City and (ii) Hambling a quitclaim deed confirming that all of PWRF's rights, title and interest in the Hambling Conveyed Land, has vested in Hambling.

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(c) City Purchase Option. Following such transfers, the City may then elect to purchase ("Purchase Option") the Hambling Parcels for a purchase price equal to the greater of (i) the then fair market value of the Hambling Parcels or (ii) the purchase price paid by Hambling (or his affiliate) paid when purchasing the Hambling Parcels from Seventy-Nine Forty, LLC (such amount in (ii) referred to as the "Purchase Price Floor"). In order to exercise its Purchase Right, the City must provide written notice ("Purchase Notice") to PWRF of such election within thirty (30) days of the occurrence of the Project Failure.

Within [ ] days of receipt of the Purchase Notice, PWRF shall inform the City of its reasonable determination of the FMV and the purchase price. If the City objects to PWRF's determination, then the Parties shall meet and confer for up to thirty (30) days ("Negotiation Period") in order to determine a mutually agreeable purchase price. In the event the Parties are unable to agree within the Negotiation Period, then the purchase price shall be determined as follows (but in no event shall be less than the Purchase Price Floor):

(i) Within ten (10) business days of the end of the Negotiation Period, each of the Parties shall select one MAI real estate appraiser with at least ten (10) years' full-time commercial appraisal experience in the greater Snoqualmie, WA area for comparable projects and who is neutral and has not rendered services to either PWRF or City or their respective affiliates within the preceding ten (10) year period (each, an "Appraiser").

(ii) Within ten (10) days after each of the Appraisers have been selected, each Appraiser shall make its respective determination of the FMV, provided, however, that if either Appraiser requests additional information or documentation needed to make its determination of the FMV, such ten (10) day period shall be extended by up to an additional twenty (20) days, and each Party shall cooperate to provide any such requested information and documentation to the applicable Appraiser. The determination of each Appraiser shall be limited solely to the FMV. Neither Appraiser shall have the power to add to, modify, or change any of the provisions of this Agreement.

(iii) Upon a Party's selected Appraiser's determination of the purchase price, such Party shall cause its selected Appraiser to notify the Parties thereof. Upon each Appraiser having made its determination of FMV, the purchase price shall be equal the greater of (A) the mean of the two Appraisers' respective determinations of the FMV (i.e., the average of the two Appraisers' respective determinations of the FMV) or (B) the Purchase Price Floor. Such determination of the purchase price shall be final.

The cost of each Appraiser shall be paid by the Party that selected such Appraiser. Upon determination of the purchase price, the Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer.

(d) Museum Property. Notwithstanding the foregoing, the ownership of the Museum Property and all personal property of PWRF shall remain with PWRF in all events.

**8.2 Insurance Proceeds.** Any insurance proceeds payable from PWRF's insurance shall, subject to the requirements of the holder of any Mortgage, be paid to PWRF. In the event PWRF elects to terminate the Covenant under Section 8.1, PWRF's insurance proceeds under the Improvements Insurance payable by reason of such damage or destruction shall, subject to the rights of the holder of any Mortgage, be made available to pay the cost of PWRF's obligation to surrender the City Conveyed Land to City in accordance with the terms and provisions of Article 8.2 and the balance of such proceeds shall be paid to PWRF. In all events, the proceeds available under the Exhibit Insurance shall be paid to PWRF.

**8.3 Clearing of Property.** In of a Major Destruction and this Covenant is terminated pursuant to Section 8.1, then PWRF shall, prior to surrendering the City Conveyed Land to Land, either (a) make such repairs to the Improvements as are necessary so that the Improvements are structurally sound and in compliance with all Legal Requirements or (b) in the event the keeping the remaining Improvements in place would prevent transfer of the City Conveyed Land, demolish the remaining Improvements and clear the City Conveyed Land of all debris and related hazards. The Casualty Termination Date shall be extended as needed in order for Tenant to satisfy its obligations under this Section 8.3.

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## **ARTICLE 9. CONDEMNATION**

**9.1 Taking.** "Taking" means a taking by condemnation or by the exercise of the power of eminent domain by a public or quasi-public authority or entity, whether or not there is a taking of title, or a conveyance in lieu thereof. If there is a Taking of the entire Land, then this Covenant shall terminate as of the earlier of the date title to the Land is transferred or the date PWRF is dispossessed by the Taking authority. City agrees not to exercise its eminent domain rights with respect to the Land.

**9.2 Termination for Material Interference.** If there is a Taking of part of the Land that in PWRF's reasonable judgment materially interferes with PWRF's ability to use the Land for the purposes set forth herein, which interference cannot be feasibly, economically, operationally or legally remediated, then PWRF shall have the right to terminate this Covenant by giving City notice of its election within sixty (60) days after the Taking. If this Covenant is so terminated, then it shall terminate on the earlier of the date title is transferred, the date PWRF is dispossessed by the Taking authority or thirty (30) days following PWRF's notice; provided that such termination shall in no event extinguish or diminish PWRF's right under Section 9.3 to receive a portion of the award payable on account of the Taking. If the Taking does not materially interfere with PWRF's ability to operate the Land for the purposes set forth in this Covenant, then this Covenant shall continue in full force and effect as to the part not taken, except that PWRF need not operate a Museum or provide the Public Benefits in the space so taken.

**9.3 Taking Award.** The parties are entitled to the following portions of any award or settlement in lieu thereof payable on account of a Taking:

(a) City shall be entitled to all amounts attributable to the value of the City Conveyed Land; and

(b) PWRF shall be entitled to receive all amounts attributable (i) to the value of the Improvements, (ii) the Museum Property; (iii) the Hambling Conveyed Land, and (iv) PWRF's relocation expenses.

## **ARTICLE 10. ACCESS TO LAND**

UPON PRIOR REASONABLE NOTICE, CITY'S AGENTS, EMPLOYEES, AND REPRESENTATIVES SHALL HAVE THE RIGHT TO ACCESS, ENTER AND INSPECT THE LAND AT ANY REASONABLE TIME DURING THE OPERATING HOURS OR WHEN MUSEUM STAFF IS PRESENT ON THE LAND TO ESCORT THE INSPECTOR FOR THE PURPOSE MONITORING COMPLIANCE WITH THIS COVENANT OR FOR ANY OTHER PURPOSE PERMITTED UNDER THE TERMS OF THIS COVENANT. CITY UNDERSTANDS THAT MUSEUM OPERATING REQUIREMENTS PROHIBIT UNACCOMPANIED, UNSUPERVISED ACCESS (INCLUDING INSPECTION), EXCEPT AS SPECIFICALLY PROVIDED HEREIN. IN EXERCISING SUCH RIGHTS, THE PARTIES SHALL COOPERATE AND SHALL TAKE ALL REASONABLE STEPS TO AVOID DISRUPTION OR UNNECESSARY INTERFERENCE WITH PWRF'S USE AND OPERATIONS OF THE MUSEUM.

## **ARTICLE 11. ENVIRONMENTAL**

**11.1 PWRF Obligations.** PWRF agrees that:

(a) Neither PWRF nor its employees, agents, contractors, assignees, tenants, licensees or invitees will use, generate, manufacture, produce, store, release, discharge, or dispose of on, under or about the Land, or transport to or from the Land, any Hazardous Substances except in such quantities as are typically used in connection with the construction, rehabilitation, operation and use of property of a similar sort for the uses permitted under this Covenant and the Development Agreement, and then only in compliance with all Environmental Laws.

(b) PWRF shall give prompt written notice to City of (i) any proceeding or inquiry by any governmental authority known to PWRF with respect to the presence or release of any Hazardous Substance on, in, about or from the Land or relating to any loss or injury resulting from any Hazardous Substance, all caused or alleged to be caused by PWRF or its employees, agents, contractors, assignees, tenants or invitees, (ii) all claims made or threatened by any third party in writing against PWRF with respect to the Land relating to any loss or injury resulting from any Hazardous Substance caused or alleged to be caused by PWRF, (iii) discovery after the date hereof by PWRF of any occurrence or condition on the Land that could cause it to be subject to any restrictions on occupancy or use under any Environmental Law, and (iv) any release of a Hazardous Substance on or from the Land by PWRF.

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### 11.2 Intentionally Omitted.

11.3 Environmental Indemnity. PWRF covenants and agrees to indemnify, protect, defend (by counsel reasonably satisfactory to City), and save City, its employees, agents, members and any successor thereof, harmless against and from any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable attorneys' and experts' fees and disbursements), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by or asserted or awarded against City, its employees, agents, managers and members, and arising directly or indirectly, in whole or in part, from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Land, (i) from and after the Commencement Date, or (ii) which migrate off of the Land (or portion thereof) after the Commencement Date, except that the foregoing indemnity does not include any condition on the City Conveyed Land which pre-existed the Commencement Date or any increase in scope or exacerbation of any such release or threat of release covered in clauses (i) and (ii) above is excluded from the foregoing indemnity if said increase in scope or exacerbation arises out of City's negligence or willful misconduct.

City covenants and agrees to indemnify, protect, defend (by counsel reasonably satisfactory to PWRF), and save PWRF, its employees, agents, members and any successor thereof, harmless against and from any and all claims, losses, damages, liabilities, fines, penalties, charges, administrative and judicial proceedings and orders, judgments, remedial action requirements, enforcement actions of any kind, and all costs and expenses incurred in connection therewith (including, without limitation, remediation costs, environmental assessment costs, governmental compliance costs, and reasonable attorneys' and experts' fees and disbursements), known or unknown, foreseen or unforeseen, which may at any time be imposed upon, incurred by or asserted or awarded against PWRF, its employees, agents, managers and members or the Land or any portion thereof and arising directly or indirectly, in whole or in part, from or out of any Hazardous Substances on, in, under or affecting all or any portion of the Land (i) which existed on the City Conveyed Land at any time prior to the Commencement Date, or (ii) which migrate onto the Land hereafter from any other property owned by City, except that any increase in scope or exacerbation of any such release or threat of release covered above is excluded from the foregoing indemnity if said increase in scope or exacerbation arises out of PWRF's gross negligence or willful misconduct.

## **ARTICLE 12. ASSIGNMENT AND SUBLETTING**

12.1 No Transfer Without City's Consent. Except for Permitted Transfers, PWRF shall not directly or indirectly, in whole or in part, voluntarily or by operation of law, sell, assign, encumber, pledge or otherwise transfer or hypothecate its interest in or rights with respect to the Land or the Improvements (any of the foregoing being herein referred to as a "Transfer") without the prior express written consent of City, which shall not be unreasonably withheld, conditioned or delayed and no Transfer (whether voluntary or involuntary, by operation of law or otherwise) shall be valid or effective without such prior written consent. Any attempted Transfer in violation of this Covenant shall be null and void at City's option. Should City consent to a Transfer, (i) such consent shall not constitute a waiver of any of the restrictions or prohibitions of this Covenant, including any then-existing Event of Default or breach, and such restrictions or prohibitions shall apply to each successive Transfer, and (ii) unless otherwise agreed by the parties, such Transfer shall relieve the transferring PWRF of its liability under this Covenant and such transferring PWRF shall be released from performance of any of the terms, covenants and conditions of this Covenant upon such Transfer, and thereafter the assignee PWRF shall be liable under this Covenant.

12.2 Permitted Transfers. Notwithstanding the provisions of Section 12.1, the following transactions ("Permitted Transfers") shall not require the consent of City:

(a) the transfer of any ownership interests in PWRF to any Affiliate of PWRF or from one owner of ownership interests in PWRF to another owner of ownership interests in PWRF; or

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(b) the assignment of this Covenant, PWRF's interest in the Land and or any Lease of the Land (or portion thereof) to any Affiliate of PWRF or any Lease to any retail or commercial tenant or licensee who is providing food or retail services to the Museum; or

(c) the merger, consolidation, restructuring or sale of substantially all of the assets of PWRF or any Affiliate of PWRF, provided that the resulting entity has a net worth, calculated in accordance with GAAP, equal to or greater than the net worth of PWRF immediately prior to such transaction; or

(d) the assignment to any trustee by way of a deed of trust in favor of any Mortgagee, for the purpose of creating a Mortgage, or to any such Mortgagee or other purchaser in connection with a foreclosure of a Mortgage; or

(e) intentionally omitted; or

(f) a mere change in the form, method or status of ownership (including, without limitation, the creation of single purpose entities) so long as the ultimate beneficial ownership interest of PWRF remains the same as that on the Commencement Date or as otherwise permitted in accordance with this Section 12.2 above; or

(g) any transfer resulting from a Taking.

### ARTICLE 13. DEFAULTS

13.1 **Default.** The occurrence of any of the following events shall constitute an event of default ("Event of Default") hereunder:

(a) if PWRF fails in any material respect to observe or perform any covenant, condition, agreement or obligation hereunder not addressed by any other event described in this Section 13.1, and, to the extent such failure is susceptible to cure, PWRF shall fail to cure, correct or remedy such failure within sixty (60) calendar days after the receipt of written notice thereof; provided, however, if such failure cannot be cured by the payment of a sum certain to City (or other required payee), then, if such failure is susceptible to cure, but cannot with due diligence be cured within such sixty (60) day period, the time within which PWRF may cure such failure shall be extended so long as PWRF proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within a reasonable period of time; or

(b) if PWRF abandons the Land and or any substantial portion thereof and such abandonment is not cured within sixty (60) calendar days following written notice from City.

### 13.2 **Rights and Remedies.**

(a) Upon the occurrence of any Event of Default herein (including the expiration of all applicable notice and cure periods) City, subject in all respects to (i) the provisions of this Covenant with respect to City's rights to cure defaults by PWRF and (ii) the rights of the holder of any Mortgage, shall have the right to pursue any and all remedies available at law or in equity including, without limitation, a preliminary or permanent injunction, specific performance or other equitable relief; actual (but not special, consequential or punitive) damages; and/or termination of this Covenant.

(b) No default in the performance of the terms, covenants or conditions of this Covenant on the part of PWRF shall be deemed to continue if and so long as PWRF shall be delayed in or prevented from remedying the same due to Force Majeure; but if and when the occurrence or condition which delayed or prevented the remedying of such default shall cease or be removed, it shall be the obligation of PWRF without further delay, to commence the correction of such default or to continue and complete the correction thereof.

(c) The defaulting party shall be liable for the reasonable legal expenses (including reasonable attorneys' fees) of the non-defaulting party in connection with the remedying of any Event of Default under this Covenant or any termination of this Covenant where such collection, remedying or termination results from an Event of Default, as finally determined by a court of competent jurisdiction. If a default is alleged and it shall be determined that no Event of Default exists the court may, in its discretion, determine that the alleging party shall be liable for the legal costs and expenses (including reasonable attorneys' fees) of the other party in defending such claim.

(d) Notwithstanding anything to the contrary set forth in this Covenant, City, for itself and for

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**Deleted:** <#>Assignment by Landlord. If Landlord sells or otherwise transfers the Land, or if Landlord assigns its interest in this Lease, such purchaser, transferee or assignee thereof shall be deemed to have assumed Landlord's obligations hereunder which arise on or after the date of sale or transfer, and Landlord shall thereupon be relieved of all liabilities hereunder accruing from and after the date of such transfer or assignment, but this Lease shall otherwise remain in full force and effect.¶

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if Tenant...f PWRF fails in any material respect to observe or perform any covenant, condition, agreement or obligation

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each and every succeeding owner of the Land or Improvements, agrees that it shall never be entitled to seek a personal judgment against PWRF's member(s), and that upon any Event of Default hereunder, the rights of City to enforce the obligations of PWRF, its successors or assigns, or to collect any judgment, shall be limited to specific performance, the termination of this Covenant and/or to collection from the assets of PWRF and the enforcement of any other equitable rights and remedies specifically granted to City hereunder.

**13.3 Termination of Covenant for PWRF's Default.** Upon a termination of this Covenant pursuant to Section 13.2(a), all of PWRF's right, title and interest in the Land, Improvements, and any Alterations shall cease and terminate, and title to the Improvements shall immediately vest in City. No further deed or other instrument shall be necessary to confirm the vesting in City of title to the Land, Improvements, and any Alterations. However, upon any such termination of this Covenant, PWRF, upon request of City, shall execute, acknowledge and deliver to City a quitclaim deed confirming that all of PWRF's rights, title and interest in the Land, Improvements, and any Alterations has expired and that title thereto has vested in City. Notwithstanding the foregoing, the ownership of the Museum Property and all personal property of PWRF shall remain with PWRF in all events.

**13.4 Remedies Cumulative.** Unless otherwise specifically provided in this Covenant, no remedy herein shall be exclusive of any other remedy or remedies, and each such remedy shall be cumulative and in addition to every other remedy; and every power and remedy given by this Covenant may be exercised from time to time and as often as may be deemed expedient by either party. No delay or omission by City to exercise any right or power accruing upon any Event of Default shall impair any such right or power or shall be construed to be a waiver of any such Event of Default or acquiescence thereto.

#### ARTICLE 14. MORTGAGES

**14.1 Right to Encumber.** Notwithstanding the provisions of Article 12 regarding Transfers of this Covenant, but subject to the provisions of this Article 14, PWRF shall have the right at any time and from time to time to encumber the Land and Improvements by a mortgage, deed of trust or other security instrument (any such mortgage, deed of trust, or other security instrument that satisfies the requirements of this Article 14 being herein referred to as a "Mortgage") to secure repayment of a loan (and associated obligations) made to PWRF for the purpose of financing the construction of any Improvements or for the long-term financing of any such Improvements.

**14.2 Required Notice.** Each time PWRF shall mortgage PWRF's interest in the Property, PWRF shall require the holder of such Mortgage to provide City with notice of such Mortgage, together with a true the name and address of the Mortgagee. Following receipt of such notice by City, the provisions of this Section 14 shall apply in respect to such Mortgage. In the event of any assignment of a Mortgage or in the event of a change of address of a Mortgagee or of an assignee of such Mortgagee, notice of the new name and address shall be provided to City. PWRF shall thereafter with reasonable promptness also provide City from time to time with a copy of each material amendment, modification or supplement to such instruments.

**14.3 Acknowledgement of Notice.** If requested by the terms of such notice, City shall promptly upon receipt of a communication purporting to constitute the notice provided for by Section 14.4 acknowledge in writing receipt of such communication as constituting the notice provided for by this Section, or in the alternative, notify PWRF and the Mortgagee of the rejection of such communication as not conforming with the provisions of this Section and specify the basis of such rejection.

**14.4 Protection of Mortgagees.** If PWRF shall mortgage PWRF the Land in compliance with the provisions of this Section 14, then so long as any such Mortgage shall remain unsatisfied of record, the following provisions shall apply:

(a) **Consent.** No cancellation, surrender or modification of this Covenant shall be effective as to any Mortgagee unless consented to in writing by such Mortgagee, except that such consent shall not be required with respect to a termination of this Covenant in accordance with this Section 14, or in accordance with Section 8 and 9 upon certain casualty events or condemnation.

(b) **Notice of Default.** City, upon providing PWRF any notice of (a) any default under this Covenant, (b) a termination of this Covenant, or (c) a matter on which City may predicate or claim a default, shall at the same time provide a copy of such notice to every Mortgagee of which City has been provided notice in accordance with Section 14.4 hereof. City shall have no liability for the failure to give any such notice, except that no such notice

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**Termination of Lease for Tenant's Default.** Upon a termination of this Lease pursuant to Section 13.2(a), Tenant shall promptly quit and surrender the Premises to Landlord, without cost to Landlord.¶

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by City to PWRF shall be deemed to have been duly given unless and until a copy thereof has been so provided to every Mortgagee of which City has been provided notice in accordance with Section 14.4 hereof. From and after such notice has been given to a Mortgagee, such Mortgagee shall have the same period, after the giving of such notice upon it, for remedying any default or acts or omissions which are the subject matter of such notice, or causing the same to be remedied, as is given PWRF after the giving of such notice to PWRF, plus in each instance, the additional periods of time specified in Sections 14.6(c) and 14.7 hereof to remedy, commence remedying or cause to be remedied, the defaults or acts or omissions which are specified in such notice. City shall accept such performance by or at the instigation of such Mortgagee as if the same had been done by PWRF. PWRF authorizes each Mortgagee to take any such action at such Mortgagee's option and does hereby authorize entry upon the Land by the Mortgagee for such purpose.

(c) **Second Notice to Mortgagee.** Anything contained in this Covenant to the contrary notwithstanding, if any Event of Default shall occur which entitles City to terminate this Covenant, City shall have no right to terminate this Covenant unless, following the expiration of the period of time given PWRF to cure such Event of Default or the act or omission which gave rise to such Event of Default, City shall notify every Mortgagee of City's intent to so terminate at least thirty (30) days in advance of the proposed effective date of such termination if the nature of such Event of Default is the failure to pay a sum of money to City and at least ninety (90) days in advance of the proposed effective date of such termination in the event of any other Event of Default. The provisions of Section 14.7 hereof shall apply only if, during such thirty (30) or ninety (90) day termination notice period, any Mortgagee shall:

(i) Notify City of such Mortgagee's desire to nullify such Notice; and

(ii) Pay or cause to be paid all amounts (i) then due and in arrears as specified in the termination notice to such Mortgagee and (ii) any of the same which become due during such thirty (30) or ninety (90) day period as and when they become due; and

(iii) Comply with all non-monetary requirements of this Covenant then in default and reasonably susceptible of being complied with by such Mortgagee; provided, however, that such Mortgagee shall not be required during such thirty (30) or ninety (90) day period to cure or commence to cure any Event of Default consisting of (i) PWRF's failure to satisfy and discharge any lien, charge or encumbrance against PWRF's interest in the Land junior in priority to the lien of the mortgage held by such Mortgagee, or (ii) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Mortgagee, such as, by way of example only, the bankruptcy of PWRF or a court-ordered stay or injunction. If such Mortgagee has not completed the cure within three hundred sixty five (365) days after the later to occur of (A) the receipt of City's termination notice or (B) three hundred sixty five (365) days after the date that any court with jurisdiction over PWRF or the Land releases any stay, order or injunction, City shall have the right to terminate this Covenant upon written notice to PWRF and such Mortgagee.

(iv) If more than one Mortgagee notifies City of such Mortgagee's desire to nullify such notice, the Mortgagee whose Mortgage is prior in lien (as determined in accordance with Section 14.9) shall have the right to nullify such notice and City without liability to PWRF or any Mortgage with a subordinate lien shall accept the cure tendered by the Mortgagee whose Mortgage is prior in lien.

#### **14.5 Procedure on Default.**

(a) **Cure of Default.** If City shall elect to terminate this Covenant by reason of any Event of Default, and a Mortgagee shall have proceeded in the manner provided for by Section 14.6(c), this Covenant shall not be deemed terminated so long as such Mortgagee shall:

(i) Continue its good faith efforts to perform all of PWRF's other obligations under this Covenant excepting (A) obligations of PWRF to satisfy or otherwise discharge any lien, charge or encumbrance against PWRF's interest in the Land junior in priority to the lien of the Mortgage held by such Mortgagee, and (B) past non-monetary obligations then in default and not reasonably susceptible of being cured by such Mortgagee; and

(ii) If not enjoined or stayed, take steps to acquire or sell PWRF's interest in the Land by foreclosure of the Mortgage or other appropriate means and prosecute the same with due diligence within the time period described in Section 14.6(c)(iii). Nothing in this Section 14.7(a), however, shall be construed to extend this Covenant beyond the original Term hereof, nor to require a Mortgagee to continue such foreclosure proceedings after

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the Event of Default has been cured. If the Event of Default shall be cured and the Mortgagee shall discontinue such foreclosure proceedings, this Covenant shall continue in full force and effect as if PWRF had not defaulted under this Covenant.

(b) Covenant Remains in Effect. If a Mortgagee is complying with Section 14.7(a), upon the acquisition of the Land by such Mortgagee or its designee or any other purchaser at a foreclosure sale or otherwise and the discharge of any lien, charge or encumbrance against the Land which is junior in priority to the lien of the Mortgage held by such Mortgagee and which PWRF is obligated to satisfy and discharge by reason of the terms of this Covenant, this Covenant shall continue in full force and effect as if PWRF had not defaulted under this Covenant.

(c) Assumption of Covenant. The making of a Mortgage shall not be deemed to constitute an assignment or transfer of PWRF's interest under this Covenant or of the Land, nor shall any Mortgagee, as such, be deemed to be an assignee or transferee of PWRF's interest under this Covenant or of the Land so as to require such Mortgagee, as such, to assume the performance of any of the terms, covenants or conditions on the part of PWRF to be performed hereunder. Notwithstanding the foregoing, the purchaser at any sale of PWRF's interest in the Land in any proceedings for the foreclosure of any Mortgage, or the assignee or transferee of the Land under any instrument of assignment or transfer in lieu of the foreclosure of any Mortgage, including, without limitation, a Mortgagee, shall be deemed to be an assignee or transferee within the meaning of this Section 14.7 and shall be deemed to have agreed to perform all of the terms, covenants and conditions on the part of PWRF to be performed hereunder from and after the date of such purchase and assignment only for as long as such purchaser or assignee is the holder of owner of the Land.

**14.6 Intentionally Omitted.**

14.7 Conflicting Priorities. If more than one Mortgagee shall seek to nullify a notice in accordance with Section 14.6(c)(iv) above, the Mortgagee whose Mortgage is prior in lien, or with the designee of such Mortgagee, shall have the right to nullify such notice, City, without liability to PWRF or any Mortgagee with an adverse claim, may rely upon a mortgagee title insurance policy issued by a responsible title insurance company doing business in the state where the Land is located as the basis for determining the appropriate Mortgagee who is entitled to nullify such notice.

14.8 Certain Defaults. Nothing herein contained shall require any Mortgagee or its designee as a condition to its exercise of rights hereunder to cure any Event of Default which by its terms is not reasonably susceptible of being cured by such Mortgagee or such designee in order to comply with the provisions of Sections 14.6 or 14.7. The financial condition of any Mortgagee or successor to PWRF's interest under this Covenant shall not be a consideration in the determination of the reasonable susceptibility of cure of such Event of Default. No Event of Default, the cure of which, and no obligation of PWRF, the performance of which, requires possession of the Land shall be deemed reasonably susceptible of cure or performance by any Mortgagee or successor to PWRF's interest under this Covenant not in possession of the Land, provided such holder is complying with the requirements described in Section 14.7(a)(ii) hereof and, upon obtaining possession, promptly proceeds to cure any such Event of Default then reasonably susceptible of cure by such Mortgagee or successor. No Mortgagee shall be required to cure the bankruptcy, insolvency or any related or similar condition of PWRF.

14.9 Eminent Domain. PWRF's share, as provided in Section 9 of this Covenant, of the proceeds arising from an exercise of the power of eminent domain shall, subject to the provisions of Section 9, be disposed of as provided for by any Mortgagee.

14.10 Insurance. A standard mortgagee clause naming each Mortgagee may be added to any and all insurance policies required to be carried by PWRF hereunder.

14.11 Legal Proceedings. City shall give each Mortgagee of which City has written notice prompt notice of any dispute resolution or legal proceedings between City and PWRF involving obligations under this Covenant. Each such Mortgagee shall have the right to intervene, within sixty (60) days after receipt of such notice of dispute resolution or legal proceedings, in any such proceedings and be made a party to such proceedings, and the parties hereto do hereby consent to such intervention. Any intervening Mortgagee shall be bound by the outcome of such proceedings. In the event that any Mortgagee shall not elect to intervene or become a party to any such proceedings, City shall give the Mortgagee notice of, and a copy of any award or decision made in any such proceedings, which shall be binding on all Mortgagees not intervening after receipt of Notice of such proceedings.

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#### 14.12 Intentionally Omitted.

14.13 Notices. Notices from City to the Mortgagee shall be mailed to the address furnished City pursuant to Section 14.4 and those from the Mortgagee to City shall be mailed to the address designated pursuant to the provisions of Section 16 hereof, as the same may be amended from time to time. All notices from any Mortgagee or City shall be given in the manner described in Section 32 and shall in all respects be governed by the provisions of that section.

14.14 Covenant Amendments or Recognition Agreement Requested by Mortgagee. In the event PWRF seeks to obtain or modify a Mortgage, and the applicable Mortgagee desires amendments to this Section 14 or desires to enter into a recognition agreement with City, then City agrees to negotiate in good faith any commercially reasonable amendment or recognition agreement; provided that the form and content of such amendment or recognition agreement is not unreasonable and that such proposed amendment or recognition agreement does not adversely affect the rights of City hereunder or its interest in the Land, as determined by City in its reasonable discretion. All reasonable expenses incurred by City in connection with any such amendment or recognition agreement shall be paid by PWRF.

14.15 City Purchase Right. In the event a Mortgagee desires to transfer the Land and Improvements by foreclosure sale, accept a deed in lieu of foreclosure, or acquire PWRF's interest in this Covenant by other means, the Mortgagee shall provide City no less than thirty (30) days prior written notice of its intention to exercise such right and City shall have the right exercisable within thirty (30) days after receipt of such written notice to elect to acquire the entire interest in the loan and the Mortgage for a price equal to the sum of the outstanding unpaid balance of the loan secured by the Mortgage, together with any other amounts due and unpaid under the Mortgage. The closing of the acquisition of the loan (the "Closing") shall occur within thirty (30) days after the date of the election through escrow at a title company selected by City and reasonably acceptable to Mortgagee. At the Closing, City shall deliver to the Mortgagee through escrow the purchase price for the loan, and Mortgagee shall assign to City all of its right, title and interest in the loan and the Mortgage pursuant to documentation reasonably satisfactory to City and the Mortgagee. If City fails to deliver into escrow the required funds with said thirty (30) day period with instructions to deliver said funds to Mortgagee conditioned only upon receipt of the documentation necessary to enable the title company to insure City as the sole beneficiary of the Mortgage, the Mortgagee shall be entitled to pursue its rights to acquire or transfer the Land pursuant to the Mortgage. If City delivers said funds as required herein, the Mortgagee's rights under this Covenant and the Mortgage shall terminate and be of no further force and effect.

#### ARTICLE 15. INTENTIONALLY OMITTED

#### ARTICLE 16. NOTICES

Any and all notices, consents, approvals and other communications required or permitted under this Covenant shall be deemed adequately given only if in writing delivered either in hand, by mail or by expedited commercial carrier which provides evidence of delivery or refusal, addressed to the recipient, postage prepaid and certified or registered with return receipt requested, if by mail, or with all freight charges prepaid, if by commercial carrier. All notices and other communications shall be deemed to have been given for all purposes of this Covenant upon the date of receipt or refusal. All such notices and other communications shall be addressed to the parties at their respective addresses set forth below or at such other addresses as any of them may designate by notice to the other party:

If to City: City of Snoqualmie  
c/o City Administrator  
P.O. Box 987  
Snoqualmie, WA 98065

If to PWRF: \_\_\_\_\_

With a copy to: Pacifica Law Group LLP  
1191 2<sup>nd</sup> Ave., Suite 2000

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**Deleted:** <#>No Merger. So long as any Leasehold Mortgage is in existence, unless all Leasehold Mortgagees shall otherwise expressly consent in writing, the fee title to the Premises and the leasehold estate of Tenant therein created by this Lease shall not merge but shall remain separate and distinct, notwithstanding the acquisition of said fee title and said leasehold estate by Landlord or by Tenant or by a third party, by purchase or otherwise.¶

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Seattle, WA 98101  
Attn. B. Gerald Johnson

#### ARTICLE 17. MISCELLANEOUS

**17.1 No Partnership.** Nothing contained in this Covenant shall create any partnership, joint venture or other relationship between PWRF and City. It is the intent of the parties that this Covenant creates a restriction on the use of the Land and the relationship between the parties if one of grantor and grantee only.

**17.2 Severability.** This Covenant shall bind and inure to the benefit of City, its successors and assigns, PWRF, and its successors and assigns.

**17.3 Construction.** City and PWRF agree that all the provisions hereof are to be construed as covenants and agreements as though the words importing such covenants and agreements were used in each separate section thereof.

**17.4 Performance Under Protest.** In the event of a dispute or difference between City and PWRF as to any obligation which either may assert the other is obligated to perform or do, then the party against whom such obligation is asserted shall have the right and privilege to carry out and perform the obligation so asserted against it without being considered a volunteer or deemed to have admitted the correctness of the claim, and shall have the right to bring an appropriate action at law, equity or otherwise against the other for the recovery of any sums expended in the performance thereof and in any such action, the successful party shall be entitled to recover in addition to all other recoveries such reasonable attorneys' fees as may be awarded by the court.

**17.5 No Waiver.** Failure of either party to complain of any act or omission on the part of the other party, no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights hereunder. No waiver by either party at any time, express or implied, of any breach of any provision of this Covenant shall be deemed a waiver of a breach of any other provision of this Covenant or a consent to any subsequent breach of the same or any other provision. If any action by either party shall require the consent or approval of the other party, the other party's consent to or approval of such action on any one occasion shall not be deemed a consent to or approval of said action on any subsequent occasion or a consent to or approval of any other action on any subsequent occasion.

**17.6 Headings.** The headings used for the various articles and sections of this Covenant are used only as a matter of convenience for reference, and are not to be construed as part of this Covenant or to be used in determining the intent of the parties of this Covenant.

**17.7 Partial Invalidity.** If any term, covenant, provision or condition of this Covenant or the application thereof to any person or circumstance shall be declared invalid or unenforceable by the final ruling of a court of competent jurisdiction having final review, the remaining terms, covenants, provisions and conditions of this Covenant and their application to persons or circumstances shall not be affected thereby and shall continue to be enforced and recognized as valid agreements of the parties, and in the place of such invalid or unenforceable provision there shall be substituted a like, but valid and enforceable, provision mutually agreeable to City and PWRF which comports to the findings of the aforesaid court and most nearly accomplishes the original intention of the parties.

**17.8 Bind and Inure.** Unless the context requires otherwise, the words "City" and "PWRF" shall be construed to mean the original parties, their respective permitted successors and assigns and those claiming through or under them respectively. Subject to the provisions of Section 12.1, the agreements and conditions in this Covenant contained on the part of PWRF to be performed and observed shall be binding upon PWRF and its permitted successors and assigns and shall inure to the benefit of City and its permitted successors and assigns, and the agreements and conditions in this Covenant contained on the part of City to be performed and observed shall be binding upon City and its permitted successors and assigns and shall inure to the benefit of PWRF and its successors and assigns. No holder of a Mortgage shall be deemed to be the holder of said Interest until such holder shall have acquired indefeasible title to said Interest.

**17.9 Time of Essence.** Time is of the essence of this Covenant and of all provisions hereof.

**Deleted: <#>MEMORANDUM OF AGREEMENT ¶**

This Lease shall not be recorded except as permitted in this Article 17. The parties shall promptly execute and record, at Tenant's cost, a short form memorandum of lease describing the Premises and stating the Term, Commencement Date, and any other information the parties reasonably agree to include and/or is necessary for any financing with respect to the Premises. ¶

**Deleted: <#>Signage.** Tenant shall have the right, at its sole cost, to install and display signage in and around the Premises. Any signage installed by Tenant shall be in compliance with Legal Requirements. ¶

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CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

**17.10 Entire Agreement.** Together with the Development Agreement, this Covenant contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein. This Covenant may not be amended, changed, modified or altered, except by an instrument in writing duly executed by City and PWRF (or their successors in title) upon approval by the City Council.

**17.11 Authority.** Each party hereto warrants that it has the authority to enter into this Covenant and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Covenant, warrant that they have the authority to bind the respective parties.

**17.12 Consents and Approvals.** In any instance when either party's consent or approval is required under this Covenant, such consent or approval shall not be unreasonably withheld, conditioned or delayed. No permission, consent, or approval of City contained herein or given pursuant to this Covenant is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with Legal Requirements, nor shall any such consent or approval be construed to authorize any failure to comply with such Legal Requirements.

**17.13 Governing Law; Jurisdiction and Venue.** This Covenant, and the rights and obligations of the parties hereunder, shall be governed by and construed in accordance with the laws of the State of Washington. City and PWRF each hereby consent to personal jurisdiction in the state and federal courts located in the State of Washington. Except as otherwise required by applicable law, any action arising under this Covenant shall be brought and maintained in the Superior Court of the State of Washington in and for King County. City and PWRF each consent and agree that venue is proper in such court, and City and PWRF each waive any defense or right to seek dismissal or transfer on grounds of improper or inconvenient venue.

**17.14 Exhibits.** Exhibits A through C attached hereto are hereby incorporated herein and made a part of this Covenant.

**17.15 Dispute Resolution.** In the event of a dispute arising out of this Covenant, the parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the City Manager of City and the executive director or board chair of PWRF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. City and PWRF agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally by City and PWRF.

**17.16 Limitation on Third Party Rights.** Nothing in this Covenant expressed or implied is intended or shall be construed to give to any person other than City or PWRF any legal or equitable right, remedy or claim under or in respect of this Covenant or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of City and PWRF.

**17.17 Counterparts.** This Covenant may be executed in counterparts for the convenience of the parties, and such counterparts shall together constitute one Covenant.

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2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

SIGNATURE PAGE TO ~~C~~COVENANT

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IN WITNESS WHEREOF, the parties have hereunto set their signatures to this ~~C~~covenant as of the date first written above.

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~~C~~CITY:

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CITY OF SNOQUALMIE,  
a ~~m~~municipal corporation ~~o~~organized under the laws of the State of Washington

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

~~P~~PWRE:

**Deleted:** TENANT

PACIFIC WEST RAIL FOUNDATION,  
a Washington nonprofit corporation

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Signature Page to Covenant

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

STATE OF WASHINGTON

COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and he/she/they acknowledged that he/she/they signed this instrument, on oath stated that he/she/they was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_

My appointment expires \_\_\_\_\_

STATE OF WASHINGTON

COUNTY OF KING

ss.

I certify that I know or have satisfactory evidence that \_\_\_\_\_ is the person who appeared before me, and he/she/they acknowledged that he/she/they signed this instrument, on oath stated that he/she/they was authorized to execute the instrument and acknowledged it as the \_\_\_\_\_ of \_\_\_\_\_, a \_\_\_\_\_, to be the free and voluntary act of such entity for the uses and purposes mentioned in the instrument.

Dated this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_.

\_\_\_\_\_  
(Signature of Notary)

\_\_\_\_\_  
(Legibly Print or Stamp Name of Notary)

Notary public in and for the state of Washington, residing at \_\_\_\_

My appointment expires \_\_\_\_\_

Acknowledgement Page to Covenant



CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

EXHIBIT A  
LEGAL DESCRIPTION

[to be attached]

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Exhibit A

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

EXHIBIT B-1  
~~CITY CONVEYED LAND~~

[to be attached]

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Exhibit B

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

EXHIBIT B-2  
CITY CONVEYED LAND

[to be attached]

Exhibit B

CONFIDENTIAL AND PRIVILEGED ATTORNEY WORK PRODUCT -  
2024-08-02 Compare Use Covenant to Ground Lease - **SUBJECT TO CLIENT**

EXHIBIT C  
PUBLIC BENEFITS

1) Creation and operation of a new tourist destination and point of attraction for local residents and guests, which shall be open during the Operating Hours, provided, however, **PWRF** may, in its reasonable discretion, offer limited hours in which it is open to the public on holiday adjacent days (e.g. New Year's Eve, Christmas Eve, Friday following Thanksgiving).

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2) Driving additional economic activity to City businesses, including restaurants, hotels, and retail stores, thereby promoting the prosperity of the business community and increasing City tax revenues. Provided, however, for the purposes of clarity and the avoidance of doubt, **PWRF** makes no representations related to any level of additional economic activity and shall have no obligation regarding the same (other than operating the Museum as contemplated herein).

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3) During the Term, **PWRF** agrees to make the Museum available to **City** for **City**-planned events up to two (2) times per calendar year ("City Events"). **City** shall be responsible for the costs of the City Events, provided, however, there shall be no event fee, license fee, or other amount due to **PWRF** unless the parties mutually agree otherwise. The parties acknowledge and agree that each City Event shall not exceed eight (8) hours, inclusive of set-up and take-down time. **City** and **PWRF** shall reasonably cooperate with each other to schedule the City Events, and Museum will be closed to the public during each City Event. **City** shall comply with **PWRF's** reasonable rules and regulations during City Events.

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Exhibit C

**DEVELOPMENT AGREEMENT**

**BY AND BETWEEN**

**CITY OF SNOQUALMIE,  
A WASHINGTON MUNICIPAL CORPORATION**

**AND**

**PACIFIC WEST RAIL FOUNDATION,  
A WASHINGTON NONPROFIT CORPORATION**

**DATED: \_\_\_\_\_, 2024**

**Deleted: 2023**

**THIS DEVELOPMENT AGREEMENT** (the “Agreement”) is dated as of \_\_\_\_\_, 2024 and is by and between the CITY OF SNOQUALMIE (the “City”), a municipal corporation organized under the laws of the State of Washington, and the PACIFIC WEST RAIL FOUNDATION, a Washington nonprofit corporation (“PWRF”), collectively, the “Parties”.

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### RECITALS

The following facts and circumstances form the background of this Agreement:

WHEREAS, the Pacific West Rail (“PWR”) is a model railroad layout that depicts fourteen different locations across the western United States within the timeframe of the early 1900’s to the late 1960s. It was created by the country’s preeminent model rail designer and reflects actual locations, accurately modeled with the highest degree of realism, with sound and lighting for different times of day and night and topography finished with materials from each of the locations. The collection includes 100 engines, 125 passenger cars and 550 freight cars running on one half-mile of tracks though miniature dioramas set in these recognizable landmark locations throughout the West. Some ten (10) major railroad lines are represented within the areas that they serve or served. The system is controlled by a command center using highly sophisticated software that runs the trains autonomously for hours with programming. Three (3) full-time staff are employed to maintain and operate the model; and

WHEREAS, it is one of the largest model railroads and one of, if not the finest in the United States in its faithful creation of real world railroads in their respective locations. Its multimillion dollar value has been determined by a highly-regarded, experienced professional and is indisputably a one-of-a-kind fully operational collection; and

WHEREAS, its founder and owner, local resident and entrepreneur Peter Hambling (“Hambling”), always has intended to share the PWR with the public in a suitable venue in an appropriate location; and

WHEREAS, Hambling has formed the nonprofit PWRF to which he intends to donate the model railroad in its entirety if and when a publicly accessible museum can be established to house it; and

WHEREAS, the City enjoys a rich railroad history and also is the home to the legacy Snoqualmie Valley Railroad (“SVR”); and

WHEREAS, the PWRF has indicated that it intends that its museum would, ideally in close and respectful collaboration with the Snoqualmie Tribe if it is located in Snoqualmie, suitably convey the deleterious impact the extension of the transcontinental railroads had on Tribal Nations and Indigenous People across the Western United States. Toward that end it expects that museum exhibitry will include candid, informative and respectful explanations, based on information available to the museum, of that impact in order that the public may begin to comprehend this dimension of the arrival of the railroads in the Puget Sound region; and

**Deleted:** WHEREAS, the City has expressed a keen interest in providing land for the construction of PWRF’s museum adjacent to tracks of the SVR, enabling real-time comparison between the actual and the model; and ¶

WHEREAS, Hambling has engaged the well-known Olson Kundig architectural firm to design the publicly accessible museum; and

**Deleted:** WHEREAS, the City and PWRF have negotiated a mutually acceptable Ground Lease of certain City property for the proposed site of the museum and providing for its operation by PWRF once constructed; and ¶

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WHEREAS, after exploring the possibility of locating the new museum on a site west of the Snoqualmie central business district, Hambling and City leadership have settled on a location (the “Site”) in downtown Snoqualmie across the street from the Historic Snoqualmie Depot; and

WHEREAS, the Site (shown on Exhibit A) consists of four (4) contiguous parcels, two (2) of which the City recently re-acquired from a former prospective developer (the “City Parcels”) and another two (2) that Hambling intends to purchase (the “Hambling Parcels”), which, together with the unimproved street rights-of-way separating and adjacent to the properties will provide a highly desirable location for the new museum; and

WHEREAS, the City also has indicated it will vacate the City street rights-of-way separating the Hambling and City parcels as well as the right-of-way immediately east of such parcels for museum development purposes, the practical effect of which will be to enlarge both sets of adjacent parcels, each by one half of the vacated street rights-of-way; and

WHEREAS, the City and the PWRF also have negotiated this mutually acceptable Agreement under which PWRF will be responsible for raising the funding needed to construct the

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museum designed by the Olson Kundig firm. When funding has been secured, PWRF will build the museum as designed and approved by the City; and

WHEREAS, if the Project proceeds as conceived under this Agreement, 1) Hambling will purchase the Hambling Parcels; 2) the City will vacate the involved street rights-of-way; 3) Hambling will donate the Hambling Parcels, increased in size by their respective shares of the vacated street rights-of-way, to the PWRF; and 4) the City will transfer ownership of the City Parcels, also as increased in size by the vacated street rights-of-way, to the PWRF, subject to a covenant pursuant to which the PWRF agrees to operate the new public museum for a period of not less than fifty (50) years; and

**Deleted:** WHEREAS, Hambling and his spouse have executed a Contingent Gift Agreement under which they will give the PWR model railroad to the PWRF upon completion of the Olson Kundig designed museum on the site proposed to be leased to the Foundation by the City, ¶

WHEREAS, in its Ordinance No. \_\_\_\_\_, the City Council authorized the City Manager to execute this Agreement conditioned upon Hambling's execution of an Agreement of Purchase and Sale (the "Purchase Agreement") of the Hambling Parcels acceptable to the City substantially in the form attached as Exhibit B hereto; and

WHEREAS, Hambling agrees to purchase the Hambling Parcels pursuant to such Agreement of Purchase and Sale upon the satisfaction of certain contingencies, as further identified herein; and

WHEREAS, Peter and Lorrie Hambling agree to execute concurrently with Hambling's purchase of the Hambling Parcels, a Contingent Gift Agreement with PWRF (the "Hambling Gift Agreement") to convey the PWR model railroad and the Hambling Parcels, increased in size by

the vacated street rights-of-way, to the PWRF no later than PWRF's issuance of its Notice to Proceed to its general contractor as provided under this Agreement; and

WHEREAS, in this Agreement the City agrees to timely vacate the street rights-of-way as shown in Exhibit A such that both the Hambling and City parcels may be conveyed to PWRF increased in size by their respective shares of such street vacation.

WHEREAS, the City agrees to execute, concurrently with Hambling's purchase of the Hambling Parcels the Conveyance Agreement with PWRF (the "Conveyance Agreement") committing the City, as provided under this Agreement, to: convey the City Parcels, increased in size by the vacated street rights-of-way, to PWRF, no later than PWRF's issuance of its Notice to Proceed; and

WHEREAS, the eventual conveyance of the City Parcels will be subject to a Public Use Covenant (the "Covenant"), as provided in Exhibit E, requiring PWRF to operate and maintain the museum to be constructed pursuant to this Agreement. Under the covenant, such museum will be accessible to the general public; provide enumerated public benefits; care for and display the model railroad; and steward, maintain and otherwise care for its museum, all for a period of not less than 50 years following its opening; and

WHEREAS, in entering into this Agreement, the Conveyance Agreement and the associated Covenant, the City specifically finds that the public benefits associated with the development and operation of the PWRF museum in downtown Snoqualmie as envisioned under

this Agreement represent more than sufficient consideration for the transfer of the City Parcels to PWRF as provided herein.

**NOW THEREFORE**, in consideration of the foregoing, of the mutual promises of the Parties hereto and of other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, and contingent upon execution of the Hambling Gift Agreement between Peter and Lorrie Hambling and PWRF and the Conveyance Agreement, including the Covenant, the Parties hereby agree as follows:

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## **AGREEMENT**

### **ARTICLE**

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### **Effective Date; Incorporation of Documents and Materials; Definitions**

Section 1.1 Effective Date. This Agreement will be effective upon the date when both of the following conditions are satisfied: (a) the City Council of the City ("City Council") has authorized this Agreement; and (b) this Agreement is executed by authorized representatives of the City and PWRF.

Section 1.2 Incorporation of Documents and Materials. The following documents and materials are attached as exhibits to this Agreement and by this reference are incorporated into this Agreement:

Exhibit A: Site

**Deleted:** Preliminary Project Schedule

Exhibit B: Agreement of Purchase and Sale

**Deleted:** Site Plan

Exhibit C: Contingent Gift Agreement

**Deleted:** Preliminary Project Design

Exhibit D: Conveyance Agreement

Exhibit E: Public Use Covenant

Exhibit F: Fundraising Plan

Exhibit G: Preliminary Project Budget

Exhibit H: Preliminary Project Design

**Deleted:** E: Fundraising Plan

Exhibit I: Preliminary Project Schedule

Section 1.3 Definitions. The following terms shall have the respective meanings set forth below for this Agreement.

(a) “Agreement” means this Development Agreement between the City of Snoqualmie and the Pacific West Rail Foundation.

(b) “City” means the City of Snoqualmie, a Washington municipal corporation.

(c) “City Indemnified Parties” is defined in Section 6.1.

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(d) “City Parcels” means the portion of the Site in City ownership, increased in size by the vacated street rights-of-way, as shown in Exhibit A.

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(e) “Design Review Board” means the body established and governed by Chapter 17.80, Snoqualmie Municipal Code, as presently enacted or subsequently amended or recodified.

(f) “Final Project Budget” means the all-inclusive budget that the City Administrator of the City (“City Administrator”) concurs is consistent with the cost of completing construction of the Final Project Design under Section 5.4.

(g) “Final Project Design” is the design reflected in the Project’s one hundred percent (100%) construction documents approved by the City Design Review Board under Section 5.2.1.

(h) “Final Project Schedule” incorporates all pre-construction activities required under this Agreement and reflects the projected schedule for completion of construction of the Project following the issuance of PWRP’s Notice to Proceed, when authorized under Section 5.4.

(i) “Fundraising Plan” is the PWRP’s plan for securing the resources required to construct its Museum, as provided in Section 4.2.1.

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(j) “Hambling Parcels” means the portion of the Site to be acquired by Peter and Lorrie Hambling and conveyed to the PWRF, increased in size by the vacated street rights-of-way, as shown in Exhibit A.

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(k) “Museum” or “PWR Museum” means the Pacific West Rail Museum to be operated by PWRF or any subsequent museum or other operator of the PWR Museum.

**Deleted:** (j) “Lease” means the Ground Lease for the Pacific West Rail Museum site by and between the City, as landlord and PWRF, as tenant, dated of even date herewith.¶

(l) “Notice to Proceed” means the notice provided by PWRF to the Project general contractor to commence construction of the PWR Museum upon satisfaction of the requirements of Section 5.4.

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(m) “Parties” means the City of Snoqualmie and the Pacific West Rail Foundation.

(n) “Preliminary Project Budget” means an all-inclusive budget reflecting the estimated cost of construction of the Project based on the Preliminary Project Design, including contingencies consistent with industry standards and soft costs such as professional services and applicable taxes.

(o) “Preliminary Project Design” is defined in Section 5.2.1.

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(p) “Preliminary Project Schedule” is defined in Section 2.3 and shown in Exhibit I.

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(q) “Project” means the development and construction of the Pacific West Rail Museum for public museum purposes.

(r) “Project Coordinator” is defined in Section 5.5(a).

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(s) “Project Manager” is defined in Section 5.5(a).

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(t) “Public Use Covenant” means the covenant governing PWRF’s management and operation of its museum, as provided in Exhibit E.

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(u) “Purchase Agreement” means the agreement under which Hambling will acquire the Hambling Parcels, as provided in Exhibit B.

(v) “PWRF” means the Pacific West Rail Foundation.

(w) “PWRF Indemnified Parties” is defined in Section 6.1.

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(x) “Site” means the land on which the Museum will be constructed by the PWRF consisting of the Hambling Parcels, the City Parcels and the vacated City rights-of-way separating and adjacent to the properties, as shown in Exhibit A.

## ARTICLE 2

### General Provisions

Section 2.1 Scope. PWRF will construct the PWR Museum on the Site substantially consistent with the Final Project Design as evolved from the Preliminary Project Design provided in Exhibit H, at a currently estimated total cost of approximately \_\_\_\_\_ to \_\_\_\_\_ ( \_\_\_\_\_ - \_\_\_\_\_ ).

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Section 2.2 Development Agreement. The Parties' rights, responsibilities and obligations during Site assembly, design, development, construction and operation of the Project are delineated in this Agreement.

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Section 2.3 Schedule. PWRF shall use its best efforts to start construction of the Project within three (3) years from the effective date of this Agreement. The Parties, by mutual agreement, may extend the construction start date by a maximum of two (2) additional years, in up to two (2) one (1)-year increments. The current Preliminary Project Schedule for securing Project funding and the concurrent evolution of the Project's design and budget is attached hereto as Exhibit I. The Project schedule remains subject to change as the Project evolves.

**Deleted:** Section 2.3 Lease. The Parties' long-term rights, responsibilities and obligations concerning operation of the PWR Museum are reflected in the Lease. Under the Lease, PWRF is obligated to provide enumerated Public Benefits (as required under the Lease) during its operation of the Museum.¶

Section 2.4 Schedule.

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## ARTICLE 3



### Site Assembly

Section 3.1 City Parcels. No later than the issuance of its Notice to Proceed as provided in Section 5.4 and contingent upon the reasonably contemporaneous donation of the Hambling Parcels to PWRP as provided herein the City shall: (a ) vacate the involved street rights-of-way and (b) transfer ownership of the City Parcels, increased in size by their respective shares of the vacated street rights-of-way, as shown on Exhibit A, to PWRP pursuant to the Conveyance Agreement and subject to the terms and conditions of the Covenant, substantially in the form of attachment Exhibit E.

### Section 3.2 Hambling Parcels

3.2.1 Hambling shall acquire the Hambling Parcels pursuant to the Purchase Agreement upon satisfaction of the following preconditions:

(a) Site Suitability. Based on then available knowledge, neither environmental contamination nor the presence of archaeological remains likely will preclude development of the Site for its intended purpose under this Agreement at a cost reasonably consistent with the Preliminary Project Budget; and

(b) Satisfaction of the conditions precedent to closing as provided in the Purchase Agreement.

3.2.2 No later than the issuance of its Notice to Proceed as provided in Section 5.4 and contingent upon the reasonably contemporaneous transfer of the City Parcels to PWRP, as provided herein, Hambling shall donate the Hambling Parcels to PWRP.

3.3 Failure to assemble the complete Site, including the City Parcels and the Hambling Parcels, increased in size by their respective shares of the vacated street rights-of-way, or a determination by either Party that the Site is not or reasonably cannot be made suitable for its intended purpose shall constitute a Failure of Assumptions and result in termination of this Agreement, as provided in Section 7.16.2.

#### ARTICLE 4

#### Preliminary Project Budget and Funding

Section 4.1 Preliminary Project Budget. The current Preliminary Project Budget to complete construction of the Project is attached hereto as Exhibit G. The Preliminary Project Budget reflects the preliminarily estimated cost of construction of the Project based on the Preliminary Project Design, as discussed in Section 5.2. The all-inclusive Final Project Budget shall continue to include all direct and indirect costs as well as contingencies consistent with industry standards.

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Section ~~4.2~~ PWRF Funding and City Support.

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~~4.2.1~~ PWRF Funds and Fundraising.

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(a) As reflected in Exhibit ~~G~~, the Preliminary Project Budget currently totals between \_\_\_\_\_ to \_\_\_\_\_ (\$ \_\_\_\_\_ – \$ \_\_\_\_\_) to complete the development and construction of the Project, to be provided from all available sources. PWRF will be responsible for securing the funding needed to fully fund the eventual Final Project Budget, increased or decreased as appropriate resulting from scope, design and schedule changes and any cost overruns, all as provided herein. PWRF's fundraising commitment shall be increased to reflect the additional cost of any financing necessary to ensure the availability of funding as needed during construction of the Project (above the projected cost of any such financing reflected in the Final Project Budget). PWRF agrees to use its best efforts to secure commitments from private individuals, corporations and foundations, and governmental sources (other than the City) for such funds on a schedule consistent with its Fundraising Plan, attached hereto as ~~Exhibit F~~. PWRF's success in achieving its fundraising objectives shall be evaluated by the City Administrator when making their determinations under Section ~~5.4~~. Such evaluation shall include review of PWRF's private sector donor pledges, pledge payment experience and such other relevant information the City Administrator may reasonably require. PWRF's private sector donor pledges will be reviewed by the City Administrator under procedures to protect the confidentiality of donors and PWRF donor-related information to the extent possible. PWRF will submit to the City Administrator a copy of the pledges in a form acceptable to the City Administrator, with donor names verified by the City Administrator but omitted from the copy submitted. The City

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**Deleted:** Thirty Million Five Hundred Sixty-four Thousand Five Hundred Dollars (\$22,995,050 – \$30,564,500)

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Administrator will approve a pledge if it is from a person or entity of substantial net worth in relation to the amount pledged and the City Administrator knows of no reason the pledge will not be honored.

(b) If requested by PWRF, the City will consider providing financing or credit enhancement for PWRF financing that may be needed to bring City-approved pledges forward to facilitate commencement of construction.

(c) If PWRF determines that, its best efforts notwithstanding, it is unlikely to be able to secure sufficient funding to complete the Project as presently conceived and as represented in the Preliminary Project Design, it shall so advise the City. The Parties shall confer and determine whether a mutually agreeable alternative project may be constructed and operated within projected reasonably available resources. In the event the Parties concur that such an alternative project would be mutually acceptable, the requirements of this Agreement may be modified to reflect such a modified project, including revising the Project design, budget and schedule for completing it, as appropriate. If the Parties cannot achieve concurrence on such an alternative project, particularly if the PWRF concludes, in its sole discretion, that its fundraising efforts are unlikely to yield sufficient resources to construct any project that would fulfill its vision and aspirations, this Agreement shall be terminated, as provided in Section 7.16.2.

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4.2.2 City Support. The City shall provide the following in support of the development and construction of the PWR Museum:

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(a) Site. The City shall provide the City Parcels to PWRF for construction of its PWR Museum under this Agreement and its operation under the Covenant. The City, to the best of its knowledge based on its prior evaluation and studies of the condition of the City Parcels and its readiness for construction of improvements such as the PWR Museum, represents that it considers the Site to be in construction-ready condition (recognizing that no construction may occur until necessary land use approvals and construction permits are obtained by PWRF). In reliance on such representation, PWRF accepts the Parcels in their current condition. However, if, during the course of its preconstruction activities or during construction of the Museum, PWRF discovers or encounters conditions that would materially increase the budgeted cost of constructing the Museum on the former City Parcels, including the cost of any resulting delays in construction; materially reduce the buildable size of the Site; or require material on-going Site-related expense, the City shall be responsible for addressing such conditions, at its sole expense. For example, the City shall fully remediate any environmental or address other physical conditions that require such remediation or other measures before construction may proceed. The City also will respectfully address, at its sole expense, any archaeological, cultural or other physical impediments that may affect Project construction. If the City determines, in its sole discretion, that the cost of delivering a suitable site as required herein is beyond its means to fund, this Agreement shall terminate as provided in Section 7.16.2. If the PWRF, in its sole discretion, determines that the Site is no longer viable for the Project, this Agreement shall terminate as provided in Section 7.16.2. To the extent that the Project is proceeding but has been delayed as a result the Parties' efforts to address Site-suitability issues as required under this Agreement, the Preliminary Project Schedule provided in Section 2.3 for the start of construction shall be extended accordingly.

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(b) Permitting and Other City Fees and Costs. The City shall waive or, as needed, bear, at its sole expense, any permitting fees or other project-related City costs, including without limitation, any internal or external project management or oversight expenses such as the cost of third-party reviews and inspections that the City may incur from the date of execution of this Agreement until completion of Project construction.

(c) Public Participation and Community Engagement. The City, at its expense and in close coordination with PWRF, shall engage the Snoqualmie Tribe and the greater Snoqualmie community to respectfully solicit and inform public opinion regarding the Project.

(d) The City, at no cost to PWRF, shall provide land suitable for Project construction staging as provided in Section 5.5(f) and Project construction-related and worker parking as provided in Section 5.5(g).

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## ARTICLE 5

### Project Design and Construction

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Section 5.1 Project Management. Subject to the requirements of this Agreement, PWRF shall at its expense undertake and be responsible for the management of all aspects of the design and construction of the Project. PWRF shall engage and manage, without limitation, project managers, architects and other design professionals and a general contractor with the expertise and

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experience necessary to successfully complete the project. In conducting any construction work on the premises, PWRF shall cause all work to be done in a good and workmanlike manner and shall comply with or cause compliance with all laws. PWRF shall obtain or cause to be obtained and maintain in effect, as necessary, all master use permits (including State Environmental Policy Act (“SEPA” approvals), certificates of approvals, building permits, licenses and other governmental approvals that may be required in connection with such work, subject to the City’s commitment provided in Section 4.2.2(b). PWRF shall complete construction of the Project substantially consistent with the Final Project Design, except as specifically provided herein. PWRF shall use its good faith best efforts to resolve issues that may arise during construction to avoid material or other changes to the Final Project Design that would require the approval of the City Design Review Board by, among other measures, applying contingency funding available within the Preliminary Project Budget; adjusting the Project schedule; reducing costs through permissible changes to the Final Project Design and other means; and, as needed, committing additional funds to supplement the Preliminary Project Budget.

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Section 5.2 Design Review and Approval; Consistent Preliminary Project Budget.

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5.2.1 City Design Review and Approval. Sequential, major phase design documents (including schematic design, design development and permit documents) shall be reviewed and approved by the City Design Review Board, which approval shall not be unreasonably denied, conditioned or delayed. The Project’s Preliminary Project Design is attached hereto as Exhibit H. Upon the City Design Review Board’s approval of the Project’s one hundred percent (100%) construction documents, such documents shall constitute the Final Project Design

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for purposes of this Agreement. The Final Project Budget for construction of the PWR Museum consistent with the Final Project Design shall be determined by PWRF and is subject to the approval of the City as provided in Section ~~5.4~~.

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~~5.2.2~~ Material Change. Any material changes to the Final Project Design require the prior approval of the City Design Review Board, which approval shall not be unreasonably withheld or delayed. A material change is any change estimated to cost Two Hundred Thousand Dollars (\$200,000) or more to complete and that, in the reasonable determination of the City Administration, materially affects the design, function or utility of the Project, including but not limited to elimination or addition of a significant element or feature; discernible or functional alteration in the quality or projected performance of any significant feature or system; or any significant change in the use or appearance of any major space or component. PWRF shall notify the City Administrator of any proposed material changes. Any dispute between the Parties as to whether a proposed change is material shall be resolved in favor of requiring the City Design Review Board's approval. Before PWRF gives its construction contractor its Notice to Proceed with construction, the Parties shall develop a process under which any proposed material changes shall be reviewed by the City Design Review Board, including a timeline for such review designed to minimize potential delays in completing the Project consistent with the Final Project Schedule. Nothing in this paragraph shall be construed as limiting the authority of the City to approve or disapprove proposed changes to the Project when acting in its regulatory capacity.

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~~5.2.3~~ Signage. Initial signage for the PWR Museum shall be incorporated in the Project design and shall be subject to the review and approval of the City Design Review Board in

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the context of review and approval of the design as provided in Section 5.2.1. The Project design may also include features or fixtures necessary for the display and support of temporary promotional or informational signage such as banners and flags.

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Section 5.3 Requirements for Construction. In managing the Project, PWRF shall ensure that the Project and its general contractor and others as appropriate apply good faith best efforts to comply with the contracting requirements provided herein. PWRF shall comply with the following additional requirements:

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(a) Upon completion of construction of the Project, PWRF shall apply for Leadership in Energy and Environmental Design (LEED) certification at the Silver level or higher, under the U.S. Green Building Council's Rating System.

Section 5.4 Notice to Proceed.

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PWRF may issue its Notice to Proceed to its general contractor upon receipt of the following:

(a) concurrence by the City Administrator that the Final Project Budget is consistent with the cost of completing construction of the Final Project Design, based on their review of the most recent construction cost estimates provided by PWRF;

(b) the determination of the City Administrator, based on their review of the status of PWRF's fundraising efforts against its Fundraising Plan, that PWRF has timely access to sufficient funds from all available sources, including private individuals, corporations and foundations and public sources other than the City, to fully fund the cost of completing construction of the Project, as reflected in the Final Project Budget; and

(c) concurrence by the City Administrator that (i) PWRF's general contractor has agreed to a guaranteed maximum price to construct the Project as represented in the Final Project Design and consistent with the Final Project Budget; and (ii) PWRF's contract with its general contractor provides for the requirements for construction under this Agreement; and

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(d) conveyance of the City Parcels and the Hambling Parcels to PWRF as provided in Article 3 herein.

Section 5.5 Project Management and Coordination.

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(a) Project Manager and Coordinator. At least thirty (30) days prior to issuing its Notice to Proceed, PWRF shall notify the City Administrator of the identity of the PWRF construction contractor's project manager ("Project Manager") by name and such person's business and home telephone numbers, and the City shall provide to PWRF comparable contact information for the City project coordinator ("Project Coordinator"). In the event either such person is replaced, the party changing personnel shall provide notice to the other no later than

the effective date of such replacement, including such replacement's name and business and home telephone numbers.

(b) Project Construction Meetings. The Project Manager shall keep the Project Coordinator informed of the time and place of each regular and special project construction meeting to enable the Project Coordinator to attend, become informed about the status of the Project, participate in discussions and present the City's position regarding matters being discussed. The Project Manager shall also participate in such separate meetings with the Project Coordinator and, at the City Administrator's option, with the City Administrator's designee, as may be scheduled by the Project Coordinator with at least three (3) days' prior notice.

(c) Status Reports. Within seven (7) days after the receipt by PWRF of any project construction meeting minutes, PWRF shall deliver a copy of each of the same to the Project Coordinator.

(d) Minimization of Adverse Impacts. PWRF shall protect from damage or destruction all private and public property near the construction premises not scheduled for repair, replacement or removal. All Project-related demolition, construction, alteration, addition, improvement and other activity or work performed by or for PWRF on the construction premises shall be carried out in a manner that minimizes any adverse impact on nearby City property and the use thereof by the City or third parties, and on any private property near the Project. (For purposes of this requirement, the term "property" includes land, trees, shrubbery and landscaping, irrigation facilities, drainage, survey markers and monuments, buildings and

structures, conduits and pipes, meters, fences, pavements, curbs, driveways, sidewalks, and other property of any description, excluding the Site.) PWRF shall prepare for the City Administrator's reasonable review and approval a plan for construction fencing, including routes for temporary pedestrian access around the construction site, before mobilization work begins. PWRF shall work with the Project Coordinator to schedule construction activity to minimize construction impacts such as noise, dust and fumes. Nothing in this Section 5.5(d) limits the City's authority to impose SEPA mitigation measures on the Project when acting in its regulatory capacity.

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(e) Waste Disposal. PWRF shall secure and provide within the construction premises, appropriately sized containers for the collection of all waste materials, debris and rubbish associated with the Project. PWRF shall keep the Site and all adjacent property free from the accumulation of waste materials, rubbish and windblown debris associated with the Project and, daily, shall dispose of all flammable, hazardous and toxic materials generated by or otherwise associated with, but not needed for construction of, the Project. Storage and disposal must be in accordance with applicable Federal, State and local laws, fire codes and regulations. All waste materials, debris and rubbish generated by or otherwise associated with the Project shall be disposed of legally at disposal areas away from the Site. Upon completing the Project, PWRF shall ensure that the Site and the roadways and walkways immediately surrounding the Site are cleaned to the reasonable satisfaction of the Project Coordinator, and that all tools, equipment and surplus materials, and waste materials, debris and rubbish associated with the Project have been removed from the Site.

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(f) Staging and Fencing. The Parties shall cooperate in the identification of sufficient space reasonably proximate to the Site for the exclusive use of PWRF's contractor and its subcontractors and their employees, agents or contractors for construction staging activities. Such activities include, without limitation, parking of construction, contractor and construction worker vehicles, temporary structures and storage of construction materials to be used in the Project. The space shall become available for staging when PWRF authorizes its contractor to proceed with construction of the Project and terminate upon Project completion. PWRF shall fully restore the staging space. During Project construction, PWRF may install a temporary perimeter fence enclosing its staging area and the Site to secure both the Site and the staging area. Such fencing is subject to the City Administrator's approval as provided in Section 5.5(d) and shall be removed upon Project completion.

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(g) Construction-related and Worker Parking. The City and PWRF shall develop a plan for identifying locations for parking for Project contractors, suppliers and construction workers to minimize the impact of worker parking on the Site and the surrounding neighborhood. Ideally, such parking shall be provided on the City property provided for construction staging under Section 5.5(f).

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Section 5.6 PWRF Cost Overruns Responsibility and Risk Management.

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5.6.1 Cost Overruns.

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(a) The Parties agree to apply good faith best efforts to complete the Project consistent with the Final Project Design. Funds required for any increases in the Preliminary Project Budget necessary to complete the Project substantially consistent with the Final Project Design (as potentially modified under this Agreement) shall be provided by PWRF from sources other than the City, except as specifically provided herein. PWRF's responsibility for cost overruns includes responsibility for those due to unforeseen conditions that must be addressed for the Project to proceed, but only to the extent such conditions can be remedied with resources available within the Preliminary Project Budget. Upon discovery of an unforeseen condition that must be addressed for the Project to proceed, PWRF will notify the City Administrator. PWRF will evaluate ways to resolve any such conditions for the Project to proceed and determine the cost of doing so. In addressing such additional cost, PWRF may, among other measures, apply contingency funds within the Preliminary Project Budget, make modifications to the Final Project Design, and apply such additional funds that PWRF, in its sole discretion, determines to provide to increase the Preliminary Project Budget. PWRF will keep the City Administrator apprised of its work and advise them of its plans for addressing such conditions, specifically including any proposed changes in the Final Project Design requiring Design Review Board approval under Section 5.2.2. If PWRF concludes that it lacks the resources to address any such unforeseen conditions and that it cannot complete the Project, it will so notify the City Administrator. The Parties will cooperate in developing and implementing a plan to suspend or terminate the Project.

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(b) PWRF's responsibility for cost overruns notwithstanding, the City shall bear financial responsibility for any direct or indirect cost increases associated with changes

to the Project that the City requests after the City Administrator approves the Final Project Design (excluding permitting or other regulatory requirements).

5.6.2 Retainage and Bonding. PWRF shall establish retainage for purposes equivalent to those stated in Ch. 60.28 RCW at not less than five percent (5%) of its contractor's guaranteed maximum price and shall require bonding by its contractor to the extent warranted, in its judgment and discretion after consultation with the City Administrator.

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5.6.3 Liens. PWRF shall pay or cause to be paid all sums payable by it for any labor performed or materials furnished in connection with any work performed on the Project. PWRF will discharge, by bond or otherwise, any mechanic's or materialman's lien filed against the premises for work claimed to have been done for, or materials claimed to have been furnished to PWRF, within thirty (30) days after filing.

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#### Section 5.7 Insurance Requirements

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5.7.1 PWRF's Insurance Requirements. From and during the effective date of this Agreement, PWRF shall, at its sole cost and expense and as part of project costs, procure and maintain with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by PWRF, its agents, representatives, employees, consultants, subconsultants, contractors and/or subcontractors. Coverage shall be at least as broad as:

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5.7.1.1 Commercial General Liability. Insurance Services Office form

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number (CG 00 01) or equivalent covering Commercial General Liability Policy shall be written on form CG 00 01 07 98 or its equivalent and shall not include any exclusions or limitations other than those incorporated in the standard form and shall include coverage for:

1. Premises/Operations;
2. Products/Completed Operations;
3. Advertising Injury;
4. Contractual Liability;
5. Independent Contractors;
6. "Additional Insured" status provided to relevant project entities;
7. Unintentional failure to disclose provision;
8. Per project aggregate per ISO CG 25 03 (Aggregate Limits of Insurance per Project) or equivalent; and
9. A broadened knowledge of occurrence provision.

Such insurance must provide a minimum limit of not less than \$5,000,000.00 general aggregate per location aggregate. Such insurance shall not contain exclusions related to explosion, collapse, underground, and blasting. PWRF shall maintain coverage for completed operations/product liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least six (6) years after substantial completion of the Project. The policy will not exclude coverage losses resulting from perils and acts of terrorism so long as terrorism coverage is commercially available. If any such insurance policy excludes coverage for perils and acts of terrorism, PWRF will obtain a separate terrorism insurance policy



in the coverage amount required by this paragraph in form and substance reasonably satisfactory to the City.

5.7.1.2 Automobile Liability. Insurance Services Office form number (CA 00 01) or equivalent covering Business Automobile Coverage, symbol 1 “any auto”; or the combination of symbols 2, 8, and 9, with a limit of not less than \$2,000,000.00 combined single limit per occurrence.

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5.7.1.3 Workers’ Compensation. Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington, statutory limits, and any other applicable State Workers’ Compensation Law.

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5.7.1.4 Employer’s Liability or “Stop Gap”. The protection provided by the Workers’ Compensation Policy, Part 2 (Employer’s Liability) or, in states with monopolistic state funds, the protection provided by the “Stop Gap” endorsement to the General Liability or Worker’s Compensation Policy in the amount of at least \$2,000,000.

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5.7.1.5 Builder’s Risk Insurance. During the period of construction, PWRF shall also procure and maintain Builder’s Risk Insurance, which shall be written on an “all-risk” completed value policy form in the amount of the initial Contract Sum, plus value of subsequent contract modifications and cost of materials supplied or installed by PWRF, the City, or others, comprising total value for the entire Project at the Site on a replacement cost basis, including cost to cover professional fees. Coverage shall be provided for (i) the perils of earth movement

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including earthquake and flood (an earthquake and flood sublimit may be allowed, as mutually agreed to by PWRF and the City and may be subject to probable maximum loss study); (ii) resultant damage from errors in design, plans, specifications, faulty workmanship, materials and construction; (iii) “extra expense”; (iv) temporary buildings, debris removal and all materials to be stored offsite and while in transit to the jobsite; (v) “cold testing” of all building systems; (vi) PWRF’s loss of use of the Project due to delays in Project completion caused by covered peril losses to the Project, including loss of income and rents and soft costs such as interest on any construction loan, real estate taxes and insurance premiums; (vii) the increased cost of construction, debris removal and demolition due to the operation of building laws and code upgrades; and (viii) direct physical damage to the Project and loss of use caused by an off premises services interruption. PWRF shall have the required Builder’s Risk Policy in place no later than commencement of construction. The Builder’s Risk Policy shall have a deductible no greater than \$5,000 (except for flood and earthquake damage, which may be higher) and shall be paid by PWRF. The Builder’s Risk Policy shall include PWRF, the general contractor and their respective subcontractors and other contractors as insureds in an amount equal to their interest with a loss payable clause in favor of any construction lender, as their interests may appear. PWRF shall keep the Builder’s Risk Policy in place from commencement of construction until substantial completion. Upon substantial completion, the completed project broad-form all risk property insurance coverage will take effect immediately. The policy will not exclude coverage losses resulting from perils and acts of terrorism so long as terrorism coverage is commercially available. If any such insurance policy excludes coverage for perils and acts of terrorism, PWRF will obtain a separate terrorism insurance policy in the coverage amount required by this paragraph in form and substance reasonably satisfactory to the City.

5.7.1.6 Umbrella/Excess Liability. Coverage shall follow form of the General Liability, Employer's Liability, and Automobile Liability.

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5.7.2 Contractors' Insurance Requirements. From and after the Effective Date of this Agreement, the contractor shall, at its sole cost and expense, procure and maintain or cause to be procured and maintained with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by contractor, its agents, representatives, employees, consultants, contractors and/or subcontractors. Coverage shall be at least as broad as follows. PWRF shall include a provision in each construction contract requiring each contractor to maintain the following minimum scope and limits of insurance.

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5.7.2.1 Commercial General Liability. Insurance Services Office form number (CG00 01) or equivalent covering Commercial General Liability including coverage for:

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1. Premises/Operations;
2. Products/Completed Operations;
3. Advertising Injury;
4. Contractual Liability;
5. Independent Contractors;
6. Explosion collapse underground hazards;
7. Personal injury with employment and contractual exclusions deleted;

8. Unintentional failure to disclose provision;
9. Per project aggregate per ISO CG 25 03 (Aggregate Limits of Insurance per Project) or Equivalent;
10. Blasting (if explosives are used in the performance of the Work);  
and
11. A broadened knowledge of occurrence provision.

Such insurance must provide a minimum limit of liability of \$2,000,000 per occurrence and \$2,000,000 aggregate per project/location, with at least \$2,000,000 products-completed operations aggregate limit. PWRF shall also obtain an umbrella policy with limit of at least \$5,000,000.

The contractor's CGL insurance shall not exclude perils generally known as XCU (Explosion, Collapse and Underground Property Damage), Subsidence, Absolute Earth Movement (except as respects earthquake peril only) or any equivalent peril.

The contractor's CGL insurance shall include each of City and PWRF as an additional insured for Products and Completed Operations by providing additional insured status on the ISO CG 20 10 11 85 or CG 20 37 endorsement, or by an equivalent policy or endorsement provision. The Products and Completed Operations additional insured status for City shall remain in effect for not less than six (6) years following substantial completion.

#### 5.7.2.2 Automobile Liability. Automobile Liability Insurance Services

Office form number (CA 00 01) or equivalent for owned, non-owned, hired, and leased vehicles,

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as applicable, with a minimum limit of liability of \$1,000,000 Combined Single Limit (CSL). If pollutants are to be transported, CA 99 48 endorsement is required on the Automobile Liability insurance policy unless in-transit pollution risk is covered under a Pollution Liability insurance policy.

5.7.2.3 Workers' Compensation. The contractor shall comply with Workers' Compensation coverage as required by Title 51 RCW (Industrial Insurance) and any other applicable State Workers' Compensation laws.

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5.7.2.4 Employer's Liability or "Stop Gap". The protection provided by the Workers' Compensation Policy, Part 2 (Employer's Liability) or, in states with monopolistic state funds, the protection provided by the "Stop Gap" endorsement to the General Liability or Workers' Compensation Policy in the amount of at least \$2,000,000.

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5.7.2.5 Contractor's Pollution Liability. Contractor shall provide contractor's Pollution Liability coverage in the amount of \$2,000,000 per occurrence or claim and in the aggregate to cover sudden and non-sudden bodily injury and/or property damage to include the destruction of tangible property, loss of use, clean-up costs and the loss of use of tangible property that has not been physically injured or destroyed. Insurance shall not exclude pollution arising out of asbestos, lead, mold and/or PCB operations. Evidence of insurance must specifically state that such coverage is included. Contractor shall be responsible for obtaining and maintaining evidence of Transportation coverage (including MCS-90 and CA 9948 Endorsements for Automobile Liability) and Disposal Site Operators Insurance from all subcontractors and site

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operators. If coverage is placed on a “Claims-Made” basis, then the Retrospective Date of the policy must match or precede the date these contracts are executed. Evidence of continuous coverage or an extended reporting period endorsement shall be required for a period of six (6) years after substantial completion.

5.7.2.6 Contractor’s Professional Liability. In any construction contract that requires professional services as part of the work, contractor shall provide \$2,000,000 per claim/\$2,000,000 aggregate professional liability errors and omissions coverage. If coverage is placed on a “Claims-Made” basis, then the Retrospective Date of the policy must match or precede the date the first professional services are provided. Evidence of continuous coverage or an extended reporting period endorsement shall be required for a period of six (6) years after substantial completion.

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5.7.3 Design and Engineering Consultants’ Insurance Requirements. From and after the effective date of this Agreement, the professional consultant shall, at its sole cost and expense and as part of project costs, procure and maintain or cause to be procured and maintained with insurers acceptable to the City, at a minimum, the following insurance against claims for injuries to persons or damages to property that may arise from, or in connection with the performance of work hereunder by professional consultant, its agents, representatives, employees, consultants, contractors and/or subcontractors. PWRF shall require in each professional consultant contract that the consultant provide the following minimum scope and limits of insurance:

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5.7.3.1 General Liability. Insurance Services Office form number (CG00 01) or equivalent covering Commercial General Liability, including coverage for completed operations/product liability, independent contractors, contractual liability, explosion collapse underground hazards, personal injury with employment and contractual exclusions deleted, unintentional failure to disclose provision, and a broadened knowledge of occurrence provision with a limit of not less than \$2,000,000 combined single limit per occurrence, \$2,000,000 general aggregate per project/location. Professional consultant shall maintain coverage for completed operations/product liability claims as part of such Commercial General Liability policy or provide evidence of completed operations/product liability for at least six (6) years after substantial completion of the Project.

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5.7.3.2 Automobile Liability. Insurance Services Office form number (CA 00 01) or equivalent covering Business Automobile Coverage, symbol 1 “any auto”; or the combination of symbols 2, 8, and 9, with a limit of not less than \$1,000,000 combined single limit per occurrence.

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5.7.3.3 Workers’ Compensation. Workers’ Compensation coverage, as required by the Industrial Insurance Act of the State of Washington or any other applicable State Workers’ Compensation Law, at statutory limits.

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5.7.3.4 Employer’s Liability or “Stop Gap”. The protection provided by the Workers’ Compensation Policy, Part 2 (Employer’s Liability) or, in states with monopolistic state

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funds, the protection provided by the “Stop Gap” endorsement to the General Liability or Worker’s Compensation Policy in the amount of at least \$2,000,000.

5.7.3.5 Professional Liability Errors and Omissions. Consultant shall provide \$2,000,000 per claim/aggregate professional liability errors and omissions coverage. Such coverage shall continue in force or be extended by professional “Tail” coverage for a period no less than six (6) years from Project completion.

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5.7.4 Terms and Conditions. The policies required under this Section 5.7 shall meet all requirements below.

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5.7.4.1 The City of Snoqualmie as Additional Insured. The CGL insurance and, in addition, Excess and/or Umbrella liability insurance, if any, shall include the “City of Snoqualmie, its officers, officials, employees, agents and volunteers” as additional insureds. All insurance shall be primary and non-contributory to any insurance maintained by or available to the City. The term “insurance” in this paragraph shall include insurance, self-insurance (whether funded or unfunded), alternative risk transfer techniques, capital market solutions or any other form of risk financing.

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5.7.4.2 Required Separation of Insured Provision: Cross-Liability Exclusion and other Endorsements Prohibited. PWRP’s insurance policy shall include a “separation of insureds” or “severability” clause that applies coverage separately to each insured and additional insured, except with respect to the limits of the insurer’s liability. PWRP’s insurance policy shall not contain any provision, exclusion or endorsement that limits, bars, or

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effectively precludes the City from coverage or asserting a claim under PWRF's insurance policy on the basis that the coverage or claim is brought by an insured or additional insured against an insured or additional insured under the policy. PWRF's failure to comply with any of the requisite insurance provisions shall, at the discretion of the City, serve as grounds for the City to procure or renew insurance coverage with any related costs of premiums to be repaid by PWRF or reduced and/or offset against the Agreement.

5.7.4.3 Cancellation Notice. Such policies shall not be renewed, canceled, or materially modified without thirty (30) days' prior written notice to the City or ten (10) days for non-payment of premiums. PWRF shall provide City with notification in the event of any reduction or restriction of insurance limits or coverage of any respective policies.

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5.7.4.4 Minimum Security Requirements: Each insurance policy required hereunder shall be (1) subject to reasonable approval by City that it conforms with the requirements of this Section, and (2) be issued by an insurer rated A-:VII or higher in the then-current A. M. Best's Key Rating Guide and licensed to do business in the State of Washington unless procured under the provisions of chapter 48.15 RCW (Unauthorized insurers).

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5.7.4.5 Each insurance policy shall be written on an "occurrence" form, excepting that insurance for professional liability, errors and omissions, and Contractors Pollution Liability when required, may be acceptable on a "claims made" form.

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5.7.4.6 If coverage is approved (if approval is required above) and purchased on a "claims made" basis, PWRF warrants continuation of coverage, either through

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policy renewals or the purchase of an extended discovery period, if such extended coverage is available, for not less than six (6) years from the date of completion of the work that is subject to said insurance.

5.7.4.7 Any deductible must be disclosed to, and shall be subject to reasonable approval by, the City. The cost of any claim falling within a deductible shall be the responsibility of PWRF.

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5.7.4.8 By requiring such minimum insurance as specified herein, neither party shall be deemed to, or construed to, have assessed the risks that may be applicable to the other party to this Agreement or any contractor. Each party and each contractor shall assess its own risks and, if it deems appropriate and/or prudent, maintain greater limits or broader coverage.

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5.7.4.9 PWRF shall release the City from any and all claims or causes of action whatsoever in or from or in any way connected with any loss covered or which should have been covered by insurance required to be maintained by PWRF pursuant to this Agreement.

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5.7.5 Waiver of Subrogation. City and PWRF release and relieve the other from any liability they might otherwise have and waive their entire right of recovery for loss or damage to property located within or constituting a part or all of the Premises or the PWR Museum to the extent that the loss or damage either (a) is actually covered by the injured party's property insurance, or (b) if the injured party failed to maintain insurance as required under this Agreement, would have been covered under the terms and conditions of the property insurance the injured party is required to carry under Section 5.7, whichever is greater. This waiver applies regardless

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of the cause or origin of the claim including without limitation loss due to the negligent acts or omissions of City or PWRF, or their respective officers, directors, council members, employees, agents, contractors, invitees, PWRF's assignees or subtenants. The parties shall have their property insurers endorse the applicable insurance policies to reflect the foregoing waiver of claims, provided however, that the endorsement shall not be required if the applicable policy of insurance permits the named insured to waive rights of subrogation on a blanket basis, in which case the blanket waiver shall be acceptable; and provided further, that the failure to obtain such endorsement, when required, shall not impair the effectiveness of this waiver and/or release between City and PWRF.

5.7.6 Evidence of Insurance. On or before the effective date, and thereafter not later than the last business day prior to the expiration date of each such policy, the following documents must be delivered to City at its notice address as evidence of the insurance coverage required to be maintained by PWRF:

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5.7.6.1 Certification of insurance documenting compliance with the coverage, minimum limits and general requirements specified herein.

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5.7.6.2 A copy of the policy's declarations pages, showing the insuring company, policy effective dates, limits of liability and the Schedule of Forms and Endorsements specifying all endorsements listed on the policy including any company-specific or manuscript endorsements;

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5.7.6.3 A copy of the CGL insurance policy provision(s) and endorsements expressly including the City and its officers, elected officials, employees, agents and volunteers as additional insureds (whether on ISO Form CG 20 26 or an equivalent additional insured or blanket additional insured policy wording), showing the policy number, and the original signature and printed name of the representative of the insurance company authorized to sign such endorsement; a full and complete copy of insurance policies must be provided to the City upon request.

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5.7.6.4 Pending receipt of the documentation specified in this Section 5.7, PWRF may provide a copy of a current complete binder. An ACORD certificate of insurance will not be accepted in lieu thereof.

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Evidence of Insurance as set forth above, shall be issued to: City of Snoqualmie.

5.7.7 Assumption of Property Risk. Except to the extent of City's negligence or willful misconduct, but subject to Section 5.7.5 above, the placement and storage of PWRF's personal property in or about the Premises shall be the responsibility, and at the sole risk, of PWRF.

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5.7.8 Adjustments of Claims. PWRF shall provide for the prompt and efficient handling of all claims for bodily injury, property damage or theft arising out of the activities of PWRF under this Agreement.

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5.7.9 PWRF's Responsibility. The procuring of the policies of insurance required by this Agreement shall not be construed to limit PWRF's liability hereunder. Notwithstanding said insurance, but subject to Section 5.7.5 above, PWRF shall be obligated for the full and total

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amount of any damage, injury or loss caused by negligence of PWRF, or any of its agents, officers and employees or through use or occupancy of the Premises.

## ARTICLE 6

### Indemnification and Dispute Resolution

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ARTICLE 5¶  
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#### Section 6.1 Indemnification.

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(a) PWRF Indemnification. To the fullest extent permitted by law, PWRF shall indemnify, defend (using counsel acceptable to the City) and hold the City, its officers, agents, employees and elected officials (collectively, the “City Indemnified Parties”) harmless, and shall require its construction contractor to similarly indemnify, defend and hold the City Indemnified Parties harmless throughout the course of the Project from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including City’s actual and reasonable personnel and overhead costs and attorneys’ fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever arising out of the Project, and which result from, arising out of, or connected with the following: (i) the acts or omissions of PWRF, its employees, agents, officers, affiliates, contractors, guests or invitees throughout the course of the Project; (ii) PWRF’s breach of this Agreement; or (iii) construction of the Project. PWRF’s defense and indemnity obligations and those of its contractor shall extend to claims brought by their own employees and the foregoing

obligations are specifically and expressly intended to act as a waiver of PWRF's and PWRF's contractor's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to the City Indemnified Parties and to the extent necessary to provide the City Indemnified Parties with a full and complete defense and indemnity.

(b) City Indemnification. To the fullest extent permitted by law, the City shall indemnify, defend (using counsel acceptable to PWRF) and hold PWRF, its board members, employees, agents, officers, contractors, guests or invitees (collectively, "PWRF Indemnified Parties") harmless throughout the course of the Project from and against all claims, suits, losses, damages, fines, penalties, liabilities and expenses (including PWRF's actual and reasonable personnel and overhead costs and attorneys' fees and other costs incurred in connection with claims, regardless of whether such claims involve litigation) of any kind whatsoever resulting from, arising out of the Project, and which result from, arising out of, or connected with the following: (i) the acts or omissions of the City, its employees, agents, officers, elected officials, affiliates, contractors, guests or invitees throughout the course of the Project; or (ii) the City's breach of this Agreement, specifically including, without limitation, any such claims related to the condition of the Land as delivered to PWRF for which the City bears sole responsibility to provide a construction-ready site. The City's defense and indemnity obligations extend to claims brought by its own employees and the City's foregoing obligations are specifically and expressly intended to act as a waiver of the City's immunity under Washington's Industrial Insurance Act, RCW Title 51, but only as to PWRF Indemnified Parties and to the extent necessary to provide PWRF Indemnified Parties with a full and complete defense and indemnity.

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Section 6.2 Limitation of PWRF's Obligation. To the extent necessary to comply with RCW 4.24.115 as in effect on the effective date of this Agreement, PWRF's and PWRF's contractor's obligation to indemnify the City for damages arising out of bodily injury to persons or damage to property relative to the construction, alteration, repair, addition to, subtraction from, improvement to, or maintenance of, any building, road, or other structure, project, development, or improvement attached to real estate, including the Project (i) shall not apply to damages caused by or resulting from the sole negligence of the City Indemnified Parties; and (ii) to the extent caused by or resulting from the concurrent negligence of (A) the City Indemnified Parties and (B) PWRF, its board members, agents, contractors, officers, affiliates, employees, guests or invitees shall apply only to the extent of the negligence of PWRF, its board members, agents, contractors, officers, employees, guests or invitees; PROVIDED, HOWEVER, the limitations on indemnity set forth in this Section shall automatically and without further act by either the City or PWRF be deemed amended so as to remove any of the restrictions contained in this Section 6.2 no longer required by then applicable law.

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Section 6.3 Waiver of Indemnity; Indemnities Negotiated. PWRF and the City agree that the foregoing indemnity specifically includes, without limitation, claims brought by either party's employees against the other party. THE FOREGOING INDEMNITIES ARE EXPRESSLY INTENDED TO CONSTITUTE A WAIVER OF EACH PARTY'S IMMUNITY UNDER WASHINGTON'S INDUSTRIAL INSURANCE ACT, RCW TITLE 51, TO THE EXTENT NECESSARY TO PROVIDE THE OTHER PARTY OR PARTIES WITH A FULL AND COMPLETE INDEMNITY FROM CLAIMS MADE BY EACH PARTY AND ITS EMPLOYEES, TO THE EXTENT OF THEIR NEGLIGENCE. THE CITY AND PWRF

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ACKNOWLEDGE THAT THE INDEMNIFICATION PROVISIONS OF THIS ARTICLE WERE SPECIFICALLY NEGOTIATED AND AGREED UPON BY THEM.

Section 6.4 Dispute Resolution. In the event of a dispute regarding this Agreement, the Parties agree to follow the procedures in this Section prior to filing or initiating a lawsuit. The Parties shall make their best efforts to resolve disputes as expeditiously as possible through negotiations at the lowest possible decision-making level, and in the event such negotiations are unsuccessful, the matter shall be referred to the City Administrator and the Executive Director or Board Chair of PWRF. If those officials are unable to resolve the dispute within a period of fifteen (15) days after the matter has been formally referred to them for resolution, they shall meet during the immediately succeeding seven (7) days to select a mediator to assist in the resolution of such dispute. PWRF and the City agree to participate in mediation with the agreed upon mediator for a reasonable amount of time and in good faith. The cost of the mediation shall be shared equally between the City (one-half) and PWRF (one-half).

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**ARTICLE 7**

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**Miscellaneous**

Section 7.1 Amendments. This Agreement may not be amended, changed, modified or altered, except by an instrument in writing duly executed by the City Administrator and PWRP (or their successors in title).

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(a) The City Administrator is authorized to approve “minor” amendments to this Agreement. A proposed amendment is “minor” if it does not alter the purpose and intent of this Agreement and does not increase the financial burdens or obligations of the City. Any proposed amendment that does not meet the definition of a “minor” amendment constitutes a “major” amendment. The determination of whether a proposed amendment is “major” or “minor” lies with the Mayor.

(b) Major amendments require the approval of the City Council via passage of a resolution or ordinance.

Section 7.2 Authority. Each Party hereto warrants that it has the authority to enter into this Agreement and to perform its obligations hereunder and that all necessary approvals, acts or resolutions to authorize this transaction have been taken, and the signatories, by executing this Agreement, warrant that they have the authority to bind the respective parties.

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Section 7.3 Binding Effect; No Assignment. This Agreement shall inure to the benefit of and shall be binding upon the Parties and their successors. This Agreement may not be assigned without the written consent of the Parties.

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Section 7.4 Consents and Approvals. In any instance when any Party's consent or approval is required under this Agreement, such consent or approval shall not be unreasonably withheld, conditioned or delayed. Whenever the consent of City or the City Administrator to any act to be performed under this Agreement is required, PWRP must obtain the consent or approval expressly for purposes of this Agreement, regardless of whether a consent or approval shall have been granted by the City in its regulatory, public utility, or other capacity. No permission, consent, or approval of the City or the City Administrator contained herein or given pursuant to this Agreement is, or shall be construed as, a representation or assurance that the matter consented to or approved complies with applicable laws, regulations, ordinances or codes, nor shall any such consent or approval be construed to authorize any failure to comply with any of the foregoing.

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Section 7.5 Construction. The following rules shall apply to the construction of this Agreement unless the context otherwise requires:

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(a) Words describing the singular number shall include the plural number and vice versa, except where otherwise indicated.

(b) All references herein to articles, sections or exhibits are references to articles, sections or exhibits of this Agreement, unless otherwise stated.

(c) The headings and table of contents herein are solely for convenience of reference and shall not constitute a part of this Agreement nor shall they affect its meaning, construction or effect.

(d) This Agreement shall not be construed as if it had been prepared by one of the Parties, but rather as if all Parties had prepared it.

Section 7.6 Counterparts. This Agreement may be executed in counterparts for the convenience of the Parties, and such counterparts shall together constitute one Agreement.

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Section 7.7 Cumulative Remedies. The rights and remedies that any Party may have under this Agreement or at law or in equity, upon any breach, are distinct, separate and cumulative and shall not be deemed inconsistent with each other, and no one of them shall be deemed to be exclusive of any other.

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Section 7.8 Force Majeure. Except as otherwise provided in this Agreement, time periods for any Party's performance under any provision of this Agreement shall be extended for periods of time during which such performance is prevented due to circumstances beyond such party's reasonable control, including without limitation, strikes, embargoes, shortages of labor or materials, governmental regulations, acts of God, unforeseen Site conditions, casualty, war or other strife.

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Section 7.9 Governing Law; Jurisdiction and Venue. This Agreement is governed by and shall be construed in accordance with the laws of the State of Washington and shall be liberally construed so as to carry out the purposes hereof. City and PWRF each hereby consent to personal jurisdiction in the state and federal courts located in the State of Washington. Except as otherwise required by applicable law, any action arising under this Agreement shall be brought and maintained in the Superior Court of the State of Washington in and for King County, City and PWRF each consent and agree that venue is proper in such court, and City and PWRF each waive any defense or right to seek dismissal or transfer on grounds of improper or inconvenient venue.

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Section 7.10 Integration. This Agreement contains the entire integrated agreement between the parties as to the matters covered herein and supersedes any oral statements or representations or prior written matter not contained in this instrument as to the matters set forth herein.

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Section 7.11 Limitation on Third Party Rights. Nothing in this Agreement expressed or implied is intended or shall be construed to give to any person other than the Parties any legal or equitable right, remedy or claim under or in respect of this Agreement or any covenant, condition or provision herein contained; and all such covenants, conditions and provisions are and shall be held to be for the sole and exclusive benefit of the Parties.

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Section 7.12 No Partnership. Nothing in this Agreement shall create any partnership, joint venture or other relationship between PWRF and the City.

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Section 7.13 No Waiver. Failure of any Party to complain of any act or omission by the other, no matter how long the failure may continue, shall not constitute a waiver of any rights under this Agreement. No waiver by any Party of any breach of any provisions of this Agreement shall be deemed a waiver of a breach of any other provision or consent to any subsequent breach of any other provision. If any action of any Party requires the consent or approval of another, consent or approval given on one occasion shall not be deemed a consent to or approval of that action on any other occasion. No extension of time for performance of any obligation or act shall be deemed an extension of the time for performance of any other obligation or act.

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Section 7.14 Notices. All notices, demands or requests that may or must be given by any Party to another under this Agreement shall be given in writing and delivered personally, or sent by U.S. certified mail, postage prepaid, return receipt requested, or nationally recognized overnight air carrier, and addressed to City's address or PWRF's address, as follows:

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If to the City:  
 City of Snoqualmie  
 Attn: City Administrator  
 38624 SE River Street  
 P.O. Box 987  
 Snoqualmie, WA 98065  
 Email: mchambless@snoqualmiewa.gov

And:

Copy to: City Attorney

If to PWRF:

Peter Hambling

7811 NE 10<sup>th</sup> Street

Medina, WA 98039

Copy to: B. Gerald Johnson

Pacifica Law Group LLP

1191 2<sup>nd</sup> Avenue, Suite 2000

Seattle, WA 98101-3404

Phone: 206.245.1700

Email: gerry.johnson@pacificallawgroup.com

Notices shall be deemed to have been given upon receipt or attempted delivery where delivery is not accepted. Any Party may change its address and/or those receiving copies of notices upon written notice given to the other.

Section 7.15 Severability. If any provision of this Agreement is determined to be invalid or unenforceable, then that provision and the remainder of this Agreement shall continue in effect and be enforceable to the fullest extent permitted by law. It is the intention of the Parties that if

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any provision of this Agreement is capable of two constructions, one of which would render the provision void, and the other of which would render the provision valid, then the provision shall have the meaning that renders it valid.

Section 7.16 Termination of Agreement.

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7.16.1 Upon Project Completion. Unless otherwise stated herein, this Agreement and all obligations hereunder shall terminate when the Project receives its final certificate of occupancy, except that the provisions of Article 6; and Sections 5.3(a); 5.7.1.1; 5.7.2.1; 5.7.2.6; 5.7.3.1; 5.7.3.5; 5.7.4.6; and 7.9 survive the expiration or termination of this Agreement.

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7.16.2 Failure of Assumptions. This Agreement may be terminated under the following circumstances:

(a) As provided in Section 3.3, the failure to assemble a suitable Site;

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(b) As provided in Sections 3.3 and 4.2.2(a), in either Party's sole discretion, due to unreasonably high Site preparation costs;

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(c) As provided in Section 4.2.1(c), in PWRP's sole discretion, due to unsuccessful fundraising;

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Deleted: the viability of the Land; or

(d) By mutual agreement of the Parties for any other failure of a material shared assumption underlying the Project's purpose or prospects.

7.16.3 Disputes. Any disputes with regard to this section are expressly made subject to the terms of Section 6.4 of this Agreement regarding Dispute Resolution.

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Section 7.17 Time of Essence. Time and all terms and conditions shall be of the essence of this Agreement.

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## ARTICLE 8

### City Right to Retake/Right to Purchase

Section 1. Notwithstanding anything to the contrary contained in this Agreement, in the event that PWRF does not complete construction of the Museum as provided here (such event a "Project Failure"), then the City shall have the following rights:

(a) Right to Retake City Parcels. After a Project Failure and the City Parcels have been transferred to PWRF, the City may elect to have the City Parcels, increased in size by their respective share of the vacated street rights-of-way, if applicable, transferred to the City by providing written notice to PWRF of such election within thirty (30) days of the occurrence of the Project Failure. The Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer. In the event the City does not timely exercise its right contained in this



subsection (a), then the City will be deemed to have waived such right and PWRF shall be permitted to retain ownership in the City Parcels or sell or transfer the same to another party without any compensation to the City.

(b) Right to Purchase. After a Project Failure, if Hambling has acquired the Hambling Parcels, the City may elect to purchase (“Purchase Option”) the Hambling Parcels, increased in size by their respective share of the vacated street rights-of-way, if applicable, for a purchase price equal to the greater of (i) the then fair market value of the Hambling Parcels (“FMV”) or (ii) the amount Hambling paid for the acquisition of the Hambling Parcels from Seventy-Nine Forty, LLC (such amount in (ii) referred to as the “Purchase Price Floor”). In order to exercise its Purchase Right, the City must provide written notice (“Purchase Notice”) to PWRF of such election within thirty (30) days of the occurrence of the Project Failure.

Within [ ] days of receipt of the Purchase Notice, PWRF shall inform the City of its reasonable determination of the FMV and the purchase price. If the City objects to PWRF’s determination, then the Parties shall meet and confer for up to thirty (30) days (“Negotiation Period”) in order to determine a mutually agreeable purchase price. In the event the Parties are unable to agree within the Negotiation Period, then the purchase price shall be determined as follows (but in no event shall be less than the Purchase Price Floor):

(i) Within ten (10) business days of the end of the Negotiation Period, each of the Parties shall select one MAI real estate appraiser with at least ten (10) years’ full-time commercial appraisal experience in the greater Snoqualmie, WA area for comparable

projects and who is neutral and has not rendered services to either PWRF or City or their respective affiliates within the preceding ten (10) year period (each, an “Appraiser”).

(ii) Within ten (10) days after each of the Appraisers have been selected, each Appraiser shall make its respective determination of the FMV, provided, however, that if either Appraiser requests additional information or documentation needed to make its determination of the FMV, such ten (10) day period shall be extended by up to an additional twenty (20) days, and each Party shall cooperate to provide any such requested information and documentation to the applicable Appraiser. The determination of each Appraiser shall be limited solely to the FMV. Neither Appraiser shall have the power to add to, modify, or change any of the provisions of this Agreement.

(iii) Upon a Party’s selected Appraiser’s determination of the purchase price, such Party shall cause its selected Appraiser to notify the Parties thereof. Upon each Appraiser having made its determination of FMV, the purchase price shall be equal the greater of (A) the mean of the two Appraisers’ respective determinations of the FMV (i.e., the average of the two Appraisers’ respective determinations of the FMV) or (B) the Purchase Price Floor. Such determination of the purchase price shall be final.

The cost of each Appraiser shall be paid by the Party that selected such Appraiser. Upon determination of the purchase price, the Parties agree to execute and deliver such reasonable documentation necessary to effectuate such transfer.

[signatures on next page]

City:

CITY OF SNOQUALMIE, a Washington municipal  
corporation

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

Name: Katherine Ross

Title: Mayor

PWRF:

PACIFIC WEST RAIL FOUNDATION, a  
Washington nonprofit corporation

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

Name: Peter Hambling

Title:

EXHIBIT A

Site

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Exhibit A-1

EXHIBIT B

Agreement of Purchase and Sale

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Exhibit B-1

EXHIBIT C

Contingent Gift Agreement

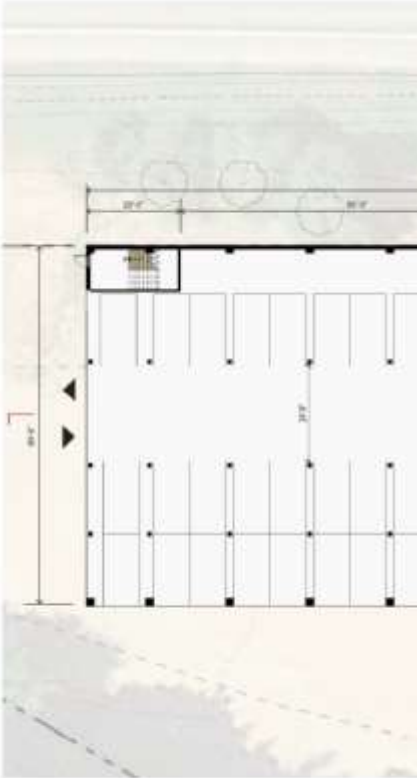
Exhibit E-1

EXHIBIT D

Conveyance Agreement

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¶  
Building Hard Costs (Materials + Construction):-¶  
\$20,810,000 - \$26,564,500¶

¶  
Building Soft Costs (Design Team + Consultants):-¶  
\$2,185,050 - \$4,000,000¶

¶  
Exhibition Hard Costs (Materials + Fabrication):-¶  
\$2,500,000 - \$3,890,000¶

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Exhibition Soft Costs (Design Team + Consultants):-¶  
Deferred¶  
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Exhibit D-1



Exhibit E

Public Use Covenant

Exhibit D-1

Exhibit F

EXHIBIT ~~F~~

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Fundraising Plan

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## OVERVIEW OF PACIFIC WEST RAIL

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### ***Background***

Pacific West Rail began in 2007 as the Northwest Trunk Lines. Originally constructed in the basement of a private residence, this 3,700 square foot model railroad showcases re-creations of numerous scenic locations around the western United States and Canada. Designed and built with portability in mind, this miniature display has reached a level of completion, authenticity, and detail such that it deserves a new location as a public exhibit.

### ***Location***

In 2020 the Pacific West Rail team began searching in earnest for a new location to construct a purpose-built structure that would house an expanded and reconfigured version of the model railroad in a museum setting. The City of Snoqualmie quickly rose to the top of potential sites with enthusiastic government support, high tourist volumes, and complementary railroad-themed attractions. A high-visibility lot within Snoqualmie

Exhibit F-1

city limits was selected and a name change to Pacific West Rail occurred to help differentiate the new attraction.

### **Team**

Several prominent advisors have been a part of the effort to transform Pacific West Rail into a unique and economically viable interpretive experience.

**Howard and Peggy Lovering** of Logic Inc. bring decades of experience in the museum sector with involvement in multiple large-scale projects including Seattle's Museum of Flight.

**Nicole Klein** with the ASUW Shell House has been a helpful guide in regard to working alongside local Indian Tribes.

**Kelly Coughlin** with the Snoqualmie Valley Chamber of Commerce has proven indispensable with her local connections and detailed knowledge of the Snoqualmie area.

**Tom Kundig, Edward Lalonde, Alan Maskin, and Michael Paraszczak** of Olson Kundig Architects bring their years of experience working on museum design. The firm's projects include The Tillamook Creamery, The Burke, Wagner Center at the Center for Wooden Boats, among many other distinguishable museums.

**Gerry Johnson** of Pacifica Law Group has been an invaluable resource. Gerry has an extensive history of working with nonprofits in the Seattle area. Gerry has provided counsel to some of the region's most impressive projects, including the initial development and expansion of the Seattle Art Museum, T-Mobile Park, Lumen Field and the Museum of Flight.

**Matt Hayes**, President and CEO at the Museum of Flight, has been instrumental in PWR understanding the operations within a museum and what it takes to run a successful museum.

**John Ferguson** of the Museum of Glass has been a champion of the project from the initial stages. John has been an eager participant in the project, offering his guidance through the ins and outs of the museum industry.

**Jack Anderson** is one of PWR's initial board members. Jack brings a keen design eye to the project. Jack founded Hornal Anderson, a top design company on the West Coast, and has been vital while working with Olson Kundig.

**John Hanson** is another of our initial board members. John is founder and head of KBC Advisors. A preeminent real estate advisory firm looking after most of Amazon's properties.

Exhibit F-3

**Andy Eccleshall** is a brilliant mural artist that performed all of the mural artwork on PWR. Andy's work has been featured in a number of publications throughout the region. Andy is a valuable asset that will provide insight into the best methods of relocating the model railroad's mural.

**Lou Maxon** is a local Snoqualmie Valley resident. Lou's experience in branding has been showcased throughout some of the world's largest corporations. Lou has a strong passion for railroading and has offered his expertise as PWR moves forward.

**Bruce McCaw** has been a valuable resource, facilitating connections with many of these individuals as well as possible donors. Olson Kundig architects were hired to develop a building and site plan that would meet the unique requirements of the lot as well as cater to the wants and needs of the community.

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## FEASIBILITY

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### ***Economic Feasibility***

The Snoqualmie Valley plays host to millions of tourists who come to be closer to nature and enjoy the charming towns tucked within. Annually, over 2 million people visit Snoqualmie Falls alone, which is located one half mile from the proposed site of the Pacific West Rail museum. Based on projected revenues and expenses prepared by our consultants Logic Inc, the museum could be profitable if even 2% of this traffic

Exhibit F-4

became paying customers. Break-even is forecast to be approximately 30,000 visitors, with a very reasonable target of 70,000 once established.

Construction of the Pacific West Rail museum stands to benefit the City of Snoqualmie as well. The Northwest Railway Museum, an existing focal point of the local tourist scene, estimates annual visitors at 130,000. We believe there will be significant crossover in audience that increases traffic to both museums. Additionally, the proposed location of the Pacific West Rail museum is a strategic link that can help draw visitors from Snoqualmie Falls into the historic downtown core, providing an economic boost to other local shops and eateries.

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## MUSEUM & CAMPUS

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### ***The Pacific West Rail Museum***

The design crafted by Olson Kundig is a two story structure elevated above flood level. A building footprint of 255' x 90' should provide approximately 35,000 square feet of interior space plus a 660 square foot covered balcony. This provides room for permanent and rotating exhibits, event and catering space, gift shop, theater, and a variety of educational and interpretive programming. Accommodations are also being made for a city-sponsored visitor center.

Exhibit F-5

The 1.5 acre site is envisioned to become a community gathering place. Integrated natural features are meant to both anchor the site in the environment as well as provide function during heavy rain and flooding.

Pacific West Rail is committed to keeping development costs in the neighborhood of \$20 million and will work with Olson Kundig to achieve a final design that meets this budget. To ensure the best outcome, we will not begin construction until the full cost has been committed. In conjunction with the City of Snoqualmie, we hope to set an aggressive timeline and move as quickly as possible.

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## FUNDRAISING SOURCES

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### ***Individual & Charitable Gift Solicitation***

The fundraising strategy is driven by the importance of moving forward expeditiously. Fundraising will focus on high net worth individuals and charitable foundations with whom we can find an emotionally connected interest, and subsequently a discovered passion for PWR.

The campaign would inherently be a private placement offering, with a directed approach to potential supporters and institutions of substantial means. Following their

Exhibit F-6

network of social and business connections would ideally lead others to ride on the same train as it were. Initial fundraising efforts will be focused on friends and colleagues, followed by connections that are developed through these initial pledgers.

Efforts will be focused on those with a latent interest in railroads, Western American history, and the ancestral and cultural evolution of America, as well as an innate curiosity and fascination with imaginary models and experiences, living museum exhibits, and sub-scale realities contrasted with a scene's real life counterpart.

The model railroad has a significant impact on visitors, one that isn't fully appreciated until seen with one's own eyes. Guests of all ages and interests are stunned and temporarily blown away by what they see. These are not just individuals interested in trains, but in fact a wide spectrum of people from all walks of life, who by having been dropped into an imaginary world, momentarily get lost in it. One common theme is the emotional reconnection with feelings of childhood, fueled by endless imagination.

An invite would be extended to potential supporters and investors to immerse themselves in the model railroad, in which we believe would supercharge any curiosity and interest they may have started with. The miniature world of trains and scenery is extremely impressive and quite unforgettable, an experience that is impossible to comprehend until one sees it, and offers a shining example of what the PWR museum will become.

Exhibit F-7



In these early stages, we would look for commitments to funding, and not accept financial contributions until substantially all the funds necessary to complete the design, construction, and exhibit installation of the museum have been assured. We intend to complete this effort within two years if we are going to be successful.

**Government Grants**

City, County and State government is not to be overlooked. PWRF will utilize connections facilitated through the Snoqualmie Valley Chamber of Commerce, as well as other regional connections to acquire grants through all levels of government.

**City of Snoqualmie:**

PWR will explore potential grant money that could be available to the city. This money could provide assistance with site preparation, drainage, utilities, and parking to help reduce the cost of construction and operations.

**King County:**

The county is a potential source of capital funding. Grants from nonprofits such as 4Culture will be accessed. The Northwest Railway Museum, also located within the City of Snoqualmie, has greatly benefited from grants provided by 4Culture. We believe pursuing a grant for \$2 to \$3 million is reasonable.

**State of Washington:**

The state, in two-year cycles, includes capital grants for cultural facilities. PWR will begin the solicitation process to apply for these grants. Starting with State Representatives for the area, along with the assistance of the City of Snoqualmie and local business representatives.

We believe our case for grants is strong, as the economic impact to the area is significant. Our economic impact survey estimates \$250k in local taxes will be generated annually from tourism, more than twice that to the state. The impact is estimated at an additional \$5 million in earnings, creating many jobs. For construction alone, the state taxes are \$700k, and earnings are \$21 million regionally. This provides a great case for support from City, County and State Government. We believe a target request of \$3 to \$5 million is appropriate, with the understanding that this money will take years to receive, but will look for a commitment as soon as possible.

**Corporations**

The corporations most likely to support Pacific West Rail are those in the rail and transportation sector. That said, the region is home to numerous fortune 500 companies that look to give back to their community.

**Online Campaign**

Some of today's largest contributions for non-profits can be found in the form of online fundraising. PWR could harness the power of the internet and social media to gain

Exhibit F-9

attention and source donations. Online campaigns featuring updates provided in the form of photos, videos and blog articles could keep donors engaged throughout the project, showcasing how their contributions are being utilized.

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Exhibit F-10

Exhibit GPreliminary Project BudgetProvided by Olson Kundig

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Building Hard Costs (Materials + Construction):\$20,810,000 - \$26,564,500Building Soft Costs (Design Team + Consultants):\$2,185,050 - \$4,000,000Exhibition Hard Costs (Materials + Fabrication):\$2,500,000 - \$3,890,000Exhibition Soft Costs (Design Team + Consultants):DeferredExhibition Soft Costs (Design Team + Consultants):DeferredTotal:\$22,995,050 - \$30,564,500

Exhibit H-1

Exhibit H

Preliminary Project Design

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Exhibit H-1

Exhibit I

Preliminary Project Schedule

Moved (insertion) [3]

Exhibit I-1

Snoqualmie City Council  
38624 SE River St  
Snoqualmie, WA 98065

Dear Members of the Snoqualmie City Council,

I am writing on behalf of the SnoValley Chamber of Commerce to express our full support for the Pacific West Rail Museum project in downtown Snoqualmie. The addition of this museum presents a unique and timely opportunity to revitalize our downtown area and bring much-needed economic vitality back to our city.

As you are aware, the ongoing construction of I-90 and SR-18 has significantly impacted tourism in Snoqualmie, resulting in a decline in visitors and a corresponding loss in sales tax revenue. With construction expected to continue until at least 2031, and with the second phase anticipated to add another four years of work, our downtown businesses are facing prolonged challenges. The Pacific West Rail Museum offers a promising solution to counter these impacts by attracting tourists and locals alike, drawing them back into our historic downtown.

The museum's focus on the rich rail history of the Pacific Northwest is a perfect match for Snoqualmie's heritage and will serve as a major draw for visitors. By creating an engaging and educational destination, the museum will not only increase foot traffic but also stimulate spending at local businesses, from restaurants and shops to lodging establishments. This boost in economic activity will provide a significant lift to our community, helping to offset the ongoing disruptions caused by the road construction.

Moreover, the Pacific West Rail Museum will contribute to diversifying Snoqualmie's tourism offerings, making our city a more compelling destination for both day-trippers and longer stays. This will generate more overnight visits, increasing demand for local accommodations and further driving economic benefits through increased lodging tax revenues.

Supporting the Pacific West Rail Museum aligns with Snoqualmie's goals of fostering economic development, promoting our unique cultural assets, and enhancing the overall quality of life for our residents. The Chamber believes this project will be instrumental in reversing the recent decline in tourism and restoring downtown Snoqualmie as a vibrant, bustling hub of activity.

We respectfully urge the City Council to support the Pacific West Rail Museum. This project represents a critical opportunity to reinvigorate our downtown, support our local businesses, and ensure the long-term economic health of Snoqualmie.

Thank you for your consideration and continued commitment to our community.

Sincerely,  
Kelly Coughlin  
CEO  
SnoValley Chamber of Commerce



# BUSINESS OF THE CITY COUNCIL CITY OF SNOQUALMIE

**AB24-101**  
**October 3, 2024**  
**Ordinance**

Item 2.

## AGENDA BILL INFORMATION

<b>TITLE:</b>	<b>AB24-101:</b> 2025-2026 Biennial Budget	<input type="checkbox"/> Discussion Only
<b>PROPOSED ACTION:</b>	Approve Ordinance 1296 Adopting the 2025-2026 Biennial Budget	<input checked="" type="checkbox"/> Action Needed: <input type="checkbox"/> Motion <input checked="" type="checkbox"/> Ordinance <input type="checkbox"/> Resolution

<b>REVIEW:</b>	Department Director	Drew Bouta	9/26/2024
	Finance	Janna Walker	9/26/2024
	Legal	David Linehan	9/26/2024
	City Administrator	Mike Chambless	Click or tap to enter a date.

<b>DEPARTMENT:</b>	Finance		
	<b>STAFF:</b> Budget Manager, Janna Walker		
	<b>COMMITTEE:</b> Committee of the Whole		<b>COMMITTEE DATE:</b> September 30, 2024
	<b>EXHIBITS:</b> 1. Ordinance 1296 Adopting the 2025-2026 Biennial Budget 2. Mayor’s Proposed 2025-2026 Biennial Budget Document (Updated 9/16/2024)		

<b>AMOUNT OF EXPENDITURE</b>	\$ n/a
<b>AMOUNT BUDGETED</b>	\$ n/a
<b>APPROPRIATION REQUESTED</b>	\$ See Ordinance

## SUMMARY

### INTRODUCTION

The purpose of this agenda bill is to adopt the 2025-2026 Biennial Budget.

### LEGISLATIVE HISTORY

- On September 3-4, 2024, the Mayor proposed the 2025-2026 Biennial Budget to City Council at two Special Meetings.
- On September 9, 2024, Administration responded to questions posed by City Council during a City Council roundtable. City Council continued review and deliberation.
- During the week of September 16, 2024, directors presented brief reviews of their department's proposed budgets to respective committees. A new version of the Mayor's proposed 2025-2026 Biennial Budget was provided, including updates to the beginning fund balance with the Opioid Settlement Fund (#123), revenue related to a legal settlement that



will be receipted into the General Fund (#001), and internal service charge adjustments (various funds).

- On September 23, 2024, City Council continued to review and deliberate on the proposed budget at a City Council roundtable, with Administration available for questions.
- AB24-004 is associated with Ordinance No. 1285, which established a 0.1% Transportation Benefit District (TBD) sales tax. The agenda bill proposed decreasing the amount of utility tax revenues currently transferred to the Non-Utilities Capital Fund (#310) from 33.3% to 15%.

## ANALYSIS

Ordinance 1296 differs from the 2023-2024 Biennial Ordinance No. 1267 in several important ways, as follows:

- As part of the Mayor's proposed 2025-26 Biennial Budget, Administration plans to utilize a 5% vacancy rate within the General Fund (#001). To facilitate this change, the attached ordinance contains broader language than that used in the past, allowing transfers between individual appropriations within any one fund. Historically, transfers could only be made within funds or within a functional classification, if specified. This change will only affect the General Fund (#001).
- According to RCW 35A.34.270, when a city adopts a budget for a capital project, it is in effect adopting a continuing appropriations budget. The proposed ordinance attempts to address this more explicitly for capital projects, capital programs, and debt service to allow for continuing appropriations in a more straightforward and transparent manner.
- AB24-004 expressed the intent of decreasing the amount of utility taxes transferred to the Non-Utilities Capital Fund (#310) from 33.3% to 15% in conjunction with establishing a 0.1% TBD sales tax. The attached ordinance completes the intention of AB24-004.

## BUDGET IMPACTS

## NEXT STEPS

Per the Council's direction, City Council may adopt the Proposed Final 2025-2026 Biennial Budget at the October 3<sup>rd</sup> Special Meeting, or table for further review and adoption at the next regularly scheduled Council meeting on October 14, 2024.

## PROPOSED ACTION

Move to approve Ordinance 1296 adopting the 2025-2026 Biennial Budget.

**ORDINANCE NO. 1296****AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF SNOQUALMIE, WASHINGTON, ADOPTING THE 2025-2026 BIENNIAL BUDGET; PROVIDING FOR SEVERABILITY AND AN EFFECTIVE DATE.**

**WHEREAS**, as a noncharter code City, the City of Snoqualmie is authorized by RCW 35A.34.040 to establish by ordinance a two-year fiscal biennium budget cycle for the City; and

**WHEREAS**, the City Council passed Ordinance No. 1096 establishing a two-year fiscal biennial budget, as authorized by RCW 35A.34.040; and

**WHEREAS**, the City has prepared a 2025-2026 budget that meets the requirements of Washington law; and

**WHEREAS**, on July 8, 2024, the City Council adopted Resolution No. 1692 approving the 2025-2030 Non-Utilities Capital Improvement Plan which established a financial plan for non-utility capital projects, capital programs, and debt service over the next six-year period; and

**WHEREAS**, on September 30 and October 3, 2024, the City Council held public hearings upon notice as prescribed by law, and met for the purpose of setting the final 2025-2026 budget of the City; and

**WHEREAS**, the City Council has made changes as it deemed necessary or proper, and has determined the allowance for each item, department, classification, and fund and desires to adopt the final 2025-2026 budget to appropriate monies in order to fund estimated expenditures authorized in the 2025-2026 budget; and

**WHEREAS**, the City Council has determined that the estimated expenditures set forth in the budget are necessary to carry on the government of the City for the 2025-2026 biennium and are sufficient to meet the various needs of the City during that period; and

**WHEREAS**, on July 28, 2014, the City Council adopted Ordinance No. 1135 repealing the expiration of the 3% utility tax and transferring the tax into the Street Overlay Reserve Fund after the City Hall bonded indebtedness is fully retired; and

**WHEREAS**, on January 22, 2024, the City Council adopted Ordinance No. 1285 establishing 0.1% Transportation Benefit District (TBD) sales and use tax for the purpose of financing transportation improvements in the district; and

**WHEREAS**, staff recommended in AB24-004, which contains Ordinance No. 1285, reducing the amount of utility tax transferred from the General Fund (#001) to the Non-Utilities Capital Fund (#310) in support of transportation improvements to simplify, streamline, and rebalance between funds the accounting of revenues.

**WHEREAS**, the City Council desires to reduce the amount of utility tax transferred to the successor of the Street Overlay Reserve Fund, the Non-Utilities Capital Fund (#310), in consideration of the 0.1% TBD sales and use tax;

**NOW, THEREFORE, BE IT ORDAINED** by the Council of the City of Snoqualmie as follows:

**SECTION 1. Biennial Budget Adopted.** The City of Snoqualmie biennial budget for the period of January 1, 2025 through December 31, 2026, as determined after hearings and placed into final form and content, is hereby adopted by reference as set forth in Sections 2, 4, and 6 below.

**SECTION 2. Fund Budget Summary Form.** Pursuant to RCW 35A.34.120, the totals of estimated sources and appropriations for each separate fund, and the aggregate totals for all such funds combined, are set forth in summary form below and are hereby appropriated for use at the

fund level during the 2025-2026 biennium, with the exception of the City's capital funds (Non-Utilities Capital Fund (#310), Enterprise Resource Planning Project Fund (#350), and Utilities Capital Fund (#417)).



## Proposed 2025-2026 Biennial Budget Ordinance Table

Fund #	Fund Name	Est. 2025 Beginning Fund Balance	Est. 2025 Sources	Est. 2025 Uses	Est. 2025 Ending Fund Balance	Est. 2026 Sources	Est. 2026 Uses	Est. 2026 Ending Fund Balance	Total 2025-2026 Est. Sources	Total 2025-2026 Uses (Appropriation)
001	General Fund	\$ 1,184,187	\$ 22,722,007		\$ 1,868,673	\$ 22,259,461		\$ 2,289,136	\$ 44,981,468	
	Administrative Departments <sup>1</sup>			\$ 5,655,223			\$ 5,519,118			\$ 11,174,341
	Police (Snoqualmie)			\$ 4,970,913			\$ 5,053,448			\$ 10,024,361
	Fire & Emergency Management			\$ 4,836,123			\$ 4,939,736			\$ 9,775,859
	Parks & Streets Maintenance			\$ 3,214,176			\$ 3,352,149			\$ 6,566,325
	Community Development <sup>2</sup>			\$ 2,337,694			\$ 2,129,507			\$ 4,467,201
	Non-Departmental <sup>3</sup>			\$ 1,023,392			\$ 845,040			\$ 1,868,432
002	Reserve Fund	\$ 3,118,281	\$ 91,000	\$ -	\$ 3,209,281	\$ 84,000	\$ -	\$ 3,293,281	\$ 175,000	\$ -
	<b>Total General Fund</b>	<b>\$ 4,302,468</b>	<b>\$ 22,813,007</b>	<b>\$ 22,037,521</b>	<b>\$ 5,077,954</b>	<b>\$ 22,343,461</b>	<b>\$ 21,838,998</b>	<b>\$ 5,582,417</b>	<b>\$ 45,156,468</b>	<b>\$ 43,876,519</b>
012	Arts Activities Fund	\$ 50,739	\$ 49,763	\$ 37,180	\$ 63,322	\$ 12,857	\$ 38,389	\$ 37,790	\$ 62,620	\$ 75,569
014	North Bend Police Services Fund	\$ 37,788	\$ 4,080,755	\$ 4,113,484	\$ 5,059	\$ 4,243,575	\$ 4,243,675	\$ 4,959	\$ 8,324,330	\$ 8,357,159
018	Deposits Reimbursement Control Fund	\$ 21,266	\$ 20,585	\$ 41,851	\$ -	\$ 20,525	\$ 20,525	\$ -	\$ 41,110	\$ 62,376
020	School Impact Fee Fund	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 400,000	\$ 400,000
	<b>Total Managerial Funds</b>	<b>\$ 109,793</b>	<b>\$ 4,351,103</b>	<b>\$ 4,392,515</b>	<b>\$ 68,381</b>	<b>\$ 4,476,957</b>	<b>\$ 4,502,589</b>	<b>\$ 42,749</b>	<b>\$ 8,828,060</b>	<b>\$ 8,895,104</b>
110	Tourism Promotion Fund	\$ 9,866	\$ 33,600	\$ 30,000	\$ 13,466	\$ 34,507	\$ 30,000	\$ 17,973	\$ 68,107	\$ 60,000
118	Drug Enforcement Fund	\$ 39,085	\$ 901	\$ 3,000	\$ 36,986	\$ 809	\$ -	\$ 37,795	\$ 1,710	\$ 3,000
123	Opioid Settlement Fund	\$ 71,335	\$ 15,966	\$ -	\$ 87,301	\$ 16,732	\$ -	\$ 104,033	\$ 32,698	\$ -
131	Affordable Housing Fund	\$ 1,725,925	\$ 398,936	\$ -	\$ 2,124,861	\$ 414,290	\$ -	\$ 2,539,151	\$ 813,226	\$ -
144	Home Elevations Fund	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
	<b>Total Special Revenue Funds</b>	<b>\$ 1,846,211</b>	<b>\$ 949,403</b>	<b>\$ 533,000</b>	<b>\$ 2,262,614</b>	<b>\$ 466,338</b>	<b>\$ 30,000</b>	<b>\$ 2,698,952</b>	<b>\$ 1,415,741</b>	<b>\$ 563,000</b>
310	Non-Utilities Capital Fund	\$ 20,095,791	\$ 5,441,708	\$ 19,044,154	\$ 6,493,345	\$ 14,102,500	\$ 18,271,821	\$ 2,324,024	\$ 19,544,208	\$ 37,315,975
350	Enterprise Resource Planning Project Fund	\$ 483,958	\$ 161,000	\$ 349,958	\$ 295,000	\$ 5,000	\$ 300,000	\$ -	\$ 166,000	\$ 649,958
	<b>Total Capital Funds</b>	<b>\$ 20,579,749</b>	<b>\$ 5,602,708</b>	<b>\$ 19,394,112</b>	<b>\$ 6,788,345</b>	<b>\$ 14,107,500</b>	<b>\$ 18,571,821</b>	<b>\$ 2,324,024</b>	<b>\$ 19,710,208</b>	<b>\$ 37,965,933</b>
401	Water Operations Fund	\$ 2,258,252	\$ 5,891,360	\$ 5,565,107	\$ 2,584,505	\$ 6,328,006	\$ 5,720,770	\$ 3,191,741	\$ 12,219,366	\$ 11,285,877
402	Wastewater Operations Fund	\$ 819,934	\$ 7,677,737	\$ 5,921,807	\$ 2,575,864	\$ 9,325,082	\$ 7,318,531	\$ 4,582,414	\$ 17,002,819	\$ 13,240,339
403	Stormwater Operations Fund	\$ 588,834	\$ 3,313,156	\$ 3,447,393	\$ 454,597	\$ 3,595,584	\$ 3,347,870	\$ 702,310	\$ 6,908,740	\$ 6,795,264
417	Utilities Capital Fund	\$ 4,015,287	\$ 13,355,064	\$ 11,741,179	\$ 5,629,172	\$ 6,589,905	\$ 7,054,036	\$ 5,165,041	\$ 19,944,969	\$ 18,795,215
	<b>Total Enterprise Funds</b>	<b>\$ 7,682,307</b>	<b>\$ 30,237,317</b>	<b>\$ 26,675,487</b>	<b>\$ 11,244,137</b>	<b>\$ 25,838,577</b>	<b>\$ 23,441,208</b>	<b>\$ 13,641,507</b>	<b>\$ 56,075,894</b>	<b>\$ 50,116,694</b>
501	Equipment Replacement & Repair Fund	\$ 2,934,654	\$ 2,886,570	\$ 3,726,621	\$ 2,094,604	\$ 2,625,256	\$ 2,527,591	\$ 2,192,269	\$ 5,511,826	\$ 6,254,211
502	Information Technology Fund	\$ 1,635,916	\$ 2,738,274	\$ 2,710,099	\$ 1,664,091	\$ 2,859,646	\$ 2,839,516	\$ 1,684,221	\$ 5,597,920	\$ 5,549,615
510	Facilities Maintenance Fund	\$ 194,755	\$ 779,655	\$ 770,738	\$ 203,673	\$ 817,758	\$ 811,090	\$ 210,341	\$ 1,597,413	\$ 1,581,827
	<b>Total Internal Service Funds</b>	<b>\$ 4,765,325</b>	<b>\$ 6,404,499</b>	<b>\$ 7,207,457</b>	<b>\$ 3,962,367</b>	<b>\$ 6,302,660</b>	<b>\$ 6,178,196</b>	<b>\$ 4,086,831</b>	<b>\$ 12,707,159</b>	<b>\$ 13,385,653</b>
	<b>Total All Funds</b>	<b>\$ 39,285,853</b>	<b>\$ 70,358,037</b>	<b>\$ 80,240,091</b>	<b>\$ 29,403,799</b>	<b>\$ 73,535,493</b>	<b>\$ 74,562,812</b>	<b>\$ 28,376,480</b>	<b>\$ 143,893,530</b>	<b>\$ 154,802,903</b>

<sup>1</sup> Includes Mayor, City Council, Administration, City Attorney, City Clerk, Finance, and Communications

<sup>2</sup> Includes Planning, Developer-Reimbursed Expenditures, Building, and Events

<sup>3</sup> Includes Human Services, Court Services, etc.

**SECTION 3. Transfers Within Funds Authorized.** Pursuant to RCW 35A.34.200(2), transfers between individual appropriations within any one fund of the 2025-2026 biennial budget may be made during the fiscal biennium by order of the Mayor.

**SECTION 4. Capital Project Budget Summary Form.** The totals of estimated sources and appropriations over the life of each capital project, that has or is anticipated to start before December 31, 2026, and the aggregate totals for all such capital projects combined, are set forth in summary form below and are hereby appropriated for use at the capital project level.



### Capital Project Budget Table

Capital Project	Est. Life-of-Project Sources	Est. Life-of-Project Uses (Appropriation)
Meadowbrook Trail Project	\$ 240,000	\$ 240,000
Kimball Creek Bridges Restoration Project	\$ 1,865,513	\$ 1,865,513
384th Street Project - Non-Utilities Portion	\$ 1,093,521	\$ 1,093,521
Community Park Sprayground Project	\$ 1,500,000	\$ 1,500,000
Town Center Improvement Project - Phase III	\$ 14,797,050	\$ 14,797,050
Meadowbrook Bridge Restoration Project	\$ 3,163,800	\$ 3,163,800
Railroad Crossing Project	\$ 2,144,500	\$ 2,144,500
Rivertrail Project - NW of Sandy Cove Park	\$ 3,607,751	\$ 3,607,751
Rivertrail Project - Arboretum Trail	\$ 1,709,700	\$ 1,709,700
Police Station Facility Improvements Project	\$ 345,000	\$ 345,000
Fire Station Facility Improvement Project	\$ 74,300	\$ 74,300
Community Center Expansion Project	\$ 30,226,669	\$ 30,226,669
Server Improvement Project	\$ 75,000	\$ 75,000
Fiber Optic Backbone Replacement Project	\$ 425,000	\$ 425,000
<b>Total Non-Utilities Capital Projects</b>	<b>\$ 61,267,804</b>	<b>\$ 61,267,804</b>
384th Street Project - Utilities Portion	\$ 2,780,913	\$ 2,780,913
Water Reclamation Facility Improvement Project - Phase III	\$ 16,990,359	\$ 16,990,359
Pressure Zone Conversions Project	\$ 237,930	\$ 237,930
Pressure Reducing Valve (PRV) Stations Project	\$ 244,110	\$ 244,110
705 Zone Booster Pump Station Improvement Project	\$ 592,250	\$ 592,250
South Wellfield Improvement Project	\$ 2,943,740	\$ 2,943,740
Canyond Springs Improvement Project	\$ 1,549,308	\$ 1,549,308
Eagle Lake Water Reclamation Basin Improvement Project	\$ 8,651,047	\$ 8,651,047
Ridge Street Drainage Improvement Project	\$ 346,080	\$ 346,080
Kimball Creek Riparian Restoration Project	\$ 2,365,910	\$ 2,365,910
Sandy Cove Park Riverbank Restoration & Outfall Project	\$ 4,537,566	\$ 4,537,566
SR 202 Bridge Utility Main Replacement Project	\$ 6,943,211	\$ 6,943,211
Source of Supply Improvement Project	\$ 1,548,000	\$ 1,548,000
<b>Total Utilities Capital Projects</b>	<b>\$ 49,730,424</b>	<b>\$ 49,730,424</b>
Enterprise Resource Planning System Project	\$ 2,126,111	\$ 2,126,111
<b>Total All Capital Projects</b>	<b>\$ 113,124,339</b>	<b>\$ 113,124,339</b>

**SECTION 5. Continuing Appropriation for Capital Projects Authorized.** Pursuant to RCW 35A.34.270, the appropriation in any fund for any capital project shall not lapse at the end of each fiscal biennium but shall be carried forward from biennium to biennium until fully expended or the purpose has been accomplished or abandoned, without necessity of reappropriation.

**SECTION 6. Capital Program and Debt Service Budget Summary Form.** The totals of estimated sources and appropriations for each capital or debt service program during the 2025-2026 biennium, and the aggregate totals for all such programs combined, are set forth in summary form below and are hereby appropriated for use at the capital and debt service program level.



**Capital Program and Debt Service Budget Table**

Capital or Debt Service Program	Est. 2025-2026 Sources	Est. 2025-2026 Uses (Appropriation)
Street Resurfacing Program	\$ 1,125,020	\$ 1,125,020
Sidewalk Improvement Program	\$ 409,410	\$ 409,410
Americans with Disabilities Act (ADA) Program	\$ 159,881	\$ 159,881
Complete Streets Improvement Program	\$ 148,425	\$ 148,425
Playgrounds Replacement Program	\$ 689,424	\$ 689,424
Trails Improvement Program	\$ 134,029	\$ 134,029
Sport Court Improvement Program	\$ 58,471	\$ 58,471
Parks Parking Lot Resurfacing Program	\$ 134,806	\$ 134,806
Parks Facilities Improvement Program	\$ 85,683	\$ 85,683
Riverfront Land Acquisitions & Demolitions Program	\$ 850,000	\$ 850,000
Environmental Improvement Program	\$ 57,600	\$ 57,600
Facilities Improvement Program	\$ 551,014	\$ 551,014
<b>Total Non-Utilities Capital Programs</b>	<b>\$ 4,403,763</b>	<b>\$ 4,403,763</b>
<b>Non-Utilities Debt Service</b>	<b>\$ 174,000</b>	<b>\$ 174,000</b>
Utility Main & Drainage System Replacement Program	\$ 3,540,078	\$ 3,540,078
Urban Forestry Improvement Program	\$ 509,850	\$ 509,850
Stormwater Pond Improvement Program	\$ 365,400	\$ 365,400
<b>Total Utilities Capital Programs</b>	<b>\$ 4,415,328</b>	<b>\$ 4,415,328</b>
<b>Utilities Debt Service</b>	<b>\$ 5,984,443</b>	<b>\$ 5,984,443</b>
<b>Total All Capital and Debt Service Programs</b>	<b>\$ 14,977,534</b>	<b>\$ 14,977,534</b>

**SECTION 7. Transmittal of Budget.** The City Clerk is hereby directed to transmit to the Office of the State Auditor and to the Association of Washington Cities a complete copy of the budget herein referred to as adopted.

**SECTION 8. Reduction in Utility Tax Transferred.** The 3% utility tax on the City's combined utilities and solid waste addressed in Ordinance No. 1135 will be shared between the General Fund (#001) and the Non-Utilities Capital Fund (#310), with the General Fund (#001) receiving 1.65% and the Non-Utilities Capital Fund (#310) receiving 1.35% of the utility tax relating to the City's combined utilities and solid waste.

**SECTION 9. Effective Date.** This ordinance shall be effective five days after its passage and publication, as provided by law.

**SECTION 10. Severability.** If any portion of this ordinance is found to be invalid or unenforceable for any reason, such finding shall not affect the validity or enforceability of any other section of this ordinance.

**SECTION 11. Corrections by the City Clerk or Code Reviser.** Upon approval of the City Attorney, the City Clerk and Code Reviser are authorized to make necessary corrections to this ordinance, including the correction of clerical errors; references to other local, state or federal laws, codes, rules, or regulations, or ordinance numbering and section/subsection numbering.

**PASSED** by the City Council of the City of Snoqualmie, Washington this 3<sup>rd</sup> day of October 2024.

\_\_\_\_\_  
Katherine Ross, Mayor

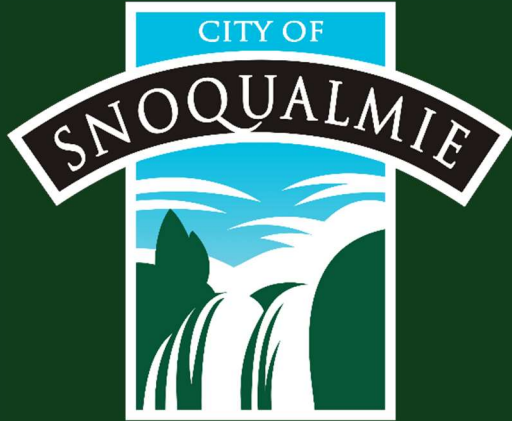
ATTEST:

APPROVED AS TO FORM:

\_\_\_\_\_  
Deana Dean, City Clerk

\_\_\_\_\_  
David Linehan, Interim City Attorney





## City of Snoqualmie

### Mayor's Proposed 2025-2026 Biennial Budget



September 16, 2024



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## Mayor's Budget Message

Snoqualmie City Council and Community:

I am pleased to present the City of Snoqualmie's 2025-2026 Biennial Budget which will fund the City's activities for the next two years. This proposed two-year budget totals \$154.8 million, including \$43.9 million for the General Fund, and \$59.6 million in capital investments.

My goal is for the biennial budget to accurately reflect the needs of our community, which deserves a reliable and transparent government. Over the past two years, the City faced significant challenges, including the same inflationary pressures that many families have felt, as well as shifting labor market conditions that have notably affected public safety recruitment and retention. I am thankful to everyone who has contributed to this effort, especially the City Council and the community, whose support have put us on a stable and renewed course.

Looking ahead, this budget aims to elevate the City of Snoqualmie in multiple areas: enhancing our professionalism, improving our responsiveness, fostering innovation, and ensuring fiscal sustainability, all while preserving the cherished small-town character and sense of community. You'll see evidence of this advancement throughout the city —whether it's the adoption of the 2044 Comprehensive Plan, the Police Department's blueprint for accreditation, the Fire Department's re-accreditation, or the implementation of a new Enterprise Resource Planning (ERP) system, which will transform how we conduct our business both internally and externally. None of this progress would be possible without the dedicated staff committed to making Snoqualmie one of the best places to live in our region.

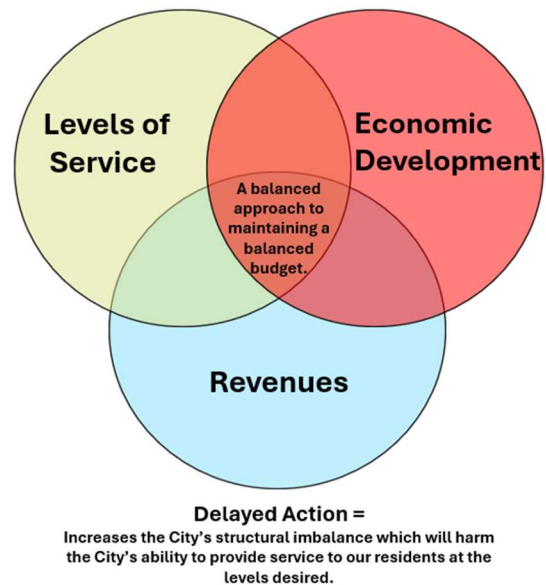


To achieve these goals, the City will need to continue rebalancing its revenue sources to create a more equitable distribution between property taxes, which are paid exclusively by property owners; and sales taxes, which are paid by both residents and visitors. Many Washington cities face revenue constraints, such as the 1% cap on property tax increases, which often fail to keep pace with inflation. This leads to structural imbalances where expenses consistently surpass revenues, driving city finances into an unfavorable position. Snoqualmie has proactively addressed these challenges by seeking additional revenues when necessary, such as the public safety sales tax, optimizing service levels, and pursuing economic development opportunities. As a result of these efforts, we are proud to present a balanced 2025-2026 Biennial Budget that is fiscally responsible and positions us well for a strong financial future. Based on input from the community, the City Council has established key priorities that are reflected throughout the budget. These priorities, evident in the funded capital projects and supported services, include:

- Encouraging Economic Vibrancy
- Enhancing and Preserving Neighborhood Livability and Quality of Life
- Investing in Transportation and Infrastructure
- Assuring a Safe Community
- Ensuring Fiscal Transparency and Operational Stability

On July 8, 2024, the City Council approved the non-utilities portion of the Capital Improvement Plan (CIP), which includes transportation, parks, facilities, public safety and other areas. The Administration and City Council are currently finalizing the utilities portion of the CIP. This plan is designed to be financially sound, responsible, and balanced, ensuring proactive maintenance of critical infrastructure while strategically investing in improvements that will enhance the quality of life for Snoqualmie residents.

A significant and exciting strategic investment is the Community Center Expansion Project, slated for construction in 2025, contingent upon funding support from external partners such as the State of Washington and King County. This expansion, which includes an aquatics facility, will offer essential swimming and water safety skills, and enhance health and mental wellness programs for people of all ages and abilities. The expansion will alleviate overcrowding, address the demand for before and after-school programs, meeting spaces, fitness space, and fulfill the vision for Snoqualmie Ridge that began over 25 years ago.



I want to extend my sincere gratitude to the City Council for their unwavering commitment to prioritizing our community's needs. I would like to thank our city staff for their hard work and dedication throughout the budget process, which will have a lasting impact in the years ahead.

It is an honor to serve as your Mayor. I am thankful to be part of such an extraordinary community, genuine in its beauty, people, and exceptional quality of life.

Respectfully,

Mayor Katherine Ross



## Leadership

Snoqualmie is a full-service City with exceptional residents, businesses, community stakeholders, and city employees. Elected officials serve in a healthy and vigorous political environment, but universally agree that Snoqualmie should welcome others while honoring the history, passion, and location that makes this place spectacular and extraordinary. Snoqualmie operates under the Mayor-Council form of government.

### Mayor



The elected Mayor, **Katherine Ross**, is responsible for the day-to-day administration of the City, the implementation of Council policies, and coordination of all City activities and functions in partnership with the City Administrator and department directors. The goal is to ensure and provide the best service to the community.

The seven-member City Council establishes municipal code, citywide policies, and provides leadership for the community. The City Council is responsible for providing effective representation for its residents, determining policy, enacting ordinances and resolutions, approving contracts, and authorizing payment of all obligations incurred by the City.

### City Council

#### Regular Meetings 7:00 pm

2nd and 4th Mondays of  
each month  
Snoqualmie City Hall  
38624 SE River Street  
Snoqualmie, WA 98065



**Ethan Benson**  
City Council Position 1



**Rob Wotton**  
City Council Position 2



**Bryan Holloway**  
City Council Position 3



**Louis Washington**  
City Council Position 4



**Catherine Cotton**  
City Council Position 5



**Cara Christensen**  
City Council Position 6



**Jolyon Johnson**  
City Council Position 7

## City Officials

### Appointed by City Council:

City Administrator	Mike Chambless
City Attorney	Madrona Law (Interim)
Police Chief	Brian Lynch
Fire Chief	Mike Bailey
Parks & Public Works Director	Jeff Hamlin
Finance Director	Drew Bouta
Community Development Director	Emily Arteche
Information Technology Director	Fletcher Lacroix

## Advisory Boards & Commissions

The people that serve on advisory boards and commissions are volunteer residents who advise the City Council in matters concerning the arts, parks, comprehensive land use and development, and in the allocation of dollars for tourism and human services.

### Arts Commission

The Snoqualmie Arts Commission helps develop and support public programs for the arts, advises the City on permanent public art installations, and helps develop designs for City streetlight pole banners. Commission programs include classes at reduced cost, art shows in the City Hall Lobby, and developing popular events like the Plein Air Paint Out.

5:30 p.m., Second Monday of the Month

Pos. No.	Name	Term Expires
1	Steve Pennington	12/31/2025
2	Vacant	12/31/2025
3	Donna Cronk	12/31/2024
4	Vacant	12/31/2024
5	Sarah Elley	12/31/2026
6	Vacant	12/31/2026
7	YiJu Miller	12/31/2026
*	Council Member Catherine Cotton	

### Civil Service Commission

To ensure equitable treatment of fire and police officers by the City, the commission conducts testing for police and fire positions, conducts promotional exams, and hears appeals of disciplinary actions.

5:00 p.m., First Wednesday of the Month

Pos. No.	Name	Term Expires
1	Chris Stephen	12/31/2026
2	Gary Bragg	12/31/2028
3	Grahame Ross	12/31/2030



## Economic Development Commission

The Economic Development Commission duties include 1) preparing an economic development element for the Snoqualmie Comprehensive Plan and from time to time recommending amendments to the City Council on goals, policies, objectives, and provisions for economic growth and vitality and a high quality of life; and 2) provide such other advice and recommendations to the Mayor and City Council regarding matters affecting economic development within the city.

8:00 a.m., Third Wednesday of the Month

Pos. No.	Name	Term Expires
1	Vacant	12/31/2024
2	Kristina Hudson	12/31/2025
3	Rob McDonald	12/31/2024
4	Adrian Webb	12/31/2025
5	Nichole Pas	12/31/2024
6	Paula Shively	12/31/2025
7	Joelle Gibson	12/31/2024
*	Council Member Rob Wotton	
*	City Administrator Mike Chambless	

## Parks & Events Commission

The Snoqualmie Parks & Events Commission advises the City Council regarding many aspects of city parks, recreational facilities, and programs. They also provide advice regarding any form of recreation or cultural activities held for the enjoyment and well-being of the public.

7:00 p.m., Third Monday of the Month

Pos. No.	Name	Term Expires
1	Emily Anderson	12/31/2025
2	Vacant	12/31/2026
3	Vacant	12/31/2026
4	Vacant	12/31/2026
5	Paul Sweum	12/31/2025
*	Councilmember Ethan Benson	

## Planning Commission

The role of the Planning Commission is to make recommendations to the City Council, and on some issues, make decisions on land use issues such as zoning. The principal guide to making land use decisions in Snoqualmie is the Comprehensive Plan of the City and Zoning Ordinance.

7:00 p.m., First and Third Monday of the Month

Pos. No.	Name	Term Expires
1	Ashleigh Kilcup	12/31/2027
2	Steve Smith	12/31/2026
3	Andre Testman	12/31/2025
4	Darrel Lambert	12/31/2025
5	Luke Marusiak	12/31/2024
6	Vacant	12/31/2028
7	Michael Krohn	12/31/2027
*	Council Member Jolyon Johnson	

### Lodging Tax Advisory Committee

The Lodging Tax Advisory Committee (LTAC) meets on an as needed basis to review applications submitted by local organizations requesting lodging tax funds for tourism projects. The LTAC Committee typically meets no less than twice per year.

Pos. No.	Name	Term Expires
1	Vacant	12/31/2024
2	Laurie Hay	12/31/2024
3	Richard Anderson	12/31/2024
4	Kelly Coughlin	12/31/2024
*	Council Member Bryan Holloway	

### Human Services Advisory Committee

The City of Snoqualmie assigns a portion of its biennial budget to provide aid for residents in need. Human services are often provided directly by larger municipalities, however, the City of Snoqualmie contracts with community organizations to provide human services because the City does not employ staff with expertise in these areas.

The Human Services Advisory Committee works with staff to identify and prioritize funding needs in the community, administer the funding application process, recommend budget allocations to the City Council, and review accountability reports from human services organizations to ensure efficient use

of City funds. The Human Services Advisory Committee is different from the City's other Commissions as it is a special advisory committee to the Mayor as opposed to being a Council Commission. The Human Services Advisory Committee meets on an as needed basis.

Pos. No.	Name	Term Expires
1	Mandeep Walia	12/31/2026
2	Sara Weisel	12/31/2026
3	Jennifer Bragg	12/31/2026
*	Council Member Bryan Holloway	



## Vision, Values, & Mission

### — VISION —

Snoqualmie is extraordinary, genuine in its beauty, people, and quality of life.

### — VALUES —

In serving our community, we are:

**T**ransparent in every action.  
**R**esponsive in addressing all concerns.  
**A**ccountable in all we do.  
**I**nnovative in our work.  
**T**rustworthy in the eyes of those we serve.  
**S**ustainable fiscally and environmentally.

### — MISSION —

We are stewards of our natural and built environment, striving to preserve and create an extraordinary community for our residents, businesses, neighbors, and visitors.





## Council Priorities

At the 2024 City Council Retreat, the Council updated its priorities for the City in order to focus efforts over the next biennium. Within each priority is a number of more detailed goals. The 2025-2026 Biennial Budget endeavors to support, through funding, the achievement of these priorities, along with the routine and ongoing delivery of services that City departments provide.

### Encourage Economic Vibrancy

- Goal #1: Encourage and support tourism.
- Goal #2: Attract, retain, and protect retail.
- Goal #3: Encourage, support, and project hospitality.
- Goal #4: Support and protect employment-centered commercial businesses.

### Enhance and Preserve Neighborhood Livability and Quality of Life

- Goal #1: Support affordable housing development.
- Goal #2: Provide inclusive aesthetically pleasing streetscapes.
- Goal #3: Implement opportunities to expand recreational programs and activities.
- Goal #4: Cultivate an environmentally conscious community.
- Goal #5: Provide non-motorized mobility options for connecting neighborhoods and recreational amenities.

### Invest in Transportation & Infrastructure

- Goal #1: Maintain sustainable streets, parks, facilities, and utility infrastructure.
- Goal #2: Work with transportation partners to enhance regional connectivity.
- Goal #3: Support infrastructure equity.

### Assure a Safe Community

- Goal #1: Maintain proactive community public safety services.
- Goal #2: Deliver exceptional first responder coverage and response times.

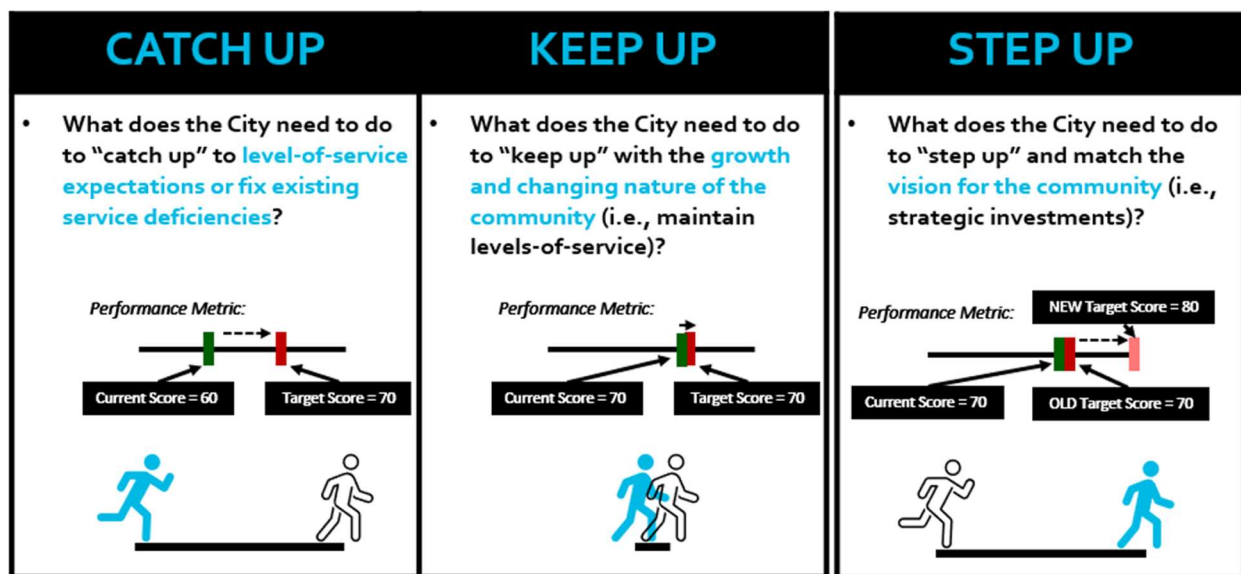
### Ensure Fiscal Transparency & Operational Stability

- Goal #1: Develop a strategic plan.
- Goal #2: Maintain an appropriate financial capacity for present and future levels-of-service.



## Budget Process

The City of Snoqualmie adopts a biennial budget and allocates spending over a two-year period. Budget amendments occur periodically and the City is required to update the budget at the end of the first year to allow for expenditure adjustments and new revenue sources that were unforeseen at the time of budget adoption. The budget process begins with the priority-setting work of City Council, then an update of the multi-year Capital Improvement Plan (CIP), and finally, development of the proposed biennial budget based on the priorities of Council and the Mayor's direction. Personnel costs and internal service charges were estimated by budget staff. Departments were given the opportunity to propose personnel changes, as well as request new or changed programs, activities, studies, or pieces of equipment for the 2025-2026 biennium. As a part of their effort, each department was asked to consider the following questions and classify any budgetary requests they may have using the framework below:



Departments submitted their budget materials within the new Enterprise ERP system, the Mayor then proceeded to review and evaluate budget requests in order to determine what to propose for funding in the 2025-2026 Biennial Budget. This budget document and the presentations that follow reflect those decisions.

The following is the 2025-2026 Biennial Budget Development Calendar which outlines Council's year-long involvement in the budget process. Critical pieces that influence and flow into the 2025-2026 Biennial Budget have been captured within the calendar and have been incorporated into this document.





## City of Snoqualmie 2025-2026 Biennial Budget Development Calendar

2024 Dates	Council, Committee, or Public	Regular or Special Meeting	Topic/Action
April 6	Council	Special - Council Retreat	Discussion of Council's Priorities
April 16	F&A Committee	Regular	Introduction to the Review and Update of the Financial Policies
April 22	Council	Regular	Budget Introduction/Training: "Transformation" Presentation and Review of the Financial Forecast Adoption of the Budget Calendar Pro/Con Committee Appointments for Public Safety Sales Tax Proposition
May 7	N/A	N/A	Explanatory Statements Due for Public Safety Sales Tax Proposition
	F&A Committee	Regular	Review Proposed Update to the Financial Policies
	P&PW Committee	Regular	Introduction of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
May 13	Council	Regular	Introduction of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
May 21	F&A Committee	Regular	Review Proposed Update to the Financial Policies
	P&PW Committee	Regular	Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
May 28	Council	Regular	Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities") Presentation on Public Financing and Municipal Bonds
June 4	P&PW Committee	Regular	Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
	F&A Committee	Regular	Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
June 6	Public	Special - Open House	Public Open House Regarding the Mayor's Proposed 2025-2030 CIP ("Non-Utilities")
June 8	Council	Special - Tour	Tour of CIP Locations
June 10	Council	Regular	Review of the Final 2025-2026 CIP ("Non-Utilities") Adoption of the Financial Management Policy
June 18	P&PW Committee	Regular	Introduction of the Utility Rate Schedule Introduction of the Mayor's Proposed 2025-2030 CIP ("Utilities") Review of the Final 2025-2026 CIP ("Non-Utilities")
	F&A Committee	Regular	Review of the Final 2025-2026 CIP ("Non-Utilities")
June 24	Council	Regular	Introduction of the Utility Rate Schedule Introduction of the Mayor's Proposed 2025-2030 CIP ("Utilities") Adoption of the Final 2025-2030 CIP ("Non-Utilities") Presentation and Review of the Financial Forecast
July 2	P&PW Committee	Regular	Deliberation and Review of the Utility Rate Schedule Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Utilities")
July 8	Council	Regular	Deliberation and Review of Utility Rate Schedule Deliberation and Review of the Mayor's Proposed 2025-2030 CIP ("Utilities")
July 16	P&PW Committee	Regular	Review of the Final Utility Rate Schedule Review of the Final 2025-2030 CIP ("Utilities")
July 22	Council	Regular	Review of the Final Utility Rate Schedule Review of the Final 2025-2030 CIP ("Utilities")
July 25	Public	Special - Open House	Information Session: Public Safety Sales Tax Proposition
August 6	Public	Special - Election	Primary Election - Public Safety Sales Tax Proposition
August 12	Council	Regular	Adoption of Utility Rate Schedule Adoption of the Final 2025-2030 CIP ("Utilities")
September 3	Committee of the Whole	Special Meeting	Release of the Mayor's Proposed 2025-2026 Biennial Budget Document Presentation and Review of the Financial Forecast Presentation of the Mayor's Proposed 2025-2026 Biennial Budget
September 4	Committee of the Whole	Special Meeting	Review and Deliberation of the Mayor's Proposed 2025-2026 Biennial Budget
September 9	Council	Special - Budget Workshop	Review and Deliberation of the Mayor's Proposed 2025-2026 Biennial Budget
September 16 & 17	All Committees	Regular	Department Presentations Regarding the Mayor's Proposed 2025-2026 Biennial Budget
September 23	Council	Special - Budget Workshop	Review and Deliberation of the Mayor's Proposed 2025-2026 Biennial Budget
September 30	Council	Special - Budget Workshop	Review of the Final 2025-2026 Biennial Budget (incl. Public Hearing)
October 3	Council	Special - Budget Workshop	Adoption of the Final 2025-2026 Biennial Budget (incl. Public Hearing)

<b>Financial Policies</b>
<b>Financial Forecast</b>
<b>Public Safety Sales Tax Proposition</b>
<b>Utility Rate Schedule</b>
<b>2025-2030 Capital Improvement Plan</b>
<b>2025-2026 Biennial Budget</b>
<b>Other</b>
<b>Adoption Dates</b>

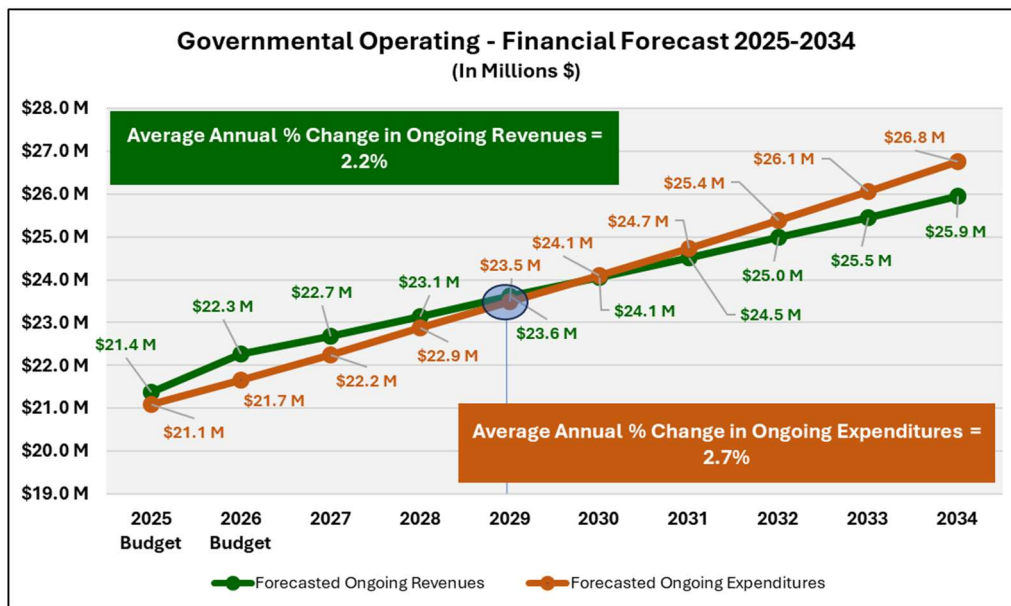


## Financial Forecast

The City of Snoqualmie has been working through a time of unprecedented economic uncertainty. The inflationary pressures present during the 2023-2024 biennium are still reverberating through the City’s finances and decision making. While core inflation remains higher than the Federal Reserve’s 2% rate target, impacting the costs of personnel, goods, and services, restrictive monetary policy has persisted, which may affect the City’s approach to capital projects. In addition, the possibility of a recession looms as the nation slowly emerges from the high interest rates designed to contain inflation.

The City is also subject to the 1% statutory limit on its most significant source of revenue, property tax, and must consistently work to prevent recurring expenditures from exceeding recurring revenues while maintaining service levels. Increases in the City’s sales tax during 2024, including a councilmanic Transportation Benefit District (TBD) sales tax and a voted public safety sales tax, help to ease the pressures innate to an annually adjusted property-tax ceiling. The City will need to continue to be proactive and strategic in what it does to prevent future budgetary deficits and protect levels of service.

The following chart shows the expected trend in ongoing revenues and ongoing expenditures over a 10-year period for “Governmental Operating” (i.e., General Fund). “Governmental Operating” includes important services such as Police, Fire, and Parks and Streets Maintenance. The City used the July 2024 King County Economic Forecast to support many of the assumptions included in the chart. Moreover, the chart also assumes taking the 1% property tax increase annually. A detailed table representing the chart has been included in Appendix A1.





## 2025-2026 Biennial Budget Executive Summary

The 2025-2026 Biennial Budget is comprised of 20 funds with a total budgeted sources forecast of \$143.9 million and budgeted uses of \$154.8 million. The city is projected to begin the biennium with a fund balance of \$39.3 million and end the biennium with a \$28.4 million fund balance. Operating Funds, which includes the General Fund and three of the Enterprise Funds, anticipate ending fund balances and reserve targets that meet city financial management policy adopted by the City Council.

### Summary Sources, Uses, and Fund Balance (All Funds):

Fund Name	Beg. Fund Balance	2025 Sources	2026 Sources	Total Sources	2025 Uses	2026 Uses	Total Uses	End. Fund Balance
General Fund	1,184,187	22,722,007	22,259,461	44,981,468	22,037,521	21,838,998	43,876,519	2,289,136
Reserve Fund	3,118,281	91,000	84,000	175,000	-	-	-	3,293,281
<b>Total General Fund</b>	<b>4,302,468</b>	<b>22,813,007</b>	<b>22,343,461</b>	<b>45,156,468</b>	<b>22,037,521</b>	<b>21,838,998</b>	<b>43,876,519</b>	<b>5,582,417</b>
Arts Activities Fund	50,739	49,763	12,857	62,620	37,180	38,389	75,569	37,790
North Bend Police Services Fund	37,788	4,075,755	4,243,575	8,319,330	4,113,484	4,243,675	8,357,159	(41)
Deposits Reimbursement Control Fund	21,266	20,585	20,525	41,110	41,851	20,525	62,376	-
School Impact Fee Fund	-	200,000	200,000	400,000	200,000	200,000	400,000	-
<b>Total Managerial Funds</b>	<b>109,793</b>	<b>4,346,103</b>	<b>4,476,957</b>	<b>8,823,060</b>	<b>4,392,515</b>	<b>4,502,589</b>	<b>8,895,104</b>	<b>37,749</b>
Tourism Promotion Fund	9,866	33,600	34,507	68,107	30,000	30,000	60,000	17,973
Drug Enforcement Fund	39,085	901	809	1,710	3,000	-	3,000	37,795
Opioid Settlement Fund	36,172	15,966	16,732	32,698	-	-	-	68,870
Affordable Housing Fund	1,725,925	398,936	414,290	813,226	-	-	-	2,539,151
Home Elevation Fund	-	500,000	-	500,000	500,000	-	500,000	-
<b>Total Special Revenue Funds</b>	<b>1,811,048</b>	<b>949,403</b>	<b>466,338</b>	<b>1,415,741</b>	<b>533,000</b>	<b>30,000</b>	<b>563,000</b>	<b>2,663,789</b>
Non-Utilities Capital Fund	20,095,791	5,441,708	14,102,500	19,544,208	19,030,234	18,261,732	37,291,966	2,348,033
ERP Project Fund	483,958	161,000	5,000	166,000	349,958	300,000	649,958	-
<b>Total Government Capital Funds</b>	<b>20,579,749</b>	<b>5,602,708</b>	<b>14,107,500</b>	<b>19,710,208</b>	<b>19,380,192</b>	<b>18,561,732</b>	<b>37,941,924</b>	<b>2,348,033</b>
Water Operations Fund	2,258,252	5,891,360	6,328,006	12,219,366	5,565,107	5,720,770	11,285,877	3,191,741
Wastewater Operations Fund	819,934	7,677,737	9,325,082	17,002,819	5,921,807	7,318,531	13,240,339	4,582,414
Stormwater Operations Fund	588,834	3,313,156	3,595,584	6,908,740	3,447,393	3,347,870	6,795,264	702,310
Utilities Capital Fund	4,015,287	13,355,064	6,589,905	19,944,969	11,741,179	7,054,036	18,795,215	5,165,041
<b>Total Enterprise Funds</b>	<b>7,682,307</b>	<b>30,237,317</b>	<b>25,838,577</b>	<b>56,075,894</b>	<b>26,675,487</b>	<b>23,441,208</b>	<b>50,116,694</b>	<b>13,641,507</b>
Equipment Replacement & Repair Fund	2,934,654	2,886,570	2,625,256	5,511,826	3,726,621	2,527,591	6,254,211	2,192,269
Information Technology Fund	1,635,916	2,738,274	2,859,646	5,597,920	2,710,099	2,839,516	5,549,615	1,684,221
Facilities Maintenance Fund	194,755	779,655	817,758	1,597,413	770,738	811,090	1,581,827	210,341
<b>Total Internal Service Funds</b>	<b>4,765,325</b>	<b>6,404,499</b>	<b>6,302,660</b>	<b>12,707,159</b>	<b>7,207,457</b>	<b>6,178,196</b>	<b>13,385,653</b>	<b>4,086,831</b>
<b>Total All Funds</b>	<b>39,250,690</b>	<b>70,353,037</b>	<b>73,535,493</b>	<b>143,888,530</b>	<b>80,226,171</b>	<b>74,552,723</b>	<b>154,778,894</b>	<b>28,360,326</b>

### City Staffing Overview:

City services are provided to the community through the allocation of people and equipment. The City has structured the organization and crafted a long-term staffing plan for continued service delivery. Below is a staffing count matrix of overall authorized full-time equivalent (FTE) positions included in the proposed budget.



For the 2025-2026 biennium, the City is proposing to add a net 4.24 positions. While the matrix includes a number of position substitutions and reclassifications, the bulk of these changes include the addition of three firefighters, which will reduce overtime costs and the burden of shift coverage for our current firefighters, an additional Police Administrative Specialist who will support evidence processing and public records requests for North Bend, a Parks and Public Works Utility Administrative Specialist who will be dedicated to the utility systems, a new Wastewater Operator who will continue to enhance the wastewater system in accordance with the City's sewer utility plan, and a 0.24 increase to the Project Specialist, currently a limited-term position which is planned to convert into a regular position, who will manage the City's Wellness Program, create a safety plan, and provide support in other human resource (HR) processes.

Department	Position Title	Authorized Employee Count	Change Requested	Proposed Employee Count
City Council	Mayor Pro-Tem	0.15	-	0.15
	Council Member	0.60	-	0.60
	<b>Department Total =</b>	<b>0.75</b>	<b>0.00</b>	<b>0.75</b>
Mayor	Mayor	0.25	-	0.25
	<b>Department Total =</b>	<b>0.25</b>	<b>0.00</b>	<b>0.25</b>
Administration	City Administrator	1.00	-	1.00
	Management Analyst	1.00	(1.00)	0.00
	Human Resources Manager	1.00	-	1.00
	Human Resources Analyst	1.00	-	1.00
	Project Specialist <sup>1</sup>	0.56	0.24	0.80
	<b>Department Total =</b>	<b>4.56</b>	<b>(0.76)</b>	<b>3.80</b>
City Attorney	City Attorney	1.00	-	1.00
	Deputy City Clerk/Legal Assistant	1.00	(1.00)	0.00
	<b>Department Total =</b>	<b>2.00</b>	<b>(1.00)</b>	<b>1.00</b>
City Clerk	City Clerk	1.00	-	1.00
	Deputy City Clerk/Legal Assistant	0.00	1.00	1.00
	<b>Department Total =</b>	<b>1.00</b>	<b>1.00</b>	<b>2.00</b>
Communications	Communications Coordinator	1.00	-	1.00
	Administrative Specialist (L1-L3)	1.00	-	1.00
	<b>Department Total =</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>
Finance	Finance Director	1.00	-	1.00
	Deputy Finance Director	0.00	1.00	1.00
	Management Analyst <sup>1</sup>	1.00	(1.00)	0.00
	Accounting Manager	1.00	(1.00)	0.00
	Accountant	1.00	1.00	2.00
	Financial Specialist (L1-L3)	4.00	-	4.00
	Budget Manager	1.00	-	1.00
	Budget Analyst	1.00	-	1.00
	Revenue Manager <sup>1</sup>	1.00	(1.00)	0.00
	<b>Department Total =</b>	<b>11.00</b>	<b>(1.00)</b>	<b>10.00</b>
Information Technology	IT Director	1.00	-	1.00
	IT Manager	1.00	(1.00)	0.00
	IT Systems Engineer	1.00	1.00	2.00
	GIS Analyst (Reclassified to Parks & Public Works)	1.00	(1.00)	0.00
	IT Systems Specialist	2.00	-	2.00
	Service Desk Technician	1.00	-	1.00
	<b>Department Total =</b>	<b>7.00</b>	<b>(1.00)</b>	<b>6.00</b>

Department	Position Title	Authorized Employee Count	Change Requested	Proposed Employee Count
Community Development	Community Development Director	1.00	-	1.00
	Building Official	1.00	-	1.00
	Senior Planner	1.00	-	1.00
	Associate Planner	-	1.00	1.00
	Administrative Specialist (L1-L3)	2.00	(1.00)	1.00
	Community Liaison	1.00	-	1.00
	<b>Department Total =</b>	<b>6.00</b>	<b>0.00</b>	<b>6.00</b>
Police	Police Chief	1.00	-	1.00
	Police Captain	1.00	-	1.00
	Administrative Specialist (L1-L3)	3.00	1.00	4.00
	Police Sergeant	4.00	-	4.00
	Administrative Sergeant	1.00	-	1.00
	Detective	1.00	-	1.00
	Police Officer	16.00	-	16.00
	School Resource Officer	1.00	-	1.00
	Support Officer	1.00	-	1.00
	Mental Health Professional & Community Co-Responder (L1-L2)	0.90	-	0.90
	<b>Department Total =</b>	<b>29.90</b>	<b>1.00</b>	<b>30.90</b>
Fire & Emergency Management	Fire Chief	1.00	-	1.00
	Deputy Fire Chief	1.00	-	1.00
	Administrative Specialist (L1-L3)	0.50	-	0.50
	Fire Training Captain	1.00	-	1.00
	Fire Lieutenant	3.00	-	3.00
	Firefighter	9.00	3.00	12.00
	Mental Health Professional & Community Co-Responder (L1-L2)	0.10	-	0.10
	<b>Department Total =</b>	<b>15.60</b>	<b>3.00</b>	<b>18.60</b>
Parks & Public Works	Parks & Public Works Director	1.00	-	1.00
	Deputy Parks & Public Works Director/City Engineer	1.00	-	1.00
	Administrative Specialist (L1-L3)	1.00	1.00	2.00
	GIS Analyst (Reclassified from Information Technology)	0.00	1.00	1.00
	CIP Project Manager	1.00	-	1.00
	Project Engineer	3.00	-	3.00
	Parks & Streets Superintendent	1.00	-	1.00
	Park & Street Maintenance Technician (L1-L3)	6.00	-	6.00
	Water Superintendent	1.00	-	1.00
	Water Maintenance Technician (L1-L4)	5.00	-	5.00
	Irrigation Maintenance Technician (L2-L3)	1.00	-	1.00
	Wastewater Superintendent	1.00	-	1.00
	Wastewater Lead (L4)	1.00	-	1.00
	Wastewater Industrial Maintenance Technician (L2-L3)	1.00	-	1.00
	Wastewater Laboratory Analyst L3	1.00	-	1.00
	Wastewater Operator (L1-L3)	3.00	1.00	4.00
	Stormwater & Urban Forestry Superintendent	1.00	-	1.00
	Stormwater & Urban Forestry Maintenance Technician (L1-L3)	4.00	-	4.00
	Fleet & Facilities Superintendent	1.00	-	1.00
	Facilities Maintenance Technician (L1-L3)	1.00	-	1.00
	Fleet Mechanic (L1-L3)	1.00	-	1.00
	<b>Department Total =</b>	<b>36.00</b>	<b>3.00</b>	<b>39.00</b>
<b>Total Staffing Count =</b>		<b>116.06</b>	<b>4.24</b>	<b>120.30</b>

<sup>1</sup>These positions were limited term. The 2025-26 Biennial Budget does not propose any limited-term employees.



## General Fund Overview

The General Fund serves as the main operating fund for the City and includes source and use allocations for general government activities such as administration, public safety, court services, community planning and development, economic development, parks maintenance, street maintenance, and human services. Overall General Fund sources are projected at \$45.0 million and General Fund uses are projected at \$43.9 million for 2025-2026 biennium.

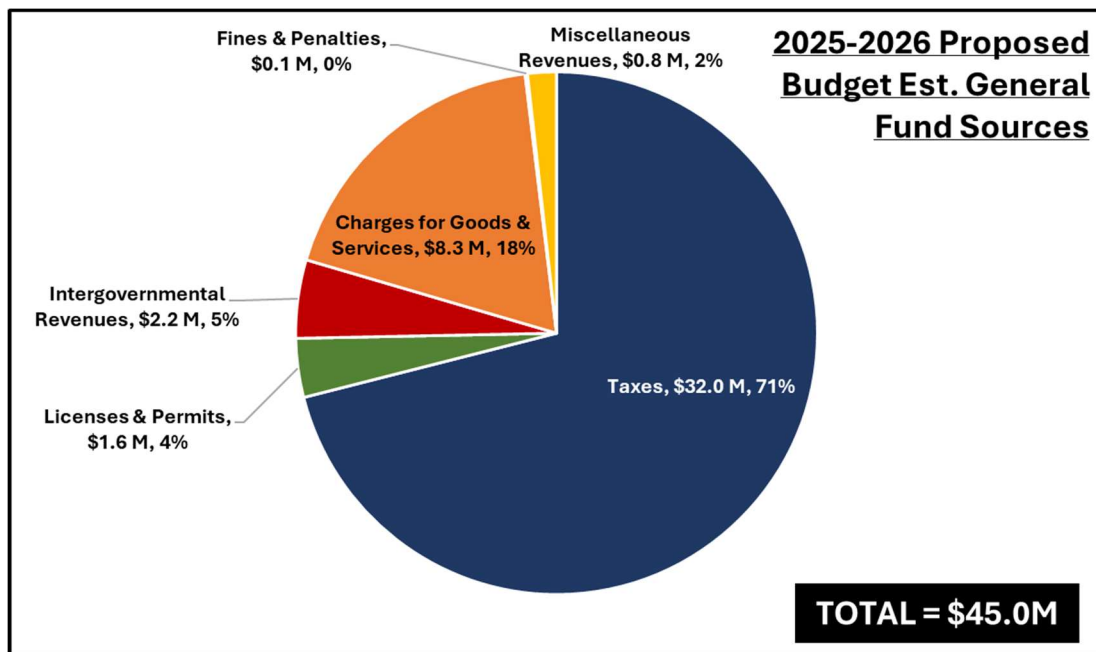
The ending fund balance for the General Fund is anticipated to increase \$1.1 million during the biennium. Fund balance is the difference between total sources and uses and measures the net financial resources available for spending. The City of Snoqualmie operates and reports on a cash basis, so sources and uses are reported when received or paid. While fund balance is not required to be “budgeted”, it is a key figure in understanding what is available for spending and an indicator of general financial health for the fund. The beginning fund balance for the General Fund is stable and provides a strong foundation for starting the biennial budget period.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-2024 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 4,423,674</b>	<b>\$ 1,184,187</b>		
<b>Sources</b>				
<i>Taxes</i>	\$ 29,628,339	\$ 31,957,677	71.0%	7.9%
<i>Licenses &amp; Permits</i>	\$ 1,442,884	\$ 1,637,801	3.6%	13.5%
<i>Intergovernmental Revenues</i>	\$ 1,126,352	\$ 2,178,193	4.8%	93.4%
<i>Charges for Goods &amp; Services</i>	\$ 7,783,858	\$ 8,337,653	18.5%	7.1%
<i>Fines &amp; Penalties</i>	\$ 78,667	\$ 68,213	0.2%	-13.3%
<i>Miscellaneous Revenues</i>	\$ 405,068	\$ 801,931	1.8%	98.0%
<i>Transfers In</i>	\$ 2,117,818	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 42,582,986</b>	<b>\$ 44,981,468</b>		<b>5.6%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 17,375,926	\$ 16,879,377	38.5%	-2.9%
<i>Employee Benefits</i>	\$ 6,718,656	\$ 6,591,332	15.0%	-1.9%
<i>Supplies</i>	\$ 1,419,823	\$ 1,402,112	3.2%	-1.2%
<i>Services</i>	\$ 16,949,388	\$ 18,658,340	42.5%	10.1%
<i>Capital Outlays</i>	\$ 9,050	\$ 126,658	0.3%	1299.5%
<i>Transfers Out</i>	\$ 2,824,707	\$ 218,699	0.5%	-92.3%
<b>Total Uses =</b>	<b>\$ 45,297,550</b>	<b>\$ 43,876,519</b>		<b>-3.1%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (2,714,564)</b>	<b>\$ 1,104,949</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,709,110</b>	<b>\$ 2,289,136</b>		

## General Fund Sources Summary

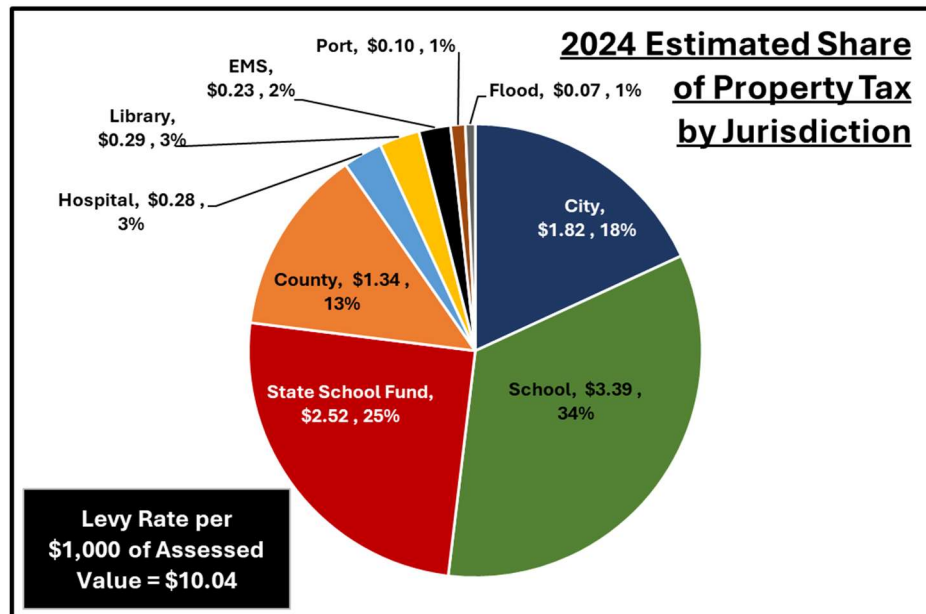
72% of General Fund sources come from property taxes, sales taxes, utility taxes, and other taxes. Charges for goods and services make up the second largest proportion at 18%. The following chart breaks out General Fund sources over the biennium by type of source.



### Property Tax:

The King County Assessor's Office estimated the overall 2024 assessed valuation (AV) for taxable property within the City of Snoqualmie at approximately \$4.8 billion. This is a decrease in property values of \$685 million dollars from 2023 and represents a 12.6% decrease. This change is related to decreasing property values and the removal of the Salish Lodge and related properties from the City's property tax base.

The City of Snoqualmie only receives a proportion of the property taxes paid by property owners residing within City boundaries. For 2024, the City receives approximately \$0.18 of every property tax dollar paid. The 2024 levy rate is \$10.04 per \$1,000 of assessed valuation which is a 15.1% increase from the 2023 levy rate of \$8.72.



Property taxes represent the largest source of revenue for the General Fund. The City is projecting an increase of nearly \$94 thousand to a total of \$8.6 million for 2025, which includes the statutory allowable levy increase from the previous year levy along with anticipated new construction values. The final property tax levy rate is set when all taxing jurisdictions adopt final levies and is provided by King County in early January of each year. For the two-year biennium, the City anticipates collecting \$17.3 million in property taxes. For the median valued home in the City of Snoqualmie, which is estimated to be \$915,000 in 2024, the city portion of the property tax bill is approximately \$1,665.

### **Sales Tax/Business & Occupation (B&O) Tax:**

Sales and B&O tax revenue combined represents the second largest revenue source for the General Fund and is projected at \$8.3 million for the biennium, representing 18.7% of all General Fund sources. The 2025-2026 budget forecasts sales tax using King County's Office of Economic and Financial Analysis 2024 CPI-U forecasts.

### **Utility Taxes:**

Utility taxes are another major source of funding for the city's General fund at \$6.3 million, or 14.2% of sources. The 2025-2026 forecast for these taxes represents a 26.4% increase from the prior biennium.

### Other General Fund Sources:

The remaining General Fund sources are approximately \$13.0 million and include administrative cost allocations to enterprise funds, building permits, development-related fees, grants, licenses and taxes, public safety revenues, interest income and other miscellaneous sources.

Mixed-use building projects, such as the Mill Site development, may happen in Snoqualmie's near future. Depending upon the economic environment, these projects are estimated to begin affecting the budget in 2026 through increased permitting. Ongoing revenues resulting from the development, such as property taxes and sales taxes, have not been incorporated into the Governmental Operating forecast.

### Changes to Ongoing Sources of Revenue:

As a part of the 2025-2026 Biennial Budget, and in order to sustain the City's level-of-service following the inflationary pressures and staffing challenges experienced in the past biennium, several new revenue sources have recently been approved or are being proposed in order to generate new and ongoing sources of revenue:

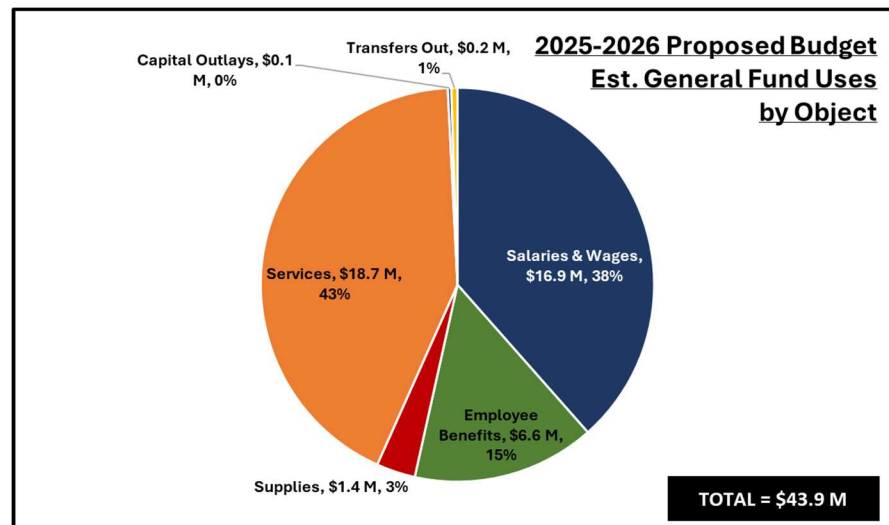
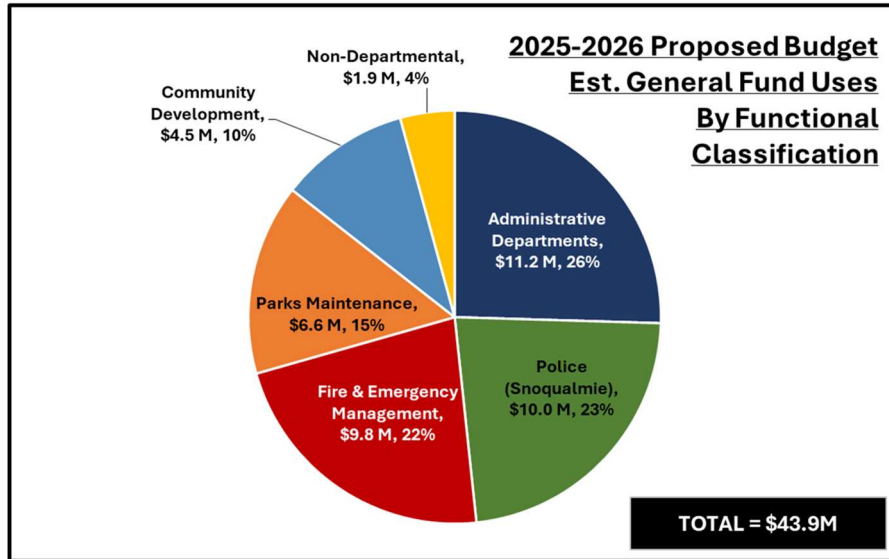
- **Decreased Taxes from the Salish Lodge** (2025: -\$330,000, 2026: -\$340,000)
  - The Salish Lodge, property of the Snoqualmie Indian Tribe, was moved into federal trust during 2023. The City of Snoqualmie no longer receives Salish Lodge sales tax, business and occupation tax, or property tax, which were previously receipted within the General Fund. In addition, the Tourism Promotion Fund, the Affordable Housing Fund, and the Non-Utility Capital Fund have experienced a decrease in tax revenue related to this change.
- **Increased Utility Taxes** (2025: +\$365,810, 2026: +\$383,100)
  - This increase relates to two changes within utility taxes, the first being the councilmanic Transportation Benefit District (TBD) 0.1% sales tax which will supplement capital street projects, resulting in fewer utility tax dollars diverted from the General Fund to support capital projects. This accounts for approximately 72% of the increase. The second item, the remaining 28%, relates to increased solid waste utility taxes due to the higher rates incorporated within the new solid waste contract.
- **Public Safety Sales Tax** (2025: +\$244,000, 2026: +\$251,000)
  - The Snoqualmie electorate approved a 0.1% Public Safety sales tax in the August 2024 primary election. This tax will begin to be collected in 2024 and the City should begin to receive these funds in 2025.
- **Comprehensive Fee Study** (2025: +\$100,000, 2026: +\$300,000)

- This study was proposed during the 2023-2024 Biennial Budget and was delayed due to staff constraints. As originally intended, the comprehensive fee study will look into all City fees, including building permits, the use of recreational fields, staffing rates and ambulance transport, and will consider the degree to which the City should cost recover through its fee structure.
- **Solid Waste 10.7% Administrative Fee** (2025: +\$70,000, 2026: +\$140,000)
  - Snoqualmie's current solid waste contract with Waste Management, implemented in 2012, will expire in mid-2025. In August of 2024, Council approved a new contract with Waste Management. This contract includes a higher rate structure, resulting in an increase to the administrative fee collected.

## General Fund Uses Summary

Overall General Fund uses are projected at \$43.9 million for 2025-2026 biennium, a 3.1% decrease from the prior biennium's budget. A substantial portion of the decrease is caused by a one-time \$2.5 million transfer to Non-Utility Capital during the 2023-2024 biennium. Personnel and benefit costs have remained relatively stable, despite a net increase of 2.24 full-time equivalent positions, cost-of-living adjustments, collective bargaining agreement obligations, and the change in premiums for benefits. This is due to a 5% vacancy assumption, the elimination and reclassification of employees, increased turnover, and adjustments to the police services cost share with the City of North Bend.

Overall increases to services result primarily from Equipment Repair and Replacement Fund, Information Technology Fund, and Facilities Maintenance Fund internal service charges. Costs for supplying these services, coupled with certain changes to the cost assignment methodology, have resulted higher internal service costs.



## Reserve Fund Summary

### Description:

The Reserve Fund (#002) is important to the City's financial flexibility and stability and provides options to respond to unexpected events that may arise during the biennium. Important events that may require the use of the Reserve Fund includes an economic downturn, a public emergency, or cash flow issues that prevent the City from paying expenditures when due. This budget assumes a



reserve target of 15% of General Fund expenditures and does not anticipate using any during the biennium.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 2,726,625</b>	<b>\$ 3,118,281</b>		
<b>Sources</b>				
<i>Miscellaneous Revenues</i>	\$ 98,739	\$ 175,000	100.0%	77.2%
<i>Transfers In</i>	\$ 204,707	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 303,446</b>	<b>\$ 175,000</b>		<b>-42.3%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 303,446</b>	<b>\$ 175,000</b>		
<b>Ending Fund Balance</b>	<b>\$ 3,030,071</b>	<b>\$ 3,293,281</b>		



## General Fund by Functional Classification

### Administrative Departments

#### Description:

The Administrative Departments are composed of the Mayor, City Council, Administration, the City Clerk's Office, the City Attorney's Office, the Finance Department, and the Communications Office.

The **Mayor** provides guidance and leadership to the City through policy implementation and works to propel the vision of the City as expressed through the legislative process.

#### Core Services:

- Serve as the Chief Executive of the City and provide leadership and oversight over all department functions.
- Serve as City representative in legislative affairs and intergovernmental relations.

The **Council** represents the residents of Snoqualmie and provides guidance, leadership, and direction to their government in a manner that best serves their needs as expressed through the democratic process.

Core Services:

- Provide legislative oversight and policymaking over all City business.
- Support City constituents by fostering their connection to government.

**Administration** encompasses the City Administrator, who works to steer City departments by integrating long-range goals with day-to-day activities, and Human Resources, who oversees the City employees who carry out these activities.

Core Services:

- City Management, in tandem with the Mayor, provides leadership and oversight over all department functions.
- Implement the priorities of the City Council throughout the entire organization.
- Manage the Human Resources program for the City including personnel, benefits, labor relations, and organizational development.

The **City Clerk** ensures transparency and community access in the legislative process and fosters community understanding of government.

Core Services:

- Manage the legislative affairs of the City.
- Responsible for records management.
- Provide administrative support to elected officials.
- Serve as the City's volunteer coordinator.
- Provide oversight of the City's risk management program.
- Manage and oversee the Human Services allocation process, under the advisement of the Human Services Commission.

The **City Attorney** provides the services necessary in order to keep the City in good standing, providing timely advice and guidance to City Council, the Mayor, City Administrator and departments on a number of legal issues facing the City. The department defends the City against litigation, brings litigation on behalf of the City as authorized by City Council, and contracts for the court, prosecutorial, and defender services necessary to maintain the rule of law.

Core Services:

- Provide ongoing legal advice to the elected and appointed officials of the City, the City Administrator, and City departments.
- Prepare legal documents, ordinances, resolutions, contracts, and other legal instruments.
- Represent the City in all civil legal actions to which the City is a party, including in federal, state, and local courts, and administrative agencies.
- Contract for court, prosecutorial, and defender services.

The **Finance Department** manages and protects the financial resources entrusted to the City by the community. As stewards of the money and keepers of the policies and regulations that govern fiscal and personnel actions, the Department promotes accountability, transparency, and continuity of City services. Through effective leadership and sound practices, the City is able to maintain a healthy financial condition and work environment to support other departments and the levels of service they provide to the community.

**Core Services:**

- Prepare annual financial reports, maintain compliance with BARS requirements, and facilitate the annual audit review.
- Prepare the biennial budget and Capital Improvement Plan (CIP), conduct long-range financial planning, and provide the analysis necessary to drive sound financial decision-making.
- Serve as City Treasurer, manage cash and investments, and oversee the issuance of debt.
- Manage utility billing and business licensing and taxes.
- Oversee citywide payroll and payments to vendors.
- Maintain internal controls and ensure compliance with internal policies.
- Serve as the receptionist for the City.

The **Communications Office** is charged with providing transparent and timely communications and information to Snoqualmie residents. The Department is responsible for maintaining and updating the City's website, social media channels, answering general resident inquiries, coordinating community surveys, City news releases, emergency communications, and other communication-related needs.

**Proposed 2025-2026 Biennial Budget Uses:**

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 5,013,605	\$ 4,840,041	43.3%	-3.5%
<i>Employee Benefits</i>	\$ 1,949,752	\$ 1,900,677	17.0%	-2.5%
<i>Supplies</i>	\$ 20,558	\$ 58,950	0.5%	186.7%
<i>Services</i>	\$ 4,172,566	\$ 4,374,673	39.1%	4.8%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ 100,000	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 11,256,481</b>	<b>\$ 11,174,341</b>		<b>-0.7%</b>

**Proposed 2025-2026 Biennial Budget Staffing:**

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Mayor Pro-Tem	0.15	-	0.15
Council Member	0.60	-	0.60
<b>City Council Subtotal =</b>	<b>0.75</b>	<b>0.00</b>	<b>0.75</b>
Mayor	0.25	-	0.25
<b>Mayor Subtotal =</b>	<b>0.25</b>	<b>0.00</b>	<b>0.25</b>
City Administrator	1.00	-	1.00
Management Analyst	1.00	(1.00)	0.00
Human Resources Manager	1.00	-	1.00
Human Resources Analyst	1.00	-	1.00
Project Specialist	0.56	0.24	0.80
<b>Administrative Subtotal =</b>	<b>4.56</b>	<b>(0.76)</b>	<b>3.80</b>
City Attorney	1.00	-	1.00
Deputy City Clerk/Legal Assistant	1.00	(1.00)	0.00
<b>City Attorney Subtotal =</b>	<b>2.00</b>	<b>(1.00)</b>	<b>1.00</b>
City Clerk	1.00	-	1.00
Deputy City Clerk/Legal Assistant	0.00	1.00	1.00
<b>City Clerk Subtotal =</b>	<b>1.00</b>	<b>1.00</b>	<b>2.00</b>
Communications Coordinator	1.00	-	1.00
Administrative Specialist (L1-L3)	1.00	-	1.00
<b>Communications Subtotal =</b>	<b>2.00</b>	<b>0.00</b>	<b>2.00</b>
Finance Director	1.00	-	1.00
Deputy Finance Director	0.00	1.00	1.00
Management Analyst	1.00	(1.00)	0.00
Accounting Manager	1.00	(1.00)	0.00
Accountant	1.00	1.00	2.00
Financial Specialist (L1-L3)	4.00	-	4.00
Budget Manager	1.00	-	1.00
Budget Analyst	1.00	-	1.00
Revenue Manager	1.00	(1.00)	0.00
<b>Finance Subtotal =</b>	<b>11.00</b>	<b>(1.00)</b>	<b>10.00</b>
<b>Total Staffing Count =</b>	<b>21.56</b>	<b>(1.76)</b>	<b>19.80</b>

**Major Changes/Additions:**

- **Contract Legal Support** (One-Time) (2025: +\$75,000, 2026: +\$25,000)
  - o The funding of additional contract legal support will support the negotiation of a collective bargaining agreement with the International Association of Firefighters (IAFF) Local 2878 as well as legal support for certain revenue items.

- **Strategic Plan** (One-Time) (2025: +\$100,000)
  - The development of a strategic plan will help the City to think more deeply about its current opportunities and challenges, provide guidance and direction to departments, uncover ways to protect key services, and find those strategic investments that will help to propel the City well into the future. This was initially planned during the 2023-2024 Biennial Budget but was delayed due to internal constraints.
- **Payroll Recalculation** (One-Time) (2025: +\$113,200, 2026: +\$87,000)
  - The City is planning to recalculate payroll for 2023 and 2024 due to certain errors that were found in the past year relating to 2023 payroll. This recalculation will insure that employees were neither overpaid nor underpaid during the time period and will also give assurance that the current implementation of payroll within the new ERP system will not carry forward any errors from the old system into the new system.
- **Comprehensive Fee Study** (One-time) (2025: +\$140,000)
  - This study is addressed in the revenue section of the General Fund. It was proposed during the 2023-2024 Biennial Budget and was delayed due to staff constraints. As originally intended, the comprehensive fee study will look into all City fees, including building permits, the use of recreational fields, staffing rates and ambulance transport, and will consider the degree to which the City should cost recover through its fee structure.
- **Project Specialist** (Ongoing) (2025: +\$31,827, 2026: +\$33,881)
  - This position supports the City Administrator, Human Resources, the City's wellness program, which qualifies the City to receive a 2% savings on employee health care costs, and the safety program.

## Police (Snoqualmie)

### Description:

The Police Department maintains a “no call too small” community standard to protect the safety and well-being of residents, businesses, and visitors. With over 30 proposed officers, sergeants, detectives, and other critical employees, serving both the cities of Snoqualmie and North Bend, the Police Department works cooperatively with the public and within the framework of the U.S. Constitution to enforce the law, reduce fear, deter crime, preserve peace, and provide service with understanding and sensitivity.

Core Services:

- Patrol the cities of Snoqualmie and North Bend to intercede and deter crime or violations, issuing citations where necessary.
- Respond to calls or emergencies from the general public and resolve with discipline, professionalism, and care.
- Investigate and resolve complex property, drug, and violent crimes, preserving evidence where necessary.
- Ensure the safety and well-being of students through the deployment of a school resource officer.
- Transport people in custody to contracted jails.
- Bring under control nuisance animals who pose a threat to people.
- Outreach to the community to foster trust, coordination, and an expectation that services will arrive when needed.

**Proposed 2025-2026 Biennial Budget Uses:**

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 4,654,491	\$ 4,121,068	41.1%	-11.5%
<i>Employee Benefits</i>	\$ 1,646,467	\$ 1,708,674	17.0%	3.8%
<i>Supplies</i>	\$ 377,900	\$ 337,934	3.4%	-10.6%
<i>Services</i>	\$ 4,001,461	\$ 3,856,685	38.5%	-3.6%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 10,680,319</b>	<b>\$ 10,024,361</b>		<b>-6.1%</b>

**Proposed 2025-2026 Biennial Budget Staffing:**

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Police Chief	0.88	(0.23)	0.65
Police Captain	0.88	(0.23)	0.65
Administrative Specialist (L1-L3)	2.00	-	2.00
Police Sergeant	2.00	-	2.00
Administrative Sergeant	1.00	(0.35)	0.65
Detective	1.00	(0.35)	0.65
Police Officer	8.00	-	8.00
School Resource Officer	1.00	(0.15)	0.85
Support Officer	0.50	0.15	0.65
Mental Health Professional & Community Co-Responder (L1-L2)	0.50	0.05	0.55
<b>Total Staffing Count =</b>	<b>17.76</b>	<b>-1.11</b>	<b>16.65</b>

### Major Changes/Additions:

- **Personnel Adjustment within the Police Services Contract** (Ongoing) (2025: -\$222,240, 2026: -\$231,852)
  - This change represents a decrease in expenditure, as it would adjust the portion of shared Police staff paid for by North Bend by 1.11 full-time equivalent positions.
- **Internal Service Charges within the Police Services Contract** (Ongoing) (2025: -\$689,208, 2026: -\$715,582)
  - This approximate change represents a decrease in expenditure, as it would adjust the portion of internal services paid for by North Bend up from the annual historical amount of \$70,000 to the rate charged to all other Snoqualmie funds.

## Fire & Emergency Management

### Description:

The Fire and Emergency Management Department is an internationally accredited agency committed to providing superior community-based preparedness and emergency services in a timely and professional manner. The men and women of the department, both professional and volunteer, work hard to safeguard life, whether through proactive planning, risk mitigation, or the prompt response of an elite and well-trained crew.

### Core Services:

- Provide basic life support to people seeking medical care and transport to the hospital.
- Respond to motor vehicle accidents, in particular on I-90 or SR 18, and extricate passengers.
- Rescue people from swift water.
- Respond to and suppress fires, whether residential, commercial, or in the wildland interface.
- Work to prevent fires through inspection.
- Plan and prepare accordingly for disasters or emergencies. Activate the Emergency Operations Center when required.
- Educate the public on issues such as fire prevention or CPR.

**Proposed 2025-2026 Biennial Budget Uses:**

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 4,256,992	\$ 4,785,749	49.0%	12.4%
<i>Employee Benefits</i>	\$ 1,523,781	\$ 1,703,856	17.4%	11.8%
<i>Supplies</i>	\$ 294,365	\$ 323,870	3.3%	10.0%
<i>Services</i>	\$ 2,343,313	\$ 2,862,384	29.3%	22.2%
<i>Capital Outlays</i>	\$ -	\$ 100,000	1.0%	0.0%
<b>Total Uses =</b>	<b>\$ 8,418,451</b>	<b>\$ 9,775,859</b>		<b>16.1%</b>

**Proposed 2025-2026 Biennial Budget Staffing:**

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Fire Chief	1.00	-	1.00
Deputy Fire Chief	1.00	-	1.00
Administrative Specialist (L1-L3)	0.50	-	0.50
Fire Training Captain	1.00	-	1.00
Fire Lieutenant	3.00	-	3.00
Firefighter	9.00	3.00	12.00
Mental Health Professional & Community Co-Responder (L1-L2)	0.1	-	0.10
<b>Total Staffing Count =</b>	<b>15.60</b>	<b>3.00</b>	<b>18.60</b>

**Major Changes/Additions:**

- **Firefighters** (Ongoing) (2023: +\$438,428, 2024: +\$477,434)
  - The addition of three Firefighters is expected to reduce both overtime costs and stress on firefighters who have been required to work overtime in order to maintain the mandatory number of firefighters per shift. This increase gives each shift an extra firefighter for regular duty, allowing vacation, sick and other leave to occur without putting undo pressure on the department.
- **Internal Service Charges** (Ongoing) (2025: 287,716, 2026: \$312,199)
  - This does not represent a change in fire operations, but rather in how internal service charges are assigned to each department. Internal service charges are tied to various drivers. Increasing the number of employees served, such as adding the three firefighter positions, works to increase these charges. In addition, the methodology for costing vehicles was updated resulting in Equipment Repair and Replacement charge increases.



- **Type 6 Wildland Brush Truck** (One-time) (2025: +\$100,000)
  - o The purchase of a used wildland firetruck expands the functionality of the fire department by providing a smaller, more versatile vehicle that can be used in an on-road suburban or off-road wildland capacity.

## Parks & Streets Maintenance

### Description:

The Parks and Streets Maintenance Division of the Parks and Public Works Department provides the maintenance necessary to support a safe, welcoming, and attractive experience for users of playgrounds, sport courts, athletic fields, paved trails, and other features and to sustain a transportation system that keeps Snoqualmie and its neighborhoods connected.

The City of Snoqualmie is defined by its accessibility to nature and the active engagement of its residents. As a result, the City currently maintains over 40 parks, 30 miles of trails, and 1,200 acres of open space, all of which contribute to the overall health and well-being of the community. The City ensures that these and other important destinations are accessible by all modes of travel, including nearly 40 miles of road and adjacent sidewalk. In taking the necessary actions to preserve the condition and functionality of infrastructure, the City can reduce potential safety hazards and avoid potential costly rebuilds.

### Core Services:

- Maintain grass turf at parks, athletic fields, and other rights-of-way through mowing, edging, fertilizing, aerating, etc.
- Maintain beds, shrubs, and ground cover at parks and other rights-of-way through weeding, spraying, trimming, mulching, and bark blowing.
- Maintain park and other athletic field structures by cleaning and repairing bathrooms, air blowing walkways, emptying garbage cans, repairing playground structures, preserving field turf, restoring baseball fields to condition, etc.
- Pick up leaves during the fall.
- Conduct pre-emergent work in parks as necessary in order to mitigate probable future issues.
- Maintain the City's paved trails, including boardwalks and trail bridges. system by clearing fallen trees, restoring eroded pathways, and fixing or replacing worn or broken bridges and guide logs.
- Assist with other City functions as needed such as events set-up and the holiday lighting of trees or in times of an emergency such as during snow events.

- Maintain the condition, safety, and visibility of roads by patching potholes and striping (painting) lanes and shoulders where necessary.
- Maintain landscaped medians, and roadsides through mowing, edging, weeding, trimming, etc.
- Repair and replace damaged or worn-out signage or install new signage including traffic and wayfinding signs.
- Inspect bridges and other vital transportation structures for deterioration and design solutions to mitigate the wear.
- Maintain the condition, functionality, and luminance of streetlights.
- Maintain the condition, functionality, and synchronicity of traffic control devices.
- Work to keep the transportation network operating during snow events with the de-icing and snow plowing of roads.
- Sweep the streets regularly to remove loose debris and to protect the stormwater system.

#### Proposed 2025-2026 Biennial Budget Uses:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,497,968	\$ 1,744,509	26.6%	16.5%
<i>Employee Benefits</i>	\$ 706,987	\$ 704,562	10.7%	-0.3%
<i>Supplies</i>	\$ 690,686	\$ 611,645	9.3%	-11.4%
<i>Services</i>	\$ 3,003,605	\$ 3,484,201	53.1%	16.0%
<i>Capital Outlays</i>	\$ 9,050	\$ 21,408	0.3%	136.6%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 5,908,296</b>	<b>\$ 6,566,325</b>		<b>11.1%</b>

#### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.20	-	0.20
Deputy Parks & Public Works Director/City Engineer	0.00	0.18	0.18
Administrative Specialist (L1-L3)	0.20	-	0.20
GIS Analyst	0.00	0.45	0.45
Parks & Streets Superintendent	1.00	-	1.00
Park & Street Maintenance Technician (L1-L3)	6.00	-	6.00
<b>Total Staffing Count =</b>	<b>7.40</b>	<b>0.63</b>	<b>8.03</b>

### Major Changes/Additions:

- **GIS Analyst** (Ongoing) (2025: +\$76,664, 2026: +\$80,080)
  - This addition does not represent an increase in full-time equivalent positions (FTEs), but rather a budgetary shift to match the GIS Analyst position with its related management and operational structure. During the 2023-2024 biennium, this position was reassigned to the Parks and Public Works Department.
- **Deputy Parks & Public Works Director** (Ongoing) (2025: +\$38,097), 2026: +\$40,547)
  - This addition does not represent an increase in FTEs, but rather a budgetary shift to match the Deputy Parks & Public Works Director position with its related management and operational structure.
- **Internal Service Charges** (Ongoing) (2025: +\$217,367, 2026: +\$204,197)
  - This does not represent a change in Parks and Streets Maintenance operations, but rather in how internal service charges are allocated to each department. Internal service charges are tied to various drivers and depend on the expenditure levels of the service departments. In addition, the methodology for costing vehicles was updated resulting in Equipment Replacement and Repair charge increases to the departments.

## Community Development

### Description:

The Community Development Department, which is composed of planning, building, and events, works to secure Snoqualmie's future as a livable, inspiring, vibrant, and equitable community. As stewards of Snoqualmie's vision for long-term growth, community character, and economic vitality, the Department engages multiple stakeholders to foster mutual learning, investment, and collaboration.

### Core Services:

- Facilitate decision-making on land use and zoning issues, under the advisement of the Planning Commission, and in conformance with the adopted Comprehensive Plan and Zoning Ordinance(s).
- Facilitate the review and development of plans and projects in conformance with the Zoning Code, State Environmental Policy Act (SEPA), Shoreline Master Plan, Floodplain Ordinance, Snoqualmie Ridge Master Plan(s), Development Agreements, Parks, Open Space, and Recreation Plans, etc.

- Review and issue building permit applications and other development permits for grading, design review, historic preservation, variances, etc.
- Enforce the building code, inspect buildings, and manage the Fire Marshal program for the City.
- Manage economic development programs for the City under the advisement of the Economic Development Commission
- Manage art programs for the City under the advisement of the Arts Commission.
- Manage the lodging tax distribution program for the City under the advisement of the Lodging Tax Advisory Committee
- Lead in the development of environmental programs and provide the stewardship necessary to restore environmentally sensitive areas, support sustainability programs, reposition the City for renewable energy, tackle climate change, K4C, MSWMAC Solid Waste, etc.
- Manage large strategic capital projects in collaboration with other departments and agencies.
- Write, apply, and administer grants from multiple levels of government including the federal government, the State of Washington, and King County.

#### Proposed 2025-2026 Biennial Budget Uses:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,952,870	\$ 1,388,011	31.1%	-28.9%
<i>Employee Benefits</i>	\$ 890,909	\$ 573,563	12.8%	-35.6%
<i>Supplies</i>	\$ 36,314	\$ 37,213	0.8%	2.5%
<i>Services</i>	\$ 1,900,024	\$ 2,468,414	55.3%	29.9%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 4,780,118</b>	<b>\$ 4,467,201</b>		<b>-6.5%</b>

#### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Community Development Director	1.00	-	1.00
Building Official	1.00	-	1.00
Senior Planner	1.00	-	1.00
Associate Planner	0.00	1.00	1.00
Administrative Specialist (L1-L3)	2.00	(1.00)	1.00
Community Liaison	1.00	-	1.00
<b>Total Staffing Count =</b>	<b>6.00</b>	<b>-</b>	<b>6.00</b>

### Major Changes/Additions:

- **Community Development Department Staffing Changes** (Ongoing) (2025: +\$34,914, 2026: +\$33,741)
  - The Community Development Department is seeking to reorganize by reclassifying an Administrative Specialist into an Associate Planner. This change will consolidate administrative duties with one position in the department and ensure the City has two planners to support Council priorities, including enhancing livability and encouraging economic vibrancy.

## Non-Departmental

### Description:

The Non-Departmental portion of the General Fund supports City-wide efforts that cannot be prescribed to a department. This includes things like subscriptions and membership dues, environmental sustainability projects, human service awards, City contracted services such as municipal court services, public prosecutor services, and public defender services, as well as transfers out to various other funds.

### Proposed 2025-2026 Biennial Budget Uses:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ -	\$ -	0.0%	0.0%
<i>Employee Benefits</i>	\$ 759	\$ -	0.0%	-100.0%
<i>Supplies</i>	\$ -	\$ 32,500	1.7%	0.0%
<i>Services</i>	\$ 1,528,418	\$ 1,611,983	86.3%	5.5%
<i>Capital Outlays</i>	\$ -	\$ 5,250	0.3%	0.0%
<i>Transfers Out</i>	\$ 2,724,707	\$ 218,699	11.7%	-92.0%
<b>Total Uses =</b>	<b>\$ 4,253,884</b>	<b>\$ 1,868,432</b>		<b>-56.1%</b>



## Managerial Funds

### Arts Activities Fund (#012)

#### Description:

Ordinance 913 provides for establishment of an arts fund to acquire and display art works in public buildings constructed by the City. The ordinance directs that 1% of the construction cost of qualifying public works buildings be transferred into the fund. In addition, the General Fund (#001) makes a \$10,000 annual contribution to the fund to support the work of the Arts Commission.

#### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24	2025-2026	%	2023-24 to 2025-26
	Biennial Budget	Proposed Budget	of Total	% Change
<b>Beginning Fund Balance</b>	<b>\$ 48,578</b>	<b>\$ 50,739</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 1,000	\$ -	0.0%	-100.0%
<i>Miscellaneous Revenues</i>	\$ 1,319	\$ 1,850	3.0%	40.3%
<i>Transfers In</i>	\$ 77,992	\$ 60,770	97.0%	-22.1%
<b>Total Sources =</b>	<b>\$ 80,311</b>	<b>\$ 62,620</b>		<b>-22.0%</b>
<b>Uses</b>				
<i>Supplies</i>	\$ 12,000	\$ 12,456	16.5%	3.8%
<i>Services</i>	\$ 28,000	\$ 28,603	37.9%	2.2%
<i>Capital Outlays</i>	\$ 57,992	\$ 34,510	45.7%	-40.5%
<b>Total Uses =</b>	<b>\$ 97,992</b>	<b>\$ 75,569</b>		<b>-22.9%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (17,681)</b>	<b>\$ (12,949)</b>		
<b>Ending Fund Balance</b>	<b>\$ 30,897</b>	<b>\$ 37,790</b>		

## North Bend Police Services Fund (#014)

### Description:

The City of Snoqualmie provides the City of North Bend with police services under an interlocal agreement signed on May 14, 2019, and amended on January 18, 2023. Consequently, a separate fund was established to track the cost of the service and the fee received from North Bend. The City is currently in the process of renegotiating the agreement with North Bend.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 244,924</b>	<b>\$ 37,788</b>		
<b>Sources</b>				
<i>Intergovernmental Revenues</i>	\$ 37,500	\$ -	0.0%	-100.0%
<i>Charges for Goods &amp; Services</i>	\$ 4,995,282	\$ 8,321,000	100.0%	66.6%
<i>Miscellaneous Revenues</i>	\$ 3,700	\$ 3,330	0.0%	-10.0%
<b>Total Sources =</b>	<b>\$ 5,036,482</b>	<b>\$ 8,324,330</b>		<b>65.3%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 2,916,525	\$ 3,676,102	44.2%	26.0%
<i>Employee Benefits</i>	\$ 1,174,555	\$ 1,340,956	16.1%	14.2%
<i>Supplies</i>	\$ 158,400	\$ 231,342	2.8%	46.0%
<i>Services</i>	\$ 989,426	\$ 3,108,759	37.3%	214.2%
<b>Total Uses =</b>	<b>\$ 5,238,906</b>	<b>\$ 8,357,159</b>		<b>59.5%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (202,424)</b>	<b>\$ (32,829)</b>		
<b>Ending Fund Balance</b>	<b>\$ 42,500</b>	<b>\$ 4,959</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Police Chief	0.12	0.23	0.35
Police Captain	0.12	0.23	0.35
Administrative Specialist (L1-L3)	1.00	1.00	2.00
Police Sergeant	2.00	-	2.00
Administrative Sergeant	0.00	0.35	0.35
Detective	0.00	0.35	0.35
Police Officer	8.00	-	8.00
School Resource Officer	0.00	0.15	0.15
Support Officer	0.50	(0.15)	0.35
Mental Health Professional & Community Co-Responder (L1-L2)	0.40	(0.05)	0.35
<b>Total Staffing Count =</b>	<b>12.14</b>	<b>2.11</b>	<b>14.25</b>

### Major Changes/Additions:

- **Additional Administrative Specialist** (Ongoing) (2025: +\$124,640, 2026: +\$135,375)
  - The new Administrative Specialist position will help the police department step closer toward accreditation, support higher levels of service for public records requests, and improve evidence maintenance processes.
- **Personnel Adjustment within the Police Services Contract** (Ongoing) (2025: +\$222,240, 2026: +\$231,852)
  - This change does not represent an increase in full-time equivalent positions (FTEs) within the City, but rather a shift toward a more equitable distribution of employees within the Police Department, resulting in a net 1.11 increase in FTEs for North Bend.
- **Internal Service Charges within the Police Services Contract** (Ongoing) (2025: +\$1,073,330, 2026: +\$1,085,017)
  - Internal service charges, including administration, insurance, facilities, police vehicles, vehicles, and information technology have not been fully charged under the North Bend police services agreement. This change represents an adjustment to the portion of internal services paid for by North Bend up from the annual historical amount of \$70,000 to the rate charged to all other Snoqualmie funds.



## Deposits Reimbursement Control Fund (#018)

### Description:

This fund is used to hold and account for various types of damage and security deposits that are not related to utility or capital projects, or for certain other special purposes, until they are either refunded to the payee or retained by the City. The types of deposits held in this fund typically include damage deposits, security deposits, bid deposits and certain types of development-related deposits. These deposits used to be held in a special non-budgeted fund, since the money held in it does not technically belong to the City. Due to recent changes in governmental accounting standards, the State Auditor's Office now directs that these types of deposits be accounted for in the fund most closely related to their business purpose. Deposits of these types are deemed to be held more for the benefit of the City than for the benefit of the depositor.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 21,266</b>	<b>\$ 21,266</b>		
<b>Sources</b>				
<i>Miscellaneous Revenues</i>	\$ 716	\$ 1,110	2.7%	55.0%
<i>Other Increases in Resources</i>	\$ 20,000	\$ 40,000	97.3%	100.0%
<b>Total Sources =</b>	<b>\$ 20,716</b>	<b>\$ 41,110</b>		<b>98.4%</b>
<b>Uses</b>				
<i>Refundable Deposits Disbursed</i>	\$ 20,716	\$ 62,376	100.0%	201.1%
<b>Total Uses =</b>	<b>\$ 20,716</b>	<b>\$ 62,376</b>		<b>201.1%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ -</b>	<b>\$ (21,266)</b>		
<b>Ending Fund Balance</b>	<b>\$ 21,266</b>	<b>\$ -</b>		

## School Impact Fee Fund (#020)

### Description:

This fund is used to receive and remit impact fees collected for the Snoqualmie Valley School District. The impact fees are related to construction and development and the amount of the fee is determined by the school district. The City does not retain any of these fees.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	\$ -	\$ -		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ -	\$ 400,000	100.0%	0.0%
<i>Miscellaneous Revenues</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Sources =</b>	<b>\$ -</b>	<b>\$ 400,000</b>		<b>0.0%</b>
<b>Uses</b>				
<i>Refundable Deposits Disbursed</i>	\$ -	\$ 400,000	100.0%	0.0%
<b>Total Uses =</b>	<b>\$ -</b>	<b>\$ 400,000</b>		<b>0.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ -</b>	<b>\$ -</b>		
<b>Ending Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>		



## Special Revenue Funds

Special revenue funds are used to account for and report the proceeds and uses of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects.

## Tourism Promotion Fund (#110)

### Description:

This fund records receipts from hotel/motel or lodging taxes. These receipts are a “diversion” of the state component of sales tax attributed to hotel/motel room rentals. The funds are dedicated to

tourism promotion. The City's Lodging Tax Advisory Committee reviews applications from organizations and makes final recommendations on how to spend the taxes received.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 147,700</b>	<b>\$ 9,866</b>		
<b>Sources</b>				
<i>Taxes</i>	\$ 276,000	\$ 68,107	100.0%	-75.3%
<i>Miscellaneous Revenues</i>	\$ 3,791	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 279,791</b>	<b>\$ 68,107</b>		<b>-75.7%</b>
<b>Uses</b>				
<i>Services</i>	\$ 350,000	\$ 60,000	100.0%	-82.9%
<b>Total Uses =</b>	<b>\$ 350,000</b>	<b>\$ 60,000</b>		<b>-82.9%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (70,209)</b>	<b>\$ 8,107</b>		
<b>Ending Fund Balance</b>	<b>\$ 77,491</b>	<b>\$ 17,973</b>		

### Drug Enforcement Fund (#118)

#### Description:

The Drug Enforcement Fund was established to collect proceeds from the sale of confiscated and/or forfeited property seized as a result of criminal drug activity. A portion of the proceeds are required to be forwarded to the State of Washington to support the operation of the State Patrol Crime Lab. The proceeds that are retained by the City must be used to support drug enforcement activities, including acquisition of specialized police equipment. Funds are also used for undercover operations.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 10,200</b>	<b>\$ 39,085</b>		
<b>Sources</b>				
<i>Miscellaneous Revenues</i>	\$ 10,344	\$ 1,710	100.0%	-83.5%
<b>Total Sources =</b>	<b>\$ 10,344</b>	<b>\$ 1,710</b>		<b>-83.5%</b>
<b>Uses</b>				
<i>Supplies</i>	\$ 344	\$ 3,000	100.0%	772.1%
<i>Refundable Deposits Disbursed</i>	\$ 10,000	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 10,344</b>	<b>\$ 3,000</b>		<b>-71.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ -</b>	<b>\$ (1,290)</b>		
<b>Ending Fund Balance</b>	<b>\$ 10,200</b>	<b>\$ 37,795</b>		

### Opioid Settlement Fund (#123)

#### Description:

The Opioid Settlement Fund was established as a result of a lawsuit brought by the Washington State Attorney General's Office against companies that fueled the opioid public health crisis. The resultant funds must be spent on Opioid remediation. Snoqualmie began receiving settlement funds in 2023 and payments may continue until 2040.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	\$ -	\$ 71,335		
<b>Sources</b>				
<i>Miscellaneous Revenues</i>	\$ 35,121	\$ 32,698	100.0%	-6.9%
<b>Total Sources =</b>	<b>\$ 35,121</b>	<b>\$ 32,698</b>		<b>-6.9%</b>
<b>Uses</b>				
<i>Supplies</i>	\$ -	\$ -	0.0%	0.0%
<i>Services</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ -</b>	<b>\$ -</b>		<b>0.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 35,121</b>	<b>\$ 32,698</b>		
<b>Ending Fund Balance</b>	<b>\$ 31,293</b>	<b>\$ 104,033</b>		

### Affordable Housing Fund (#131)

#### Description:

The Affordable Housing Fund was established to collect proceeds from an affordable housing sales tax credit from the State of Washington and a 0.1% housing and related services sales tax. The credit does not increase the tax rate for consumers but instead shares a portion of the state sales tax with cities, towns, and counties. The sales tax credit can be used for the acquisition, rehabilitation, or construction of affordable housing, the operation and maintenance of such housing units, or to provide rental assistance to tenants below a certain median income threshold. The 0.1% sales tax may be used similarly or to support behavioral health treatment programs and services.

**Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:**

	2023-24	2025-2026	%	2023-24 to 2025-26
	Biennial Budget	Proposed Budget	of Total	% Change
<b>Beginning Fund Balance</b>	<b>\$ 898,936</b>	<b>\$ 1,725,925</b>		
<b>Sources</b>				
<i>Taxes</i>	\$ 748,000	\$ 733,760	90.2%	-1.9%
<i>Intergovernmental Revenues</i>	\$ 180,000	\$ -	0.0%	-100.0%
<i>Miscellaneous Revenues</i>	\$ 30,242	\$ 79,466	9.8%	162.8%
<b>Total Sources =</b>	<b>\$ 958,242</b>	<b>\$ 813,226</b>		<b>-15.1%</b>
<b>Uses</b>				
<i>Services</i>	\$ 132,000	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 132,000</b>	<b>\$ -</b>		<b>-100.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 826,242</b>	<b>\$ 813,226</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,725,178</b>	<b>\$ 2,539,151</b>		

### Home Elevation Fund (#144)

**Description:**

The Home Elevations Fund was established to receive funds on behalf of a program created by King County Flood Control District to support homeowners in flood-prone areas. The program supports raising the finished floor of a home above the 100-year flood elevation, reducing the threat of future damage or home buyouts where more significant flood risk exists. County funding is received into this fund and passed on to approved homeowners.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	\$ -	\$ -		
<b>Sources</b>				
<i>Intergovernmental Revenues</i>	\$ 1,468,000	\$ 500,000	100.0%	-65.9%
<i>Miscellaneous Revenues</i>	\$ 15,121	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 1,483,121</b>	<b>\$ 500,000</b>		<b>-66.3%</b>
<b>Uses</b>				
<i>Services</i>	\$ -	\$ 500,000	100.0%	0.0%
<b>Total Uses =</b>	<b>\$ -</b>	<b>\$ 500,000</b>		<b>0.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 1,483,121</b>	<b>\$ -</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,483,121</b>	<b>\$ -</b>		



## Governmental Capital Funds

### Non-Utilities Capital Fund (#310)

#### Description:

The Non-Utilities Capital Fund appropriates funds for the acquisition or improvement of long-term park, transportation, and facility infrastructure with a useful life greater than one year over the biennium. On July 8, 2024, Council adopted the 2025-2030 Capital Improvement Plan (CIP). The first two years of the plan have been incorporated into this fund for the 2025-2026 Biennial Budget.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 20,100,000</b>	<b>\$ 20,095,791</b>		
<b>Sources</b>				
<i>Taxes</i>	\$ 5,445,154	\$ 6,809,000	34.8%	25.0%
<i>Intergovernmental Revenues</i>	\$ 12,974,950	\$ 9,901,208	50.7%	-23.7%
<i>Miscellaneous Revenues</i>	\$ 515,246	\$ 2,334,000	11.9%	353.0%
<i>Other Increases in Resources</i>	\$ 2,500,000	\$ 500,000	2.6%	-80.0%
<b>Total Sources =</b>	<b>\$ 21,435,350</b>	<b>\$ 19,544,208</b>		<b>-8.8%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 496,345	\$ 654,617	1.8%	31.9%
<i>Employee Benefits</i>	\$ 199,659	\$ 266,910	0.7%	33.7%
<i>Supplies</i>	\$ -	\$ -	0.0%	0.0%
<i>Services</i>	\$ 11,038,994	\$ 2,030,544	5.4%	-81.6%
<i>Capital Outlays</i>	\$ 27,745,208	\$ 34,149,134	91.5%	23.1%
<i>Debt Service</i>	\$ 174,000	\$ 174,000	0.5%	0.0%
<i>Transfers Out</i>	\$ 57,992	\$ 40,770	0.1%	-29.7%
<b>Total Uses =</b>	<b>\$ 39,712,198</b>	<b>\$ 37,315,975</b>		<b>-6.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (18,276,848)</b>	<b>\$ (17,771,767)</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,823,152</b>	<b>\$ 2,324,024</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.13	-	0.13
Administrative Specialist (L1-L3)	0.13	-	0.13
CIP Project Manager	1.00	(0.50)	0.50
Engineer	0.75	0.75	1.50
<b>Total Staffing Count =</b>	<b>2.00</b>	<b>0.25</b>	<b>2.25</b>

### Major Changes/Additions:

- **Employee Distribution** (Ongoing) (2025: +\$56,228, 2026: +\$55,922)



- o The number of employees working within Non-Utility and Utility Capital has not changed. However, the City opted for a more equitable distribution of labor costs between the two capital funds. This results in a 0.25 full-time equivalent position increase for the Non-Utilities Capital Fund.

### ERP Project Fund (#350)

#### Description:

This capital fund, created in 2023, tracks revenues and expenditures related to the new Tyler Munis Enterprise Resource Planning (ERP) system which is currently being implemented across the City. This fund is intended to be closed at the end of the 2025-2026 biennium, when the ERP is presumed to be fully implemented.

#### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	\$ -	\$ 483,958		
<b>Sources</b>				
<i>Taxes</i>	\$ 344,145	\$ -	0.0%	-100.0%
<i>Intergovernmental Revenues</i>	\$ 16,117	\$ -	0.0%	-100.0%
<i>Miscellaneous Revenues</i>	\$ -	\$ 16,000		
<i>Transfers In</i>	\$ 1,021,400	\$ 150,000		
<b>Total Sources =</b>	<b>\$ 1,381,662</b>	<b>\$ 166,000</b>		<b>-88.0%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 142,606	\$ -	0.0%	-100.0%
<i>Employee Benefits</i>	\$ 40,584	\$ -	0.0%	-100.0%
<i>Supplies</i>	\$ 88,500	\$ -	0.0%	-100.0%
<i>Services</i>	\$ 950,898	\$ 649,958	100.0%	-31.6%
<i>Capital Outlays</i>	\$ 9,075	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 1,231,663</b>	<b>\$ 649,958</b>		<b>-47.2%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 149,999</b>	<b>\$ (483,958)</b>		
<b>Ending Fund Balance</b>	<b>\$ 149,999</b>	<b>\$ -</b>		

## Major Changes/Additions:

- **Consultant Support** (One-time) (2025: +150,000)
  - The Utility Billing module of the ERP will be implemented during 2023. This is the first outward-facing segment of the ERP, and it has complex aspects that will require multi-disciplinary skills. The City will utilize a consultant who has experience in integrating utilities with Tyler's ERP system. This expenditure is being funded by the utilities.



## Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users of goods and services. Enterprise funds are required to be used for any activity whose principal source of revenue is pledged to the repayment of revenue-type debt, if there is a legal requirement that all costs must be recovered through user fees, or when a government establishes a policy to recover all costs of an activity through user fees.

### Enterprise Funds Resources Summary:

The City of Snoqualmie operates three enterprise utilities: water, wastewater, and stormwater. The primary source of revenue generated by all three utilities are utility fees ("rates"). Utility rates are set by Council and were last adopted in May of 2021 for a six-year period (2021-2026). In December of 2023 rates were adjusted for 2024 as part of a utility fiscal health study. The City is currently undergoing a four-year rate study for 2025 to 2028 wherein rates are expected to rise. Changes in utility rates may differ between customer class and the utility involved. For an average resident<sup>1</sup> in Snoqualmie, the following table estimates the increase in a monthly utility bill for a mid-range utility-rate scenario, using a mix of debt and customer rates to fund capital projects.

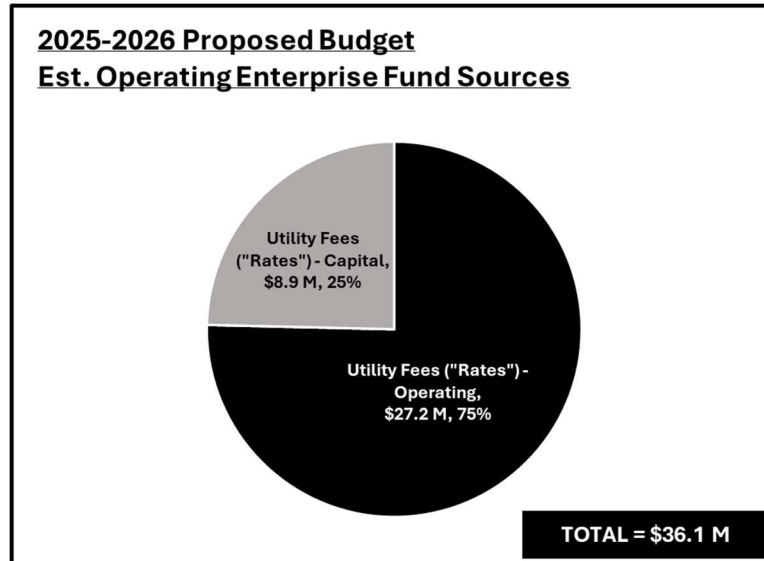
Combined Utilities	Existing	2025	2026	2027	2028	2029	2030
Avg. Residential Monthly Bill	\$ 177.46	\$ 202.01	\$ 230.80	\$ 264.63	\$ 273.02	\$ 282.03	\$ 288.34
\$ Monthly Difference		\$ 24.55	\$ 28.78	\$ 33.83	\$ 8.39	\$ 9.01	\$ 6.31
Overall Increase		13.84%	14.25%	14.66%	3.17%	3.30%	2.24%
New Debt Proceeds		\$ 9,060,000	\$ -	\$ 3,150,000	\$ -	\$ 8,900,000	\$ -

*Note: Water bill is based on a 3/4" meter and 7ccf of usage*

In total, the operating enterprise funds are expected to generate \$36.1 million in revenue over the next biennium, with revenue assumptions based on the new utility costing model currently under

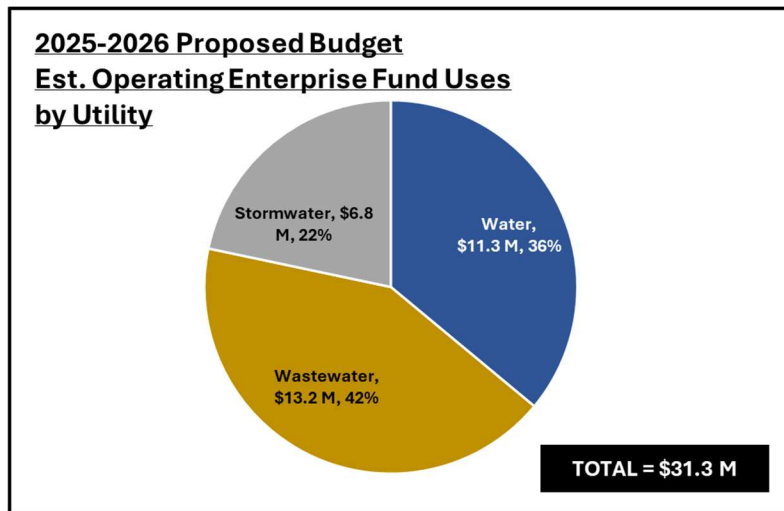
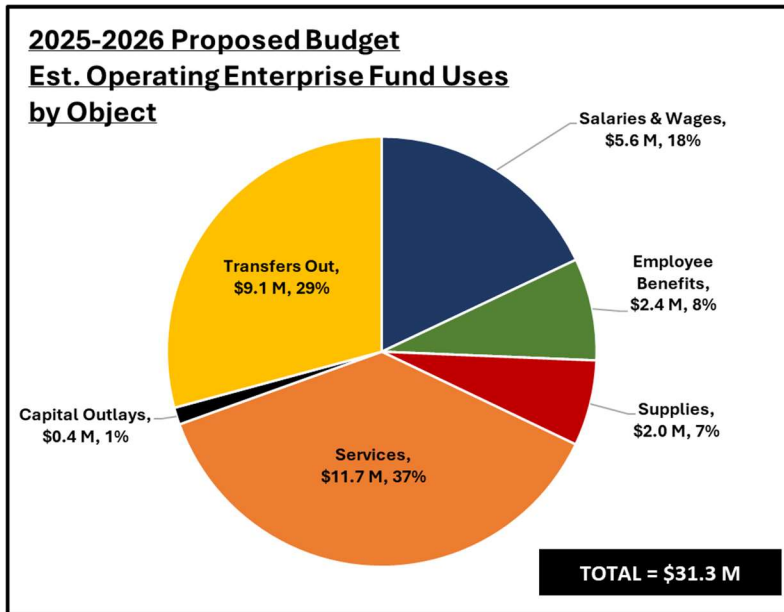
<sup>1</sup> Assumes a 3/4" meter, 7 centum cubic feet of monthly water usage, and 1 equivalent service unit (ESU).

development. This is approximately a 21.4% increase over the amount collected during the 2023-2024 biennium. Of the revenue expected to be collected during the next biennium, roughly \$8.9 million will fund the capital needs of the utilities and \$27.2 million will support utility operations.



### **Enterprise Funds Uses Summary:**

During the 2025-2026 biennium, the three operating enterprise funds (Water Operations Fund (#401), Wastewater Operations Fund (#402), Stormwater Operations Fund (#403)) are expected to spend \$31.3 million, which includes \$8.9 million in transfers to the Utilities Capital Fund (#417) to pay for capital improvements and debt service and \$0.2 million in transfers to the ERP Project Fund (#350). The following two charts break out the anticipated spending by object and utility.



## Water Operations Fund (#401)

### Description:

The Water Operations Fund is composed of the Water Division of the Parks and Public Works Department. The Division provides the management and maintenance necessary to deliver high quality drinking water to the residents and businesses of Snoqualmie. Through a reliable collection,

treatment, and distribution system, the City is able to supply clean and readily available water in support of a healthy and vibrant community.

Core Services:

- Collect water from spring and local sources and convey to a treatment plant.
- Treat the water removing any contaminants through effective means and technology.
- Test samples constantly to ensure and maintain compliance with federal and state standards.
- Clean, repair, and inspect collection mains, booster pump stations, pressure reducing valve stations, and other essential facilities to maintain the satisfactory distribution of water, at the proper pressure, to residents and businesses.
- Install and maintain water meters.
- Maintain adequate fire flow and ensure the proper replacement of fire hydrants.
- Monitor the supervisory control system to ensure system functionality and respond in a timely fashion to issues that may arise.
- Maintain and calibrate the irrigation system to support the health and vibrancy of City-owned parks, City-owned rights-of-way, and privately owned landscaping.

**Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:**

	2023-24	2025-2026	%	2023-24 to 2025-26
	Biennial Budget	Proposed Budget	of Total	% Change
<b>Beginning Fund Balance</b>	<b>\$ 1,635,856</b>	<b>\$ 2,258,252</b>		
<b>Sources</b>				
<i>Licenses &amp; Permits</i>	\$ 6,770	\$ 7,182	0.1%	6.1%
<i>Charges for Goods &amp; Services</i>	\$ 10,638,437	\$ 12,167,834	99.6%	14.4%
<i>Miscellaneous Revenues</i>	\$ 50,427	\$ 44,350	0.4%	-12.1%
<b>Total Sources =</b>	<b>\$ 10,695,634</b>	<b>\$ 12,219,366</b>		<b>14.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,614,541	\$ 1,946,996	17.3%	20.6%
<i>Employee Benefits</i>	\$ 775,435	\$ 914,990	8.1%	18.0%
<i>Supplies</i>	\$ 712,585	\$ 930,915	8.2%	30.6%
<i>Services</i>	\$ 3,654,493	\$ 4,222,665	37.4%	15.5%
<i>Capital Outlays</i>	\$ 42,329	\$ 133,900	1.2%	216.3%
<i>Transfers Out</i>	\$ 4,584,774	\$ 3,136,411	27.8%	-31.6%
<b>Total Uses =</b>	<b>\$ 11,384,157</b>	<b>\$ 11,285,877</b>		<b>-0.9%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (688,524)</b>	<b>\$ 933,489</b>		
<b>Ending Fund Balance</b>	<b>\$ 947,332</b>	<b>\$ 3,191,741</b>		

**Proposed 2025-2026 Biennial Budget Staffing:**

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.15	-	0.15
Deputy Parks & Public Works Director/City Engineer	0.20	-	0.20
Administrative Specialist (L1-L3)	0.15	0.40	0.55
GIS Analyst	0.00	0.20	0.20
Water Superintendent	1.00	-	1.00
Water Maintenance Technician (L1-L4)	5.00	-	5.00
Irrigation Maintenance Technician (L2-L3)	1.00	-	1.00
<b>Total Staffing Count =</b>	<b>7.50</b>	<b>0.60</b>	<b>8.10</b>

**Major Changes/Additions:**

- **0.4 Utility Administrative Specialist** (Ongoing) (2025: +\$50,952, 2026: +\$55,072)
  - This position is designed to provide dedicated support to the utilities, which currently share one Administrative Specialist position between 7 divisions and 37 employees in the Parks and Public Works Department. The position is currently being contemplated within the 2025-2028 utility rate schedule.
  -
- **GIS Analyst** (Ongoing) (2025: +\$34,073, 2026: +\$35,591)
  - This addition does not represent an increase in full-time equivalent positions (FTEs), but rather a budgetary shift to match the GIS Analyst position with its related management and operational structure. During the 2023-2024 biennium, this position was reassigned to the Parks and Public Works Department.
- **Phased in Replacement of Maxicom Components** (Ongoing) (2025: +\$40,000, 2026: +\$36,000)
  - The Maxicom sprinkler and irrigation system controls are outdated and not well supported. This update will reduce and potentially eliminate the need for a system controller consultant while giving City staff greater internal control.
- **Internal Service Charges** (Ongoing) (2025: +295,254, 2026: +\$262,446)
  - This does not represent a change in Water operations, but rather in how internal service charges are allocated to each department. Internal service charges are tied to various drivers and depend on the expenditure levels of the service departments. In addition, the methodology for costing vehicles was updated resulting in Equipment Replacement and Repair charge increases to the departments.
- **Pick-Up Truck** (One-time) (2025: +\$133,900)
  - The Water Division needs one vehicle to support routine maintenance for water treatment and distribution. This heavy-duty truck will be added into the Equipment

Replacement and Repair Fund's replacement schedule and will increase the annual internal service fee charged for vehicle maintenance and the eventual purchase of a new vehicle once the truck has reached its service life.

## **Wastewater Operations Fund (#402)**

### **Description:**

The Wastewater Operations Fund is composed of the Wastewater Division of the Parks and Public Works Department. The Division provides the management and maintenance necessary to deliver a reliable system for the collection, conveyance, and treatment of sewage from residential and commercial users. The service provided ensures that residents and businesses can enjoy a personally clean, hygienic, and sanitary life free from diseases and contamination.

### Core Services:

- Clean, repair, and inspect collection mains, lift stations, and other essential facilities to maintain the satisfactory conveyance of sewage to the treatment plant.
- Treat the sewage entering the treatment plant through effective means and technology to separate solids from water.
- Treat the solids and water effectively before transport or discharge.
- Test samples constantly to ensure and maintain compliance with federal and state standards.
- Monitor the supervisory control system to ensure plant functionality and respond in a timely fashion to issues that may arise.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 786,844</b>	<b>\$ 819,934</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 13,130,317	\$ 16,960,209	99.7%	29.2%
<i>Miscellaneous Revenues</i>	\$ 31,086	\$ 42,610	0.3%	37.1%
<b>Total Sources =</b>	<b>\$ 13,161,403</b>	<b>\$ 17,002,819</b>		<b>29.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,689,630	\$ 2,266,396	17.1%	34.1%
<i>Employee Benefits</i>	\$ 764,773	\$ 888,470	6.7%	16.2%
<i>Supplies</i>	\$ 588,902	\$ 824,590	6.2%	40.0%
<i>Services</i>	\$ 4,121,444	\$ 4,953,532	37.4%	20.2%
<i>Capital Outlays</i>	\$ 13,850	\$ -	0.0%	-100.0%
<i>Transfers Out</i>	\$ 5,983,911	\$ 4,307,351	32.5%	-28.0%
<b>Total Uses =</b>	<b>\$ 13,162,510</b>	<b>\$ 13,240,339</b>		<b>0.6%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (1,107)</b>	<b>\$ 3,762,480</b>		
<b>Ending Fund Balance</b>	<b>\$ 785,737</b>	<b>\$ 4,582,414</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.10	-	0.10
Deputy Parks & Public Works Director/City Engineer	0.20	(0.08)	0.13
Administrative Specialist (L1-L3)	0.10	0.40	0.50
GIS Analyst	0.00	0.20	0.20
Wastewater Superintendent	1.00	-	1.00
Wastewater Lead (L4)	1.00	-	1.00
Wastewater Industrial Maintenance Technician (L2-L3)	1.00	-	1.00
Wastewater Laboratory Analyst L3	1.00	-	1.00
Wastewater Operator (L1-L3)	3.00	1.00	4.00
<b>Total Staffing Count =</b>	<b>7.40</b>	<b>1.53</b>	<b>8.93</b>

### Major Changes/Additions:

- **Wastewater Operator** (Ongoing) (2025: +\$117,797, 2026: +\$127,996)
  - The purpose of this position is to support the operational functioning of the wastewater collection and treatment facilities during assigned shifts and in



emergency situations. This addition is in accordance with the General Sewer Plan, which calls for the addition of 1.2 full-time positions to maintain the condition of the wastewater system. The position is proposed within the 2025-2028 utility rate schedule under current consideration by Council.

- **0.4 Utility Administrative Specialist** (Ongoing) (2025: +\$50,952, 2026: +\$55,072)
  - This position is designed to provide dedicated support to the utilities, which currently share one Administrative Specialist position between 7 divisions and 37 employees in the Parks and Public Works Department. The position is currently being contemplated within the 2025-2028 utility rate schedule.
- **GIS Analyst** (Ongoing) (2025: +\$34,073, 2026: +\$35,591)
  - This addition does not represent an increase in full-time equivalent positions (FTEs), but rather a budgetary shift to match the GIS Analyst position with its related management and operational structure. During the 2023-2024 biennium, this position was reassigned to the Parks and Public Works Department.
- **Deputy Parks & Public Works Director** (Ongoing) (2025: -\$16,932), 2026: -\$18,021)
  - This addition does not represent a decrease in FTEs, but rather a budgetary shift to match the Deputy Parks & Public Works Director position with its related management and operational structure.
- **Internal Service Charges** (Ongoing) (2025: +\$205,700, 2026: +\$183,113)
  - This does not represent a change in Wastewater operations, but rather in how internal service charges are allocated to each department. Internal service charges are tied to various drivers and depend on the expenditure levels of the service departments. In addition, the methodology for costing vehicles was updated resulting in Equipment Replacement and Repair charge increases to the departments.
- **Backup Pumps** (Ongoing) (2025: +\$60,000, 2026: +\$58,000)
  - In the event of a pump failure at sewer lift stations, backup pumps will prevent any system failure and allow the wastewater system to continue operating. These pumps can be specific to location and are not all interchangeable. This funding allows for the purchase of four backup pumps that can be used at six locations. This item will be ongoing until backup pumps are purchased for all necessary locations.

## Stormwater Operations Fund (#403)

### Description:

The Stormwater Operations Fund is composed of the Stormwater & Urban Forestry Division of the Parks and Public Works Department. The Division provides the management and maintenance necessary to preserve storm drainage, catch basin, and water retention facilities critical for healthy streams, clean water, and a green environment. With an average rainfall of 60 inches annually, higher than in other areas around Puget Sound, the City of Snoqualmie maintains facilities to their highest standard in order to keep rain from washing pollutants into streams or from overwhelming drainage capacity. Ultimately, such efforts contribute to the wider regional goal of protecting the health and ecology of the Snoqualmie River and the Puget Sound.

### Core Services:

- Clean and repair the storm drainage system to maintain satisfactory stormwater conveyance and water quality.
- Clean and maintain catch basins and/or retention ponds on an ongoing basis to remove pollutants and reduce flooding and stream erosion.
- Support the flood control efforts of the City by suggesting and/or analyzing changes to other sources of infrastructure such as the street network.
- Lead the effort in maintaining the City's National Pollutant Discharge Elimination System (NPDES) permit.
- Support the Urban Forestry Program with annual funding. The urban forest helps to filter and retain stormwater reducing the need for extensive grey and built infrastructure.
- Maintain the City's soft-surface trail system, including trail bridges and boardwalks.
- Manage the Green Snoqualmie Partnership to coordinate volunteer, partner, and staff efforts to maintain and restore the City's 1,200 acres of open space.
- Maintain 10,000 street and park trees.
- Respond to wind and snowstorm events to ensure access to all City right of ways.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 984,709</b>	<b>\$ 588,834</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 5,896,025	\$ 6,887,799	99.7%	16.8%
<i>Miscellaneous Revenues</i>	\$ 18,357	\$ 20,941	0.3%	14.1%
<b>Total Sources =</b>	<b>\$ 5,914,382</b>	<b>\$ 6,908,740</b>		<b>16.8%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,015,184	\$ 1,414,558	20.8%	39.3%
<i>Employee Benefits</i>	\$ 520,704	\$ 602,475	8.9%	15.7%
<i>Supplies</i>	\$ 254,073	\$ 262,125	3.9%	3.2%
<i>Services</i>	\$ 2,055,814	\$ 2,546,682	37.5%	23.9%
<i>Capital Outlays</i>	\$ -	\$ 267,800	3.9%	0.0%
<i>Transfers Out</i>	\$ 2,676,644	\$ 1,701,624	25.0%	-36.4%
<b>Total Uses =</b>	<b>\$ 6,522,419</b>	<b>\$ 6,795,264</b>		<b>4.2%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (608,037)</b>	<b>\$ 113,476</b>		
<b>Ending Fund Balance</b>	<b>\$ 376,672</b>	<b>\$ 702,310</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.10	-	0.10
Deputy Parks & Public Works Director/City Engineer	0.10	0.03	0.13
Administrative Specialist (L1-L3)	0.10	0.20	0.30
GIS Analyst	0.00	0.10	0.10
Stormwater & Urban Forestry Superintendent	1.00	-	1.00
Stormwater & Urban Forestry Maintenance Technician (L1-L3)	4.00	-	4.00
<b>Total Staffing Count =</b>	<b>5.30</b>	<b>0.33</b>	<b>5.63</b>

### Major Changes/Additions:

- **0.2 Utility Administrative Specialist** (Ongoing) (2025: +\$25,476, 2026: +\$27,536)
  - This position is designed to provide dedicated support to the utilities, which currently share one Administrative Specialist position between 7 divisions and 37 employees in the Parks and Public Works Department. The position is currently being contemplated within the 2025-2028 utility rate schedule.

- **GIS Analyst** (Ongoing) (2025: +\$17,036, 2026: +\$17,796)
  - This addition does not represent an increase in full-time equivalent positions (FTEs), but rather a budgetary shift to match the GIS Analyst position with its related management and operational structure. During the 2023-2024 biennium, this position was reassigned to the Parks and Public Works Department.
- **Internal Service Charges** (Ongoing) (2025: +242,134, 2026: +\$231,813)
  - This does not represent an increase in Stormwater and Urban Forestry operations, but rather in how internal service charges are allocated to each department. Internal service charges are tied to various drivers and depend on the expenditure levels of the service departments. In addition, the methodology for costing vehicles was updated resulting in Equipment Replacement and Repair charge increases to the departments.
- **Two Pick-Up Trucks** (One-time) (2025: +\$267,800)
  - The Stormwater and Urban Forestry Division needs two vehicles to support routine maintenance. These heavy-duty trucks will be added into the Equipment Replacement and Repair Fund's replacement schedule and will increase the annual internal service fee charged for maintenance and the eventual purchase of new vehicles once the trucks have reached their service lives.

## Utilities Capital Fund (#417)

### Description:

The Utilities Capital Fund appropriates funds for the acquisition or improvement of long-term utility (water, wastewater, and stormwater) infrastructure with a useful life greater than one year over the biennium. Council is currently in process of reviewing the Utility Rate Study, which is a core part of the 2025-2030 Utility Capital Improvement Plan (CIP). When these two elements are completed and approved, the first two years of the plan will be incorporated into this fund for the 2025-2026 Biennial Budget. The amounts shown in this section are rough estimates.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 19,400,000</b>	<b>\$ 4,015,287</b>		
<b>Sources</b>				
<i>Intergovernmental Revenues</i>	\$ 1,884,000	\$ -	0.0%	-100.0%
<i>Miscellaneous Revenues</i>	\$ 10,174,089	\$ 1,988,201	10.0%	-80.5%
<i>Transfers In</i>	\$ 13,217,438	\$ 17,956,768	90.0%	35.9%
<b>Total Sources =</b>	<b>\$ 25,275,527</b>	<b>\$ 19,944,969</b>		<b>-21.1%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 863,444	\$ 766,691	4.1%	-11.2%
<i>Employee Benefits</i>	\$ 337,852	\$ 329,892	1.8%	-2.4%
<i>Supplies</i>	\$ -	\$ -	0.0%	0.0%
<i>Services</i>	\$ 6,965,275	\$ 1,637,303	8.7%	-76.5%
<i>Capital Outlays</i>	\$ 16,519,275	\$ 11,237,529	59.8%	-32.0%
<i>Debt Service</i>	\$ 4,817,000	\$ 4,823,800	25.7%	0.1%
<i>Transfers Out</i>	\$ 211,096	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 29,713,942</b>	<b>\$ 18,795,215</b>		<b>-36.7%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (4,438,415)</b>	<b>\$ 1,149,754</b>		
<b>Ending Fund Balance</b>	<b>\$ 14,961,586</b>	<b>\$ 5,165,041</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.25	-	0.25
Deputy Parks & Public Works Director/City Engineer	0.50	-0.26	0.25
Administrative Specialist (L1-L3)	0.25	-	0.25
CIP Project Manager	0.00	0.50	0.50
Engineer	2.25	-0.75	1.50
<b>Total Staffing Count =</b>	<b>3.25</b>	<b>-0.51</b>	<b>2.75</b>

### Major Changes/Additions:

- **Employee Distribution** (Ongoing) (2025: -\$109,140, 2026: -\$112,238)
  - o The number of employees working within Non-Utility and Utility Capital has not changed. However, the City opted for a more equitable distribution of labor costs between the two capital funds, also decreasing the amount that the Deputy Parks & Public Works Director was allocated to Utility Capital by 0.25. In total, this results in a 0.50 full-time equivalent position decrease for the Utility Capital Fund. Note that this results in a decrease in costs for the Utility Capital Fund.



## Internal Service Funds

Internal service funds are used to account for services provided by one City department to another department of the City. They can also provide a mechanism for allocating common costs among the various departments of the City.

## Equipment Replacement & Repair Fund (#501)

### Description:

The Equipment Replacement and Repair Division maintains a “keep the City moving” commitment by providing safe and operable equipment at the lowest possible cost per mile. With over 125 vehicles and equipment, the division is able to keep multiple City departments responding to calls for service through strict preventative maintenance and proper replacement management. The work completed ensures that the City can provide quality, longer-lived assets, reducing the need to part with vehicles or equipment sooner than expected.

### Core Services:

- Manage approximately \$13.8 million dollars’ worth of City assets through the repair and replacement of batteries, engines, transmissions, drive axles, brakes, tires, oil, etc.
- Maintain and replenish the inventory of high use parts on an as-needed basis.
- Manage and procure the replacement of all City vehicles and equipment.
- Manage the registration and insurance for all City vehicles and equipment.
- Support the City Clerk in the repair or replacement of vehicles or equipment damaged due to accidents.

- Support 4 insourcing programs including City of North Bend Police Services, the school resource officer, and the Coalition of Small Police Agencies.
- Outsource specialty vehicles and equipment for repair and maintenance such as large Fire Department apparatus.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 2,384,697</b>	<b>\$ 2,934,654</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 2,993,346	\$ 4,896,826	88.8%	63.6%
<i>Miscellaneous Revenues</i>	\$ 79,580	\$ 35,000	0.6%	-56.0%
<i>Other Increases in Resources</i>	\$ 140,000	\$ 190,000	3.4%	35.7%
<i>Transfers In</i>	\$ 514,388	\$ 390,000	7.1%	-24.2%
<b>Total Sources =</b>	<b>\$ 3,727,314</b>	<b>\$ 5,511,826</b>		<b>47.9%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 413,008	\$ 603,334	9.6%	46.1%
<i>Employee Benefits</i>	\$ 170,272	\$ 244,046	3.9%	43.3%
<i>Supplies</i>	\$ 823,130	\$ 812,060	13.0%	-1.3%
<i>Services</i>	\$ 505,489	\$ 1,110,822	17.8%	119.8%
<i>Capital Outlays</i>	\$ 1,744,225	\$ 3,483,949	55.7%	99.7%
<b>Total Uses =</b>	<b>\$ 3,656,124</b>	<b>\$ 6,254,211</b>		<b>71.1%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 71,190</b>	<b>\$ (742,385)</b>		
<b>Ending Fund Balance</b>	<b>\$ 2,455,887</b>	<b>\$ 2,192,269</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.05	-	0.05
Deputy Parks & Public Works Director/City Engineer	0.00	0.10	0.10
Administrative Specialist (L1-L3)	0.05	-	0.05
Fleet & Facilities Superintendent	0.50	0.25	0.75
Fleet Mechanic (L1-L3)	1.00	-	1.00
<b>Total Staffing Count =</b>	<b>1.60</b>	<b>0.35</b>	<b>1.95</b>

As a part of the 2025-2026 Biennial Budget, the City of Snoqualmie will be replacing or purchasing a number of new vehicles or pieces of equipment.

**2025 Equipment Replacement List:**

Count	Asset	Year	ID#	Department	Cost	Type
1	Ford Fusion	2015	2	Motor Pool	\$ 57,000	Replace
2	Ford Explorer	2020	105	Sno Police	\$ 98,664	Replace
3	Chev. Tahoe	2013	106	Sno Police	\$ 98,664	Replace
4	Ford Explorer	2020	107	NB Police	\$ 98,664	Replace
5	Ford Explorer	2020	109	Sno Police	\$ 98,664	Replace
6	Ford Explorer	2020	110	NB Police	\$ 98,664	Replace
7	Ford Explorer	2020	122	Sno Police	\$ 98,664	Replace
8	Chev. 2500 Pickup	2016	607	Fire & EM	\$ 107,700	Replace
9	Ford Aid Unit	2013	604	Fire & EM	\$ 368,750	Replace
10	Chev. Colorado	2012	501	P&PW (Stormwater)	\$ 56,650	Replace
11	Chev. 1 Ton Service	2003	232	P&PW (Water)	\$ 107,000	Replace
12	Chev. 3/4 Ton Utility	2004	455	P&PW (Water)	\$ 95,000	Replace
13	Onan Generator Set - 25KW	1995	G-2	P&PW (Wastewater)	\$ 257,500	Replace
14	Onan Trailer Mount Generator	1999	243	P&PW (Wastewater)	\$ 267,800	Replace
15	Ford F-250	2008	401	P&PW (Parks)	\$ 91,000	Replace
16	Toro 4100D Mower	2008	406	P&PW (Parks)	\$ 127,310	Replace
17	Toro 54" Walkbehind Mower	2020	433	P&PW (Parks)	\$ 13,100	Replace
18	Toro Infield Groomer	2007	412	P&PW (Parks)	\$ 21,250	Replace
19	DR Walkbehind Mower	2013	467	P&PW (Parks)	\$ 13,100	Replace
20	Onan Generator Set - 20KW	1998	G-3	Sno Police	\$ 80,350	Replace
21	Contingency for unforeseen cost increases or minor build change costs	N/A	N/A	N/A	\$ 81,500	Contingency
<b>TOTAL =</b>					<b>\$ 2,336,994</b>	

**2026 Equipment Replacement List:**

Count	Asset	Year	Asset	Department	Cost	Type
1	Chevy Colorado	2012	504	CD (Building)	\$ 58,350	Replace
2	Honda WB-30X Pump	2011	203	P&PW (Water)	\$ 4,300	Replace
3	Chevy Colorado	2012	502	P&PW (Water)	\$ 58,350	Replace
4	Onan Trailer-mount Gen. Set 250KW	1999	244	P&PW (Water)	\$ 275,850	Replace
5	Ford F-550 Service Truck	2000	236	P&PW (Wastewater)	\$ 148,500	Replace
6	Ford F-550 Service Truck	2009	227	P&PW (Streets)	\$ 170,000	Replace
7	BE Pressure Washer	2016	262	P&PW (Stormwater)	\$ 6,400	Replace
8	Ford F-350 Truck	2009	403	P&PW (Parks)	\$ 90,000	Replace
9	Toro Walkbehind 54" Mower	2021	409	P&PW (Parks)	\$ 13,500	Replace
10	Toro 4700 Mower	2013	412	P&PW (Parks)	\$ 160,000	Replace
11	Paros 2 1/2 Ton Trailer	1999	421	P&PW (Parks)	\$ 21,220	Replace
12	Toro Zero-turn Mower	2013	460	P&PW (Parks)	\$ 17,510	Replace
13	Chevy Colorado	2012	503	P&PW (Parks)	\$ 58,350	Replace
14	Contingency for unforeseen cost increases or minor build change costs	N/A	N/A	N/A	\$ 43,125	Contingency
<b>TOTAL =</b>					<b>\$ 1,125,455</b>	



### Major Changes/Additions:

- **Fleet & Facilities Superintendent** (Ongoing) (2025: +\$65,662, 2026: +\$70,284)
  - This addition does not represent an increase in full-time equivalent positions (FTEs), but rather a budgetary shift to align the Fleet and Facilities Superintendent position with the amount of time spent on Equipment Replacement and Repair as compared to Facilities Maintenance. During the 2023-2024 biennium, this position was split evenly between the two divisions. It has been adjusted to 75% Equipment Repair & Replacement and 25% Facilities Maintenance.
- **Deputy Parks & Public Works Director** (Ongoing) (2025: +\$21,165, 2026: +\$22,526)
  - This addition does not represent an increase in full-time employees, but rather a budgetary shift to match the Deputy Parks & Public Works Director position with its related management and operational structure.
- **Vehicle Accessories** (One-time) (2025: +\$82,020, 2026: +\$82,020)
  - Six police vehicles and seven utility trucks are expected to be replaced during the biennium. These vehicles each have peripheral items that are required for proper functioning. Each police vehicle needs approximately \$18k in support items. New trucks vary in the amount of additional items needed to meet service needs.
- **Generator Set Fuel Tank Polish** (One-time and ongoing) (2025: +\$30,000, 2026: +\$30,000)
  - Fuel polishing is important maintenance activity for emergency generator tanks, working to clean out impurities in the fuel and prevent early failure. This is delayed maintenance and would continue in the future, but not all tanks would be polished within the same biennium.
- **Property Damage Repairs** (Ongoing) (2025: +\$130,000, 2026: +\$130,000)
  - This increase relates to the repair of City vehicles that are involved in accidents. Insurance will refund the City for the repair, less the applicable deductible. This line item creates an appropriation to repair approximately eight vehicles involved in accidents.
- **Contracted Services** (Ongoing) (2025: +\$125,000, 2026: +\$124,000)
  - This increase relates to contracting of Fire Department vehicle maintenance to Puget Sound Regional Fire Authority, the demount, mount, and balance of tires, generator servicing, and other small, contracted services. The monthly servicing of generators, at approximately \$100k each year, represents the only new service. The other items have manifested cost increases over previous budgeted amounts.

## Information Technology Fund (#502)

The Information Technology Department delivers cost-effective and sustainable technology solutions through strategic partnerships, effective and accountable employees, and collaborative and trustworthy engagement. The Department prides itself on innovation, responsiveness, and transparency in support of citywide operations and excellent service delivery to the community and its residents.

### Core Services:

- Manage the provision and maintenance of critical infrastructure systems (network, cybersecurity, storage, etc.)
- Manage the provision and maintenance of business continuity services (enterprise applications, email, internet, etc.)
- Manage, administer, and provide professional technology services (project management, equipment lifecycle, contract management, application development, etc.)
- Purchase, setup, and maintain computing equipment such as desktops, laptops, printers, etc.
- Purchase, setup, and maintain communications equipment such as office phones, mobile phones, and video/teleconferencing equipment.
- Provide and manage the City's geographic information system.
- Respond in a timely and professional manner to requests for help.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 2,251,692</b>	<b>\$ 1,635,916</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 5,175,902	\$ 5,527,920	98.7%	6.8%
<i>Miscellaneous Revenues</i>	\$ 60,725	\$ 70,000	1.3%	15.3%
<i>Transfers In</i>	\$ 150,000	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 5,386,627</b>	<b>\$ 5,597,920</b>		<b>3.9%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,925,651	\$ 1,495,501	26.9%	-22.3%
<i>Employee Benefits</i>	\$ 755,118	\$ 561,633	10.1%	-25.6%
<i>Supplies</i>	\$ 132,638	\$ 395,984	7.1%	198.5%
<i>Services</i>	\$ 2,022,730	\$ 1,978,214	35.6%	-2.2%
<i>Capital Outlays</i>	\$ 1,392,385	\$ 1,115,600	20.1%	-19.9%
<i>Transfers Out</i>	\$ 771,317	\$ 2,683	0.0%	-99.7%
<b>Total Uses =</b>	<b>\$ 6,999,839</b>	<b>\$ 5,549,615</b>		<b>-20.7%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (1,613,212)</b>	<b>\$ 48,305</b>		
<b>Ending Fund Balance</b>	<b>\$ 638,480</b>	<b>\$ 1,684,221</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
IT Director	1.00	-	1.00
IT Manager	1.00	(1.00)	0.00
IT Systems Engineer	1.00	1.00	2.00
GIS Analyst	1.00	(1.00)	0.00
IT Systems Specialist	2.00	-	2.00
Service Desk Technician	1.00	-	1.00
<b>Total Staffing Count =</b>	<b>7.00</b>	<b>-1.00</b>	<b>6.00</b>

### Major Changes/Additions:

- **Position Elimination** (Ongoing) (N/A)
  - o During 2023, Council approved the elimination of two positions, the IT Project Manager, and the Duvall Service Desk Technician. Removing these two positions results in over \$298,000 of annual savings in wages and benefits.
- **GIS Analyst** (Ongoing) (2025: -\$170,365, 2026: -\$177,955)

- This subtraction does not represent a decrease in full-time equivalent positions (FTEs), but rather a budgetary shift to match the GIS Analyst position with its related management and operational structure. During the 2023-2024 biennium, this position was reassigned to the Parks and Public Works Department.
- **Software** (Ongoing) (2025: +\$129,274, 2026: +\$135,460)
  - New accounting standards require that the City account for certain subscription-based IT arrangements (SBITA) as an asset. Accordingly, all software subscriptions across the City are being moved to IT to ensure proper accounting. This increase includes smaller software products for HR, the City Attorney, the City Clerk, the Police, Fire and Emergency Management, Communications, Wastewater, Stormwater and Urban Forestry, and Equipment Replacement and Repair.
- **Creation of the ERP Project Fund** (One-time) (2025: -\$515,074, 2026: -\$256,243)
  - The ERP implementation was originally budgeted as part of the IT Fund. During 2023, it was moved into the ERP Project Fund to be tracked separately as a capital project. This decrease in costs relates to transfers into the ERP Project Fund.
- **Completion of Projects** (One-Time) (2025: -\$235,000)
  - Several projects are anticipated to be completed during the 2023-2024 biennium, including the Council Chambers A/V upgrade, the firewall replacement, and the core switch replacement, representing a decrease in budgeted capital outlays.

## Facilities Maintenance Fund (#510)

The Facilities Division provides the management, repair, and maintenance necessary to keep five (5) municipal buildings and their grounds in excellent condition. With over 60,000 square feet, the City maximizes the use of space to keep employees productive and accessible to visitors. In taking the necessary preventative actions, the City can ensure that each building will reach or exceed its anticipated useful life.

### Core Services:

- Maintain the interior condition and functionality of buildings by painting, plumbing, cleaning carpets, fixing lights, installing or deconstructing cubical systems, etc.
- Repair mechanical or electrical components such as entry doors, garage doors, elevators, furnaces, tanks, generators, etc.
- Maintain and inspect the outside of buildings for foundation, siding, roof, gutter, fence, lighting, and other issues.
- Work to move heavy pieces of equipment, furniture, etc. in and out of buildings.
- Work with the Information Technology Department to secure buildings.
- Maintain landscaped grounds through mowing, edging, weeding, trimming, etc.

- Respond to requests from staff.

### Proposed 2025-2026 Biennial Budget Sources, Uses, and Fund Balance:

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 711,374</b>	<b>\$ 194,755</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 1,651,677	\$ 1,590,913	99.6%	-3.7%
<i>Miscellaneous Revenues</i>	\$ 16,413	\$ 6,500	0.4%	-60.4%
<b>Total Sources =</b>	<b>\$ 1,668,090</b>	<b>\$ 1,597,413</b>		<b>-4.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 363,930	\$ 360,084	22.8%	-1.1%
<i>Employee Benefits</i>	\$ 164,851	\$ 154,550	9.8%	-6.2%
<i>Supplies</i>	\$ 109,629	\$ 111,650	7.1%	1.8%
<i>Services</i>	\$ 818,786	\$ 955,543	60.4%	16.7%
<i>Capital Outlays</i>	\$ 207,000	\$ -	0.0%	-100.0%
<i>Transfers Out</i>	\$ 514,388	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 2,178,584</b>	<b>\$ 1,581,827</b>		<b>-27.4%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (510,494)</b>	<b>\$ 15,586</b>		
<b>Ending Fund Balance</b>	<b>\$ 194,755</b>	<b>\$ 210,341</b>		

### Proposed 2025-2026 Biennial Budget Staffing:

Position Title	Authorized FTEs	Change Requested	Proposed FTEs
Parks & Public Works Director	0.03	-	0.03
Deputy Parks & Public Works Director/City Engineer	0.00	0.03	0.03
Administrative Specialist (L1-L3)	0.03	-	0.03
GIS Analyst	0.00	0.05	0.05
Fleet & Facilities Superintendent	0.50	(0.25)	0.25
Facilities Maintenance Technician (L1-L3)	1.00	-	1.00
<b>Total Staffing Count =</b>	<b>1.55</b>	<b>-0.18</b>	<b>1.38</b>

### Major Changes/Additions:

- **Repair & Maintenance** (Ongoing) (2025: +\$50,000, 2026: +\$50,000)
  - o City buildings are due for interior and exterior painting. This expenditure will allow the process to happen on a rotating basis, working through the four major buildings based on need.



## Appendices



## A1: Financial Forecast Working Table



Financial Forecast WORKING DRAFT

Version Date: September 16, 2024

Forecast - Revenues, Expenditures & Fund Balance - Governmental Operating	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
	Budgeted	Budgeted	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Beginning Fund Balance	1,184,187	1,868,673	2,289,137	2,710,253	2,966,521	3,070,435	2,997,531	2,744,803	2,300,999	1,659,342
Ongoing Revenues (Forecast uses the July 2024 KC Economic Forecast and other assumptions)										
Property Tax (Avg. Annual Inc. = 1.25%)	8,600,095	8,694,697	8,803,381	8,913,423	9,024,841	9,137,651	9,251,872	9,367,520	9,484,614	9,603,172
Sales & Use Tax/B&O Tax (KC Economic Forecast: Avg. Annual Inc. = 2.7%)	4,112,791	4,219,829	4,333,342	4,455,543	4,574,506	4,693,900	4,816,880	4,944,528	5,075,558	5,210,060
Utility Tax (Avg. Annual Inc. = 4.0%)	3,087,259	3,243,006	3,625,266	3,737,141	3,854,816	3,944,587	4,036,544	4,130,934	4,227,532	4,326,388
Charges for Goods & Services (2.1% Annual Inc.)	4,059,189	4,278,464	4,364,033	4,451,314	4,540,340	4,631,147	4,723,770	4,818,245	4,914,610	5,012,902
Licenses & Permit Fees (2.2% Annual Inc.)	658,490	979,311	698,897	712,875	727,133	741,675	756,509	771,639	787,072	802,813
Intergovernmental Revenues & Grants (1.8% Annual Inc.)	649,576	653,617	666,689	680,023	693,624	707,496	721,646	736,079	750,800	765,816
Other Revenues (0.70% Annual Inc.)	209,006	190,537	194,348	198,235	202,199	206,243	210,368	214,576	218,867	223,244
Total Recurring Revenues =	21,376,406	22,259,461	22,685,956	23,148,554	23,617,459	24,062,701	24,517,589	24,983,521	25,459,054	25,944,397
Ongoing Expenditures (Forecast uses the July 2024 KC Economic Forecast and other assumptions)										
Administrative Depts.	(5,227,023)	(5,407,118)	(5,552,569)	(5,709,152)	(5,861,586)	(6,014,573)	(6,172,155)	(6,335,717)	(6,503,614)	(6,675,960)
Police (Snoqualmie)	(4,945,913)	(5,028,448)	(5,163,714)	(5,309,330)	(5,451,089)	(5,593,363)	(5,739,909)	(5,892,016)	(6,048,155)	(6,208,431)
Fire & Emergency Management	(4,711,123)	(4,914,736)	(5,046,942)	(5,189,266)	(5,327,820)	(5,466,876)	(5,610,108)	(5,758,776)	(5,911,383)	(6,068,035)
Parks +Streets Maintenance	(3,214,176)	(3,352,149)	(3,442,322)	(3,539,395)	(3,633,897)	(3,728,742)	(3,826,435)	(3,927,835)	(4,031,923)	(4,138,769)
Community Development	(1,697,294)	(1,583,175)	(1,625,762)	(1,671,609)	(1,716,241)	(1,761,035)	(1,807,174)	(1,855,064)	(1,904,223)	(1,954,685)
Developer Reimbursed Expenditures	(490,400)	(546,332)	(561,028)	(576,849)	(592,251)	(607,709)	(623,631)	(640,157)	(657,121)	(674,535)
Human Services	(312,000)	(321,000)	(329,635)	(338,931)	(347,980)	(357,062)	(366,417)	(376,127)	(386,095)	(396,326)
Court Services	(325,310)	(332,870)	(341,824)	(351,464)	(360,848)	(370,266)	(379,967)	(390,036)	(400,372)	(410,982)
Non-Departmental	(177,383)	(181,170)	(186,043)	(191,290)	(196,397)	(201,523)	(206,803)	(212,284)	(217,909)	(223,684)
Total Ongoing Expenditures =	(21,100,622)	(21,666,998)	(22,249,840)	(22,877,286)	(23,488,109)	(24,101,149)	(24,732,599)	(25,388,013)	(26,060,795)	(26,751,406)
Ongoing Revenues Over (Under) Ongoing Expenditures	275,784	592,463	436,116	271,268	129,349	(38,448)	(215,010)	(404,492)	(601,742)	(807,009)
One-Time Revenues / (Expenditures)										
Grant (Climate Change Grant)	500,000	-	-	-	-	-	-	-	-	-
Grant (Paper-to-Digital)	375,000	-	-	-	-	-	-	-	-	-
Lawsuit Settlement	470,601									
Administrative: Strategic Plan	(100,000)	-	-	-	-	-	-	-	-	-
Administrative: Legal Fees for Union Negotiations	(50,000)									
Various Departments: Legal Support for Revenue Items	(75,000)	(75,000)	-	-	-	-	-	-	-	-
Finance: Payroll Recaculation	(113,200)	(87,000)	-	-	-	-	-	-	-	-
Finance: Comprehensive Fee Study	(140,000)	-	-	-	-	-	-	-	-	-
Fire Department: Type 6 Wildland Brush Truck	(100,000)	-	-	-	-	-	-	-	-	-
CD: Professional Services to Meet Climate Change Grant Requirements	(150,000)	-	-	-	-	-	-	-	-	-
Total One-Time Revenues / Expenditures =	617,401	(162,000)	-	-	-	-	-	-	-	-
Transfers										
Transfer In (from Reserve Fund)	-	-	-	-	-	-	-	-	-	-
Transfer Out (to Arts Activities Fund)	(10,000)	(10,000)	(15,000)	(15,000)	(17,500)	(17,500)	(20,000)	(20,000)	(19,999)	(19,998)
Transfer Out (to Reserve Fund)	-	-	-	-	(7,935)	(16,956)	(17,718)	(19,312)	(19,917)	(20,592)
Transfer Out (to ER&R)	(198,699)	-	-	-	-	-	-	-	-	-
Transfer Out (to Capital Funds)	-	-	-	-	-	-	-	-	-	-
Total Transfers =	(208,699)	(10,000)	(15,000)	(15,000)	(25,435)	(34,456)	(37,718)	(39,312)	(39,916)	(40,590)
Ending Fund Balance	1,868,673	2,289,137	2,710,253	2,966,521	3,070,435	2,997,531	2,744,803	2,300,999	1,659,342	811,743
Estimated Fund Balance as % of General Fund Ongoing Expenditures	9%	11%	12%	13%	13%	12%	11%	9%	6%	3%

RESERVE FUND (Reserve Target = 15% of General Fund Ongoing Expenditures)										
Forecast - Revenues, Expenditures, & Fund Balance	2025	2026	2027	2028	2029	2030	2031	2032	2033	2034
Beginning Fund Balance	3,118,281	3,209,281	3,293,281	3,370,281	3,442,281	3,523,216	3,615,172	3,709,890	3,808,202	3,909,119
Interest Earned	91,000	84,000	77,000	72,000	73,000	75,000	77,000	79,000	81,000	83,000
In		-	-	-	7,935	16,956	17,718	19,312	19,917	20,592
Out	-	-	-	-	-	-	-			
Ending Fund Balance	3,209,281	3,293,281	3,370,281	3,442,281	3,523,216	3,615,172	3,709,890	3,808,202	3,909,119	4,012,711
Ending Fund Balance as % of General Fund Ongoing Expenditures (Reserve Target %)	15.21%	15.20%	15.15%	15.05%	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Fund Balance Required for Reserve Target	3,165,093	3,250,050	3,337,476	3,431,593	3,523,216	3,615,172	3,709,890	3,808,202	3,909,119	4,012,711
Fund Balance Over (Under) Target	44,188	43,231	32,805	10,688	(0)	(0)	0	0	(0)	0



## A2: Proposed Budget Ordinance Table





Proposed 2025-2026 Biennial Budget Ordinance Table

Fund #	Fund Name	Est. 2025 Beginning Fund Balance	Est. 2025 Sources	Est. 2025 Uses	Est. 2025 Ending Fund Balance	Est. 2026 Sources	Est. 2026 Uses	Est. 2026 Ending Fund Balance	Total 2025-2026 Est. Sources	Total 2025-2026 Uses (Appropriation)
001	General Fund	\$ 1,184,187	\$ 22,722,007		\$ 1,868,673	\$ 22,259,461		\$ 2,289,136	\$ 44,981,468	
	Administrative Departments <sup>1</sup>			\$ 5,655,223			\$ 5,519,118			\$ 11,174,341
	Police (Snoqualmie)			\$ 4,970,913			\$ 5,053,448			\$ 10,024,361
	Fire & Emergency Management			\$ 4,836,123			\$ 4,939,736			\$ 9,775,859
	Parks & Streets Maintenance			\$ 3,214,176			\$ 3,352,149			\$ 6,566,325
	Community Development <sup>2</sup>			\$ 2,337,694			\$ 2,129,507			\$ 4,467,201
	Non-Departmental <sup>3</sup>			\$ 1,023,392			\$ 845,040			\$ 1,868,432
002	Reserve Fund	\$ 3,118,281	\$ 91,000	\$ -	\$ 3,209,281	\$ 84,000	\$ -	\$ 3,293,281	\$ 175,000	\$ -
	Total General Fund	\$ 4,302,468	\$ 22,813,007	\$ 22,037,521	\$ 5,077,954	\$ 22,343,461	\$ 21,838,998	\$ 5,582,417	\$ 45,156,468	\$ 43,876,519
012	Arts Activities Fund	\$ 50,739	\$ 49,763	\$ 37,180	\$ 63,322	\$ 12,857	\$ 38,389	\$ 37,790	\$ 62,620	\$ 75,569
014	North Bend Police Services Fund	\$ 37,788	\$ 4,080,755	\$ 4,113,484	\$ 5,059	\$ 4,243,575	\$ 4,243,675	\$ 4,959	\$ 8,324,330	\$ 8,357,159
018	Deposits Reimbursement Control Fund	\$ 21,266	\$ 20,585	\$ 41,851	\$ -	\$ 20,525	\$ 20,525	\$ -	\$ 41,110	\$ 62,376
020	School Impact Fee Fund	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -	\$ 400,000	\$ 400,000
	Total Managerial Funds	\$ 109,793	\$ 4,351,103	\$ 4,392,515	\$ 68,381	\$ 4,476,957	\$ 4,502,589	\$ 42,749	\$ 8,828,060	\$ 8,895,104
110	Tourism Promotion Fund	\$ 9,866	\$ 33,600	\$ 30,000	\$ 13,466	\$ 34,507	\$ 30,000	\$ 17,973	\$ 68,107	\$ 60,000
118	Drug Enforcement Fund	\$ 39,085	\$ 901	\$ 3,000	\$ 36,986	\$ 809	\$ -	\$ 37,795	\$ 1,710	\$ 3,000
123	Opioid Settlement Fund	\$ 71,335	\$ 15,966	\$ -	\$ 87,301	\$ 16,732	\$ -	\$ 104,033	\$ 32,698	\$ -
131	Affordable Housing Fund	\$ 1,725,925	\$ 398,936	\$ -	\$ 2,124,861	\$ 414,290	\$ -	\$ 2,539,151	\$ 813,226	\$ -
144	Home Elevations Fund	\$ -	\$ 500,000	\$ 500,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000	\$ 500,000
	Total Special Revenue Funds	\$ 1,846,211	\$ 949,403	\$ 533,000	\$ 2,262,614	\$ 466,338	\$ 30,000	\$ 2,698,952	\$ 1,415,741	\$ 563,000
310	Non-Utilities Capital Fund	\$ 20,095,791	\$ 5,441,708	\$ 19,044,154	\$ 6,493,345	\$ 14,102,500	\$ 18,271,821	\$ 2,324,024	\$ 19,544,208	\$ 37,315,975
350	Enterprise Resource Planning Project Fund	\$ 483,958	\$ 161,000	\$ 349,958	\$ 295,000	\$ 5,000	\$ 300,000	\$ -	\$ 166,000	\$ 649,958
	Total Capital Funds	\$ 20,579,749	\$ 5,602,708	\$ 19,394,112	\$ 6,788,345	\$ 14,107,500	\$ 18,571,821	\$ 2,324,024	\$ 19,710,208	\$ 37,965,933
401	Water Operations Fund	\$ 2,258,252	\$ 5,891,360	\$ 5,565,107	\$ 2,584,505	\$ 6,328,006	\$ 5,720,770	\$ 3,191,741	\$ 12,219,366	\$ 11,285,877
402	Wastewater Operations Fund	\$ 819,934	\$ 7,677,737	\$ 5,921,807	\$ 2,575,864	\$ 9,325,082	\$ 7,318,531	\$ 4,582,414	\$ 17,002,819	\$ 13,240,339
403	Stormwater Operations Fund	\$ 588,834	\$ 3,313,156	\$ 3,447,393	\$ 454,597	\$ 3,595,584	\$ 3,347,870	\$ 702,310	\$ 6,908,740	\$ 6,795,264
417	Utilities Capital Fund	\$ 4,015,287	\$ 13,355,064	\$ 11,741,179	\$ 5,629,172	\$ 6,589,905	\$ 7,054,036	\$ 5,165,041	\$ 19,944,969	\$ 18,795,215
	Total Enterprise Funds	\$ 7,682,307	\$ 30,237,317	\$ 26,675,487	\$ 11,244,137	\$ 25,838,577	\$ 23,441,208	\$ 13,641,507	\$ 56,075,894	\$ 50,116,694
501	Equipment Replacement & Repair Fund	\$ 2,934,654	\$ 2,886,570	\$ 3,726,621	\$ 2,094,604	\$ 2,625,256	\$ 2,527,591	\$ 2,192,269	\$ 5,511,826	\$ 6,254,211
502	Information Technology Fund	\$ 1,635,916	\$ 2,738,274	\$ 2,710,099	\$ 1,664,091	\$ 2,859,646	\$ 2,839,516	\$ 1,684,221	\$ 5,597,920	\$ 5,549,615
510	Facilities Maintenance Fund	\$ 194,755	\$ 779,655	\$ 770,738	\$ 203,673	\$ 817,758	\$ 811,090	\$ 210,341	\$ 1,597,413	\$ 1,581,827
	Total Internal Service Funds	\$ 4,765,325	\$ 6,404,499	\$ 7,207,457	\$ 3,962,367	\$ 6,302,660	\$ 6,178,196	\$ 4,086,831	\$ 12,707,159	\$ 13,385,653
	Total All Funds	\$ 39,285,853	\$ 70,358,037	\$ 80,240,091	\$ 29,403,799	\$ 73,535,493	\$ 74,562,812	\$ 28,376,480	\$ 143,893,530	\$ 154,802,903

<sup>1</sup> Includes Mayor, City Council, Administration, City Attorney, City Clerk, Finance, and Communications

<sup>2</sup> Includes Planning, Developer-Reimbursed Expenditures, Building, and Events

<sup>3</sup> Includes Human Services, Court Services, etc.

### A3: Biennial Budget Comparison Table & Presentation





City of Snoqualmie Biennial Budget Comparison

Fund #	Fund Name	2021-22 Appropriation A = B + C + D + E	2021-22 Transfers Out B	2021-22 Internal Service Charges C	2021-22 Capital Exps. D	2021-22 Operating Exps. E	2023-24 Appropriation F = G + H + I + J	2023-24 Transfers Out G	2023-24 Internal Service Charges H	2023-24 Capital Exps. I	2023-24 Operating Exps. J	2025-26 Appropriation K = L + M + N + O	2025-26 Transfers Out L	2025-26 Internal Service Charges M	2025-26 Capital Exps. N	2025-26 Operating Exps. O
001	General Fund															
	Administrative Departments	\$ 7,801,703	\$ -	\$ 1,127,689	\$ -	\$ 6,674,014	\$ 11,257,481	\$ 50,000	\$ 1,458,102	\$ -	\$ 9,749,379	\$ 11,174,341	\$ -	\$ 1,136,707	\$ -	\$ 10,037,633
	Police (Snoqualmie)	\$ 9,911,366	\$ 422,894	\$ 1,794,539	\$ -	\$ 7,693,933	\$ 10,680,318	\$ -	\$ 2,240,461	\$ -	\$ 8,439,857	\$ 10,024,361	\$ -	\$ 1,781,411	\$ -	\$ 8,242,950
	Fire & Emergency Management	\$ 7,053,601	\$ 60,000	\$ 1,143,194	\$ -	\$ 5,850,407	\$ 8,418,452	\$ -	\$ 1,641,254	\$ -	\$ 6,777,198	\$ 9,775,859	\$ -	\$ 2,236,133	\$ -	\$ 7,539,726
	Parks Maintenance Parks & Streets Maintenance	\$ 3,722,931	\$ -	\$ 756,164	\$ -	\$ 2,966,767	\$ 3,737,859	\$ -	\$ 644,710	\$ -	\$ 3,093,149	\$ 6,566,325	\$ -	\$ 1,391,957	\$ -	\$ 5,174,368
	Community Development						\$ 4,780,119	\$ -	\$ 568,077	\$ -	\$ 4,212,042	\$ 4,467,201	\$ -	\$ 387,238	\$ -	\$ 4,079,963
	Streets Maintenance	\$ 2,090,000	\$ -	\$ 552,986	\$ -	\$ 1,537,014	\$ 2,170,439	\$ -	\$ 325,684	\$ -	\$ 1,844,755					
	Non-Departmental	\$ 7,042,983	\$ 4,192,640	\$ -	\$ -	\$ 2,850,343	\$ 4,253,885	\$ 2,774,707	\$ -	\$ -	\$ 1,479,178	\$ 1,868,432	\$ 218,699	\$ -	\$ -	\$ 1,649,733
002	Contingency Reserve Fund Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
003	Operating Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -										
004	Revolving Reserve Fund	\$ -	\$ -	\$ -	\$ -	\$ -										
	Total General Fund	\$ 37,622,584	\$ 4,675,534	\$ 5,374,572	\$ -	\$ 27,572,478	\$ 45,298,553	\$ 2,824,707	\$ 6,878,288	\$ -	\$ 35,595,558	\$ 43,876,519	\$ 218,699	\$ 6,933,446	\$ -	\$ 36,724,374
011	Fire Equipment Replacement Fund	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000										
012	Arts Activities Fund	\$ 20,000	\$ -	\$ -	\$ -	\$ 20,000	\$ 97,992	\$ -	\$ -	\$ -	\$ 97,992	\$ 75,569	\$ -	\$ -	\$ -	\$ 75,569
014	North Bend Police Services Fund	\$ 4,900,094	\$ -	\$ 590,417	\$ -	\$ 4,309,677	\$ 5,238,906	\$ -	\$ 442,002	\$ -	\$ 4,796,904	\$ 8,357,159	\$ -	\$ 2,298,347	\$ -	\$ 6,058,812
015	Environmental Sustainability Fund	\$ 30,000	\$ -	\$ -	\$ -	\$ 30,000										
016	Human Services Fund	\$ 464,574	\$ -	\$ -	\$ -	\$ 464,574										
018	Deposits Reimbursement Control Fund						\$ 20,716	\$ -	\$ -	\$ -	\$ 20,716	\$ 62,376	\$ -	\$ -	\$ -	\$ 62,376
020	School Impact Fee Fund						\$ -	\$ -	\$ -	\$ -	\$ -	\$ 400,000	\$ -	\$ -	\$ -	\$ 400,000
	Total Managerial Funds	\$ 5,474,668	\$ -	\$ 590,417	\$ -	\$ 4,884,251	\$ 5,357,614	\$ -	\$ 442,002	\$ -	\$ 4,915,612	\$ 8,895,104	\$ -	\$ 2,298,347	\$ -	\$ 6,596,757
110	Hotel/Motel Tax Fund Tourism Promotion Fund	\$ 180,000	\$ -	\$ -	\$ -	\$ 180,000	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000	\$ 60,000	\$ -	\$ -	\$ -	\$ 60,000
113	King County Trails Levy Fund	\$ 8,867	\$ 8,867	\$ -	\$ -	\$ -										
115	SR Capital Mitigation Fund	\$ -	\$ -	\$ -	\$ -	\$ -										
116	Real Estate Excise Tax Fund	\$ 2,781,805	\$ 2,781,805	\$ -	\$ -	\$ -										
118	Drug Enforcement Fund	\$ 60,041	\$ -	\$ -	\$ -	\$ 60,041	\$ 10,344	\$ -	\$ -	\$ -	\$ 10,344	\$ 3,000	\$ -	\$ -	\$ -	\$ 3,000
119	Tokul Roundabout Construction Fund	\$ -	\$ -	\$ -	\$ -	\$ -										
121	King Conservation Dist. Grants Fund	\$ -	\$ -	\$ -	\$ -	\$ -										
123	Opioid Settlement Fund											\$ -	\$ -	\$ -	\$ -	\$ -
130	Community Development Fund	\$ 4,306,971	\$ -	\$ 1,012,159	\$ -	\$ 3,294,812										
131	Affordable Housing Fund	\$ 136,000	\$ -	\$ -	\$ -	\$ 136,000	\$ -	\$ -	\$ -	\$ -	\$ 132,000	\$ -	\$ -	\$ -	\$ -	\$ -
144	Home Elevation Fund	\$ -	\$ -	\$ -	\$ -	\$ -						\$ 500,000	\$ -	\$ -	\$ 500,000	\$ -
150	ARPA Covid Local Recovery Fund	\$ 1,905,000	\$ 1,905,000	\$ -	\$ -	\$ -	\$ 2,281,876	\$ 2,117,818	\$ -	\$ -	\$ 164,058					
	Total Special Revenue Funds	\$ 9,378,684	\$ 4,695,672	\$ 1,012,159	\$ -	\$ 3,670,853	\$ 2,642,220	\$ 2,117,818	\$ -	\$ -	\$ 656,402	\$ 563,000	\$ -	\$ -	\$ 500,000	\$ 63,000
211	2011 LTGO Bond Debt Service Fund	\$ 3,003,113	\$ 16,997	\$ -	\$ 2,986,116	\$ -										
216	2016 UTGO Bond Debt Service Fund	\$ 502,000	\$ -	\$ -	\$ 502,000	\$ -										
221	2021 Refunded LTGO Bond Debt Service Fund	\$ 312,025	\$ -	\$ -	\$ 312,025	\$ -										
	Total Debt Service Funds	\$ 3,817,138	\$ 16,997	\$ -	\$ 3,800,141	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
303	Parks & Playgrounds Capital Fund	\$ 6,364,090	\$ -	\$ -	\$ 6,364,090	\$ -										
305	Flood Reduction Improvement Fund	\$ 11,000	\$ 11,000	\$ -	\$ -	\$ -										
310	Transportation Capital Fund Non-Utilities Capital Fund	\$ 3,946,320	\$ -	\$ -	\$ 3,946,320	\$ -	\$ 39,712,197	\$ 119,088	\$ 323,481	\$ 39,269,628	\$ -	\$ 37,315,975	\$ 40,770	\$ 353,990	\$ 36,921,215	\$ -
320	Tokul Roundabout Construction Fund	\$ 303,527	\$ 303,527	\$ -	\$ -	\$ -										
323	Tokul Parking Lot Fund	\$ 140	\$ 140	\$ -	\$ -	\$ -										
329	Facilities Capital Fund	\$ 725,000	\$ -	\$ -	\$ 725,000	\$ -										
350	ERP Project Fund											\$ 649,958	\$ -	\$ -	\$ 649,958	\$ -
	Total Capital Funds	\$ 11,350,077	\$ 314,667	\$ -	\$ 11,035,410	\$ -	\$ 39,712,197	\$ 119,088	\$ 323,481	\$ 39,269,628	\$ -	\$ 37,965,933	\$ 40,770	\$ 353,990	\$ 37,571,173	\$ -
401	Water Operations Fund	\$ 9,583,134	\$ 3,625,735	\$ 1,497,062	\$ -	\$ 4,460,337	\$ 11,384,155	\$ 4,584,774	\$ 1,711,626	\$ -	\$ 5,087,755	\$ 11,285,877	\$ 3,136,411	\$ 2,269,326	\$ -	\$ 5,880,140
402	Sewer Operations Fund	\$ 14,082,219	\$ 8,191,003	\$ 1,048,207	\$ -	\$ 4,843,009	\$ 13,162,511	\$ 5,983,911	\$ 1,906,716	\$ -	\$ 5,271,884	\$ 13,240,339	\$ 4,307,351	\$ 2,295,529	\$ -	\$ 6,637,458
403	Stormwater Operations Fund	\$ 8,033,814	\$ 5,362,655	\$ 397,992	\$ -	\$ 2,273,167	\$ 6,522,419	\$ 2,676,644	\$ 926,275	\$ -	\$ 2,919,500	\$ 6,795,264	\$ 1,701,624	\$ 1,400,222	\$ -	\$ 3,693,418
404	Water Capital Improvement Fund	\$ 35,000	\$ 35,000	\$ -	\$ -	\$ -										
405	Sewer Capital Improvement Fund	\$ 185,000	\$ 185,000	\$ -	\$ -	\$ -										
406	Stormwater Capital Improvement Fund	\$ 75,000	\$ 75,000	\$ -	\$ -	\$ -										
407	2017 Refunded Revenue Bond Debt Service Fund	\$ 802,364	\$ -	\$ -	\$ 802,364	\$ -										
408	2018 Revenue Bond Debt Service Fund	\$ 3,558,214	\$ -	\$ -	\$ 3,558,214	\$ -										
417	Utilities Capital Fund	\$ 20,773,884	\$ 300,000	\$ -	\$ 20,473,884	\$ -	\$ 29,713,943	\$ 211,096	\$ 690,055	\$ 28,812,792	\$ -	\$ 18,795,215	\$ -	\$ 773,304	\$ 18,021,911	\$ -
	Total Enterprise Funds	\$ 57,128,629	\$ 17,774,393	\$ 2,943,261	\$ 24,834,462	\$ 11,576,513	\$ 60,783,028	\$ 13,456,425	\$ 5,234,672	\$ 28,812,792	\$ 13,279,139	\$ 50,116,694	\$ 9,145,386	\$ 6,738,382	\$ 18,021,911	\$ 16,211,016
501	Equipment Replacement & Repair Fund	\$ 3,085,000	\$ -	\$ 370,147	\$ 1,385,138	\$ 1,329,715	\$ 3,656,124	\$ -	\$ 352,906	\$ 1,744,225	\$ 1,558,993	\$ 6,254,211	\$ -	\$ 371,472	\$ 3,462,449	\$ 2,420,290
502	Information Technology Fund	\$ 4,752,906	\$ -	\$ 363,883	\$ -	\$ 4,389,023	\$ 6,999,988	\$ 771,317	\$ 555,259	\$ -	\$ 5,673,412	\$ 5,549,615	\$ 2,683	\$ 504,726	\$ -	\$ 5,042,206
503	Risk Management Fund	\$ 1,204,952	\$ -	\$ 84,084	\$ -	\$ 1,120,868										
510	Facilities Maintenance Fund	\$ 2,165,000	\$ 1,106,000	\$ 163,088	\$ -	\$ 895,912	\$ 2,178,585	\$ 514,388	\$ 196,583	\$ -	\$ 1,467,614	\$ 1,581,828	\$ -	\$ 211,215	\$ -	\$ 1,370,613
511	Shared Services Fund	\$ 910,000	\$ -	\$ -	\$ -	\$ 910,000										
	Total Internal Service Funds	\$ 12,117,858	\$ 1,106,000	\$ 981,202	\$ 1,385,138	\$ 8,645,518	\$ 12,834,697	\$ 1,285,705	\$ 1,104,748	\$ 1,744,225	\$ 8,700,019	\$ 13,385,654	\$ 2,683	\$ 1,087,413	\$ 3,462,449	\$ 8,833,109
	TOTAL ALL FUNDS	\$ 136,889,638	\$ 28,583,263	\$ 10,901,611	\$ 41,055,151	\$ 56,349,613	\$ 166,628,309	\$ 19,803,743	\$ 13,983,191	\$ 69,826,645	\$ 63,146,730	\$ 154,802,904	\$ 9,407,538	\$ 17,411,578	\$ 59,555,533	\$ 68,428,255



# 2025-2026 Biennial Budget

~Biennial Budget Comparison~

**August 30, 2024**

# Introduction



- The “**Biennial Budget Comparison Table**” reveals a **complex, interconnected system** of departments and funds that **provide a diverse set of public goods and services.**
- The table also reveals a large **fund consolidation** effort the City started during the 2019-2020 biennium.
- The purpose of the fund consolidation effort was to **simplify the City’s fund structure and increase Council’s comprehension and understanding of what the City proposes to do financially.**

- **CAUTION:**

- Comparisons are tricky!
- The City is continuously thinking about what fund or departments to best charge expenditures and the proposed budget reflects those decisions that are made throughout the year.

# Summary of the Biennial Budget Comparison Table



	2021/22 Budget	2023/24 Budget	2025/26 Budget	2021/22 to 2023/24 % Change	2023/24 to 2025/26 % Change
Total Appropriation	\$136.9M	\$166.6M	\$154.8M	21.7%	-7.1%
Transfers Out	\$28.6M	\$19.8M	\$9.4M	-30.7%	-52.5%
Internal Service Charges	\$10.9M	\$14.0M	\$17.4M	28.3%	24.5%
<b>Capital Expenditures<sup>1</sup></b>	<b>\$41.1M</b>	<b>\$69.8M</b>	<b>\$59.6M</b>	<b>70.1%</b>	<b>-14.7%</b>
<b>Operating Expenditures<sup>2</sup></b>	<b>\$56.3M</b>	<b>\$63.0M</b>	<b>\$68.4M</b>	<b>11.8%</b>	<b>8.6%</b>

<sup>1</sup> This row is comprised of any funds that pay for the design and construction of capital assets or the purchase of vehicles and equipment.

<sup>2</sup> May include some smaller capital outlays.



- **Appropriation -**

- Legal spending level authorized by ordinance. The City **cannot exceed** this level without prior approval of Council.
- Includes the anticipated spending on employees and outside vendors for services rendered, supplies bought, or capital assets constructed (i.e., money leaving the City), but also includes the money that flows internally between different funds.

- **Transfers Out -**

- Money that is transferred between funds (e.g., the budget proposes a \$1.38 million transfer from the Water Operations Fund (#401) to the Utilities Capital Fund (#417)).

- **Internal Service Charges -**

- The costs of certain departments (i.e., ER&R, IT, Admin, etc.) that can be charged to other departments (i.e., Police, Fire) for the provision of goods and services. Must be based on a plan that is fair and equitable.

- **Operating Expenditures -**

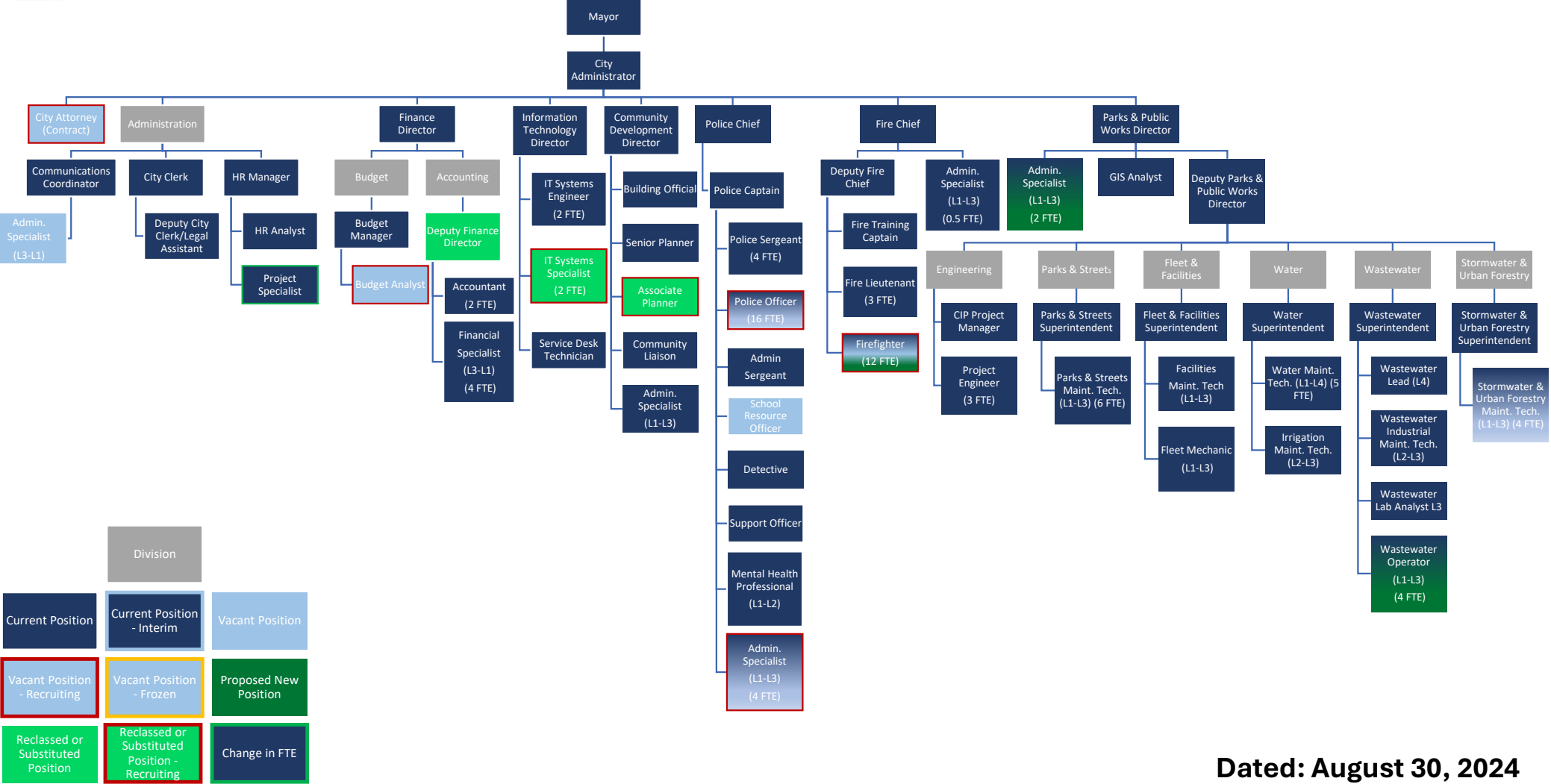
- An attempt to determine the amount of money that was/has been budgeted to leave the City (i.e., to employees or outside vendors) that is operating in nature. Does not include the purchase of capital assets.

## A4: Organizational Chart





2025-2026 Biennial Budget  
Organizational Chart



Dated: August 30, 2024

2025-2026 Biennial Budget Staffing Table Detail

Last Updated: August 23, 2024

FTE = Full-Time Employee  
LTE = Limited-Term Employee

Department	Division	Position Title	Current Authorized FTEs	Change Requested	Proposed 2025-2026 FTEs	Currently Authorized LTEs	Change Requested	Proposed 2025-2026 LTEs	Comments
Legislative		Mayor Pro Tem	0.15	0.00	0.15	0.00	0.00	0.00	
		Council Member	0.60	0.00	0.60	0.00	0.00	0.00	
		Department Total =		0.75	0.00	0.75	0.00	0.00	0.00
Administration	Executive	Mayor	0.25	0.00	0.25	0.00	0.00	0.00	
		City Administrator	1.00	0.00	1.00	0.00	0.00	0.00	
		Management Analyst	1.00	(1.00)	0.00	0.00	0.00	0.00	Converted to an Accountant
	City Attorney	City Attorney	1.00	0.00	1.00	0.00	0.00	0.00	
		Deputy City Clerk/Legal Assistant	1.00	(1.00)	0.00	0.00	0.00	0.00	Moved to City Clerk Division
	City Clerk	City Clerk	1.00	0.00	1.00	0.00	0.00	0.00	
		Deputy City Clerk/Legal Assistant	0.00	1.00	1.00	0.00	0.00	0.00	
	Communications	Communications Coordinator	1.00	0.00	1.00	0.00	0.00	0.00	
		Administrative Specialist (L1-L3)	1.00	0.00	1.00	0.00	0.00	0.00	
	Human Resources	Human Resources Manager	1.00	0.00	1.00	0.00	0.00	0.00	
		Human Resources Analyst	1.00	0.00	1.00	0.00	0.00	0.00	
Project Specialist		0.00	0.80	0.80	0.56	(0.56)	0.00		
Department Total =		9.25	(0.20)	9.05	0.56	(0.56)	0.00		
Finance		Finance Director	1.00	0.00	1.00	0.00	0.00	0.00	
		Deputy Finance Director	0.00	1.00	1.00	0.00	0.00	0.00	
		Management Analyst	0.00	0.00	0.00	1.00	(1.00)	0.00	Eliminated
		Accounting Manager	1.00	(1.00)	0.00	0.00	0.00	0.00	
		Accountant	1.00	1.00	2.00	0.00	0.00	0.00	
		Financial Specialist (L1-L3)	4.00	0.00	4.00	0.00	0.00	0.00	
		Budget Manager	1.00	0.00	1.00	0.00	0.00	0.00	
		Budget Analyst	1.00	0.00	1.00	0.00	0.00	0.00	
		Revenue Manager	0.00	0.00	0.00	1.00	(1.00)	0.00	Eliminated
Department Total =		9.00	1.00	10.00	2.00	(2.00)	0.00		
Information Technology		IT Director	1.00	0.00	1.00	0.00	0.00	0.00	
		IT Manager	1.00	(1.00)	0.00	0.00	0.00	0.00	
		IT Systems Engineer	1.00	1.00	2.00	0.00	0.00	0.00	
		GIS Analyst (Reclassified to Parks & Public Works)	1.00	(1.00)	0.00	0.00	0.00	0.00	
		IT Systems Specialist	2.00	0.00	2.00	0.00	0.00	0.00	
		Service Desk Technician	1.00	0.00	1.00	0.00	0.00	0.00	
Department Total =		7.00	(1.00)	6.00	0.00	0.00	0.00		
Community Development		Community Development Director	1.00	0.00	1.00	0.00	0.00	0.00	
		Building Official	1.00	0.00	1.00	0.00	0.00	0.00	
		Senior Planner	1.00	0.00	1.00	0.00	0.00	0.00	Converted to Associate Planner
		Associate Planner	0.00	1.00	1.00	0.00	0.00	0.00	
		Assistant Planner	0.00	0.00	0.00	0.00	0.00	0.00	
		Administrative Specialist (L1-L3)	2.00	(1.00)	1.00	0.00	0.00	0.00	Converted to Assistant Planner
		Community Liaison	1.00	0.00	1.00	0.00	0.00	0.00	
Department Total =		6.00	0.00	6.00	0.00	0.00	0.00		
Police		Police Chief	1.00	0.00	1.00	0.00	0.00	0.00	
		Police Captain	1.00	0.00	1.00	0.00	0.00	0.00	Added 1 North Bend Admin Specialist
		Administrative Specialist (L1-L3)	3.00	1.00	4.00	0.00	0.00	0.00	
		Police Sergeant	4.00	0.00	4.00	0.00	0.00	0.00	
		Administrative Sergeant	1.00	0.00	1.00	0.00	0.00	0.00	
		Detective	1.00	0.00	1.00	0.00	0.00	0.00	
		Police Officer	16.00	0.00	16.00	0.00	0.00	0.00	
		School Resource Officer	1.00	0.00	1.00	0.00	0.00	0.00	
		Support Officer	1.00	0.00	1.00	0.00	0.00	0.00	
		Mental Health Professional & Community Co-Responder (L1-L2)	1.00	0.00	1.00	0.00	0.00	0.00	
Department Total =		30.00	1.00	31.00	0.00	0.00	0.00		

Department	Division	Position Title	Current Authorized FTEs	Change Requested	Proposed 2025-2026 FTEs	Currently Authorized LTEs	Change Requested	Proposed 2025-2026 LTEs	Comments
Fire & Emergency Management		Fire Chief	1.00	0.00	1.00	0.00	0.00	0.00	
		Deputy Fire Chief	1.00	0.00	1.00	0.00	0.00	0.00	
		Administrative Specialist (L1-L3)	0.50	0.00	0.50	0.00	0.00	0.00	
		Fire Training Captain	1.00	0.00	1.00	0.00	0.00	0.00	
		Fire Lieutenant	3.00	0.00	3.00	0.00	0.00	0.00	
		Firefighter	9.00	3.00	12.00	0.00	0.00	0.00	Added 3 Firefighter FTEs
Department Total =			15.50	3.00	18.50	0.00	0.00	0.00	
Parks & Public Works <sup>2</sup>		Parks & Public Works Director	1.00	0.00	1.00	0.00	0.00	0.00	
		Deputy Parks & Public Works Director	1.00	0.00	1.00	0.00	0.00	0.00	
		Administrative Specialist (L1-L3)	1.00	1.00	2.00	0.00	0.00	0.00	
	Engineering	GIS Analyst (Reclassified from Information Technology)	0.00	1.00	1.00	0.00	0.00	0.00	
		CIP Project Manager	1.00	0.00	1.00	0.00	0.00	0.00	
		Project Engineer	3.00	0.00	3.00	0.00	0.00	0.00	
	Parks & Streets	Parks & Streets Superintendent	1.00	0.00	1.00	0.00	0.00	0.00	
		Park & Street Maintenance Technician (L1-L3)	6.00	0.00	6.00	0.00	0.00	0.00	
	Water	Water Superintendent	1.00	0.00	1.00	0.00	0.00	0.00	
		Water Maintenance Technician (L1-L4)	5.00	0.00	5.00	0.00	0.00	0.00	
		Irrigation Maintenance Technician (L2-L3)	1.00	0.00	1.00	0.00	0.00	0.00	
	Wastewater	Wastewater Superintendent	1.00	0.00	1.00	0.00	0.00	0.00	
		Wastewater Lead (L4)	1.00	0.00	1.00	0.00	0.00	0.00	
		Wastewater Industrial Maintenance Technician (L2-L3)	1.00	0.00	1.00	0.00	0.00	0.00	
		Wastewater Laboratory Analyst L3	1.00	0.00	1.00	0.00	0.00	0.00	
		Wastewater Operator (L1-L3)	3.00	1.00	4.00	0.00	0.00	0.00	
	Stormwater & Urban Forestry	Stormwater & Urban Forestry Superintendent	1.00	0.00	1.00	0.00	0.00	0.00	
		Stormwater & Urban Forestry Maintenance Technician (L1-L3)	4.00	0.00	4.00	0.00	0.00	0.00	
	Fleet & Facilities	Fleet & Facilities Superintendent	1.00	0.00	1.00	0.00	0.00	0.00	
		Facilities Maintenance Technician (L1-L3)	1.00	0.00	1.00	0.00	0.00	0.00	
		Fleet Mechanic (L1-L3)	1.00	0.00	1.00	0.00	0.00	0.00	
Department Total =			36.00	3.00	39.00	0.00	0.00	0.00	
Grand Total =			113.50	6.80	120.30	2.56	(2.56)	0.00	

<sup>2</sup> Authorized FTEs in the Parks & Public Works Department may change depending on Council approval of the utility rate schedule.

## A5: 2025-2030 Non-Utilities Capital Improvement Plan



City of Snoqualmie  
Non-Utility Capital CIP Statement of Sources and Uses 2025 - 2030  
Community Center Expansion: One-Year Delay Option

Item 2.

ESTIMATED SOURCES	2025 <sup>5</sup>	2026 <sup>5</sup>	2027	2028	2029	2030	Totals for 2025-30
Estimated Beginning Non-Utilities CIP Cash Balance =	\$ 20,095,791	\$ 6,493,344	\$ 2,324,023	\$ 6,916,927	\$ 4,547,272	\$ 3,159,045	\$ 20,095,791
Taxes							
Transportation (TBD) Sales Tax (0.3%)	\$ 988,000	\$ 1,011,000	\$ 1,035,000	\$ 1,058,000	\$ 1,080,000	\$ 1,103,000	\$ 6,275,000
Motor Vehicle Fuel Tax ("Gas Tax")	\$ 282,000	\$ 288,000	\$ 295,000	\$ 301,000	\$ 307,000	\$ 313,000	\$ 1,786,000
Multimodal Transportation Tax	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 18,000	\$ 108,000
Restricted Transportation Taxes Subtotal	\$ 1,288,000	\$ 1,317,000	\$ 1,348,000	\$ 1,377,000	\$ 1,405,000	\$ 1,434,000	\$ 8,169,000
Real Estate Excise Tax	\$ 1,572,000	\$ 1,795,000	\$ 1,754,000	\$ 1,814,000	\$ 1,544,000	\$ 1,655,000	\$ 10,134,000
Restricted Capital Taxes - Government Types Subtotal	\$ 1,572,000	\$ 1,795,000	\$ 1,754,000	\$ 1,814,000	\$ 1,544,000	\$ 1,655,000	\$ 10,134,000
Non-Recurring Sales Tax	\$ 471,000	\$ 482,000	\$ 494,000	\$ 505,000	\$ 516,000	\$ 527,000	\$ 2,995,000
Utility Tax (~2% Allocated to Capital)	\$ 242,000	\$ 248,000	\$ 254,000	\$ 259,000	\$ 265,000	\$ 270,000	\$ 1,538,000
Committed Capital Taxes - Government Type Subtotal	\$ 713,000	\$ 730,000	\$ 748,000	\$ 764,000	\$ 781,000	\$ 797,000	\$ 4,533,000
Total Taxes	\$ 3,573,000	\$ 3,842,000	\$ 3,850,000	\$ 3,955,000	\$ 3,730,000	\$ 3,886,000	\$ 22,836,000
Grants & Intergovernmental Revenues							
Grants, Appropriations or Other Revenue Sources	\$ 1,162,208	\$ 3,373,000	\$ 2,850,000	\$ 1,800,000	\$ 500,000	\$ 537,500	\$ 10,222,708
King County Parks Levy <sup>4</sup>	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 130,000	\$ 780,000
Total Grants & Intergovernmental Revenues	\$ 1,292,208	\$ 3,503,000	\$ 2,980,000	\$ 1,930,000	\$ 630,000	\$ 667,500	\$ 11,002,708
Other Increases							
Bond	\$ -	\$ -	\$ 3,620,000	\$ -	\$ -	\$ -	\$ 3,620,000
Grant or Other Undetermined Community Center Funding Sources	\$ -	\$ 5,800,000	\$ -	\$ -	\$ -	\$ -	\$ 5,800,000
Transfer from General Fund <sup>2</sup>	\$ -	\$ -	\$ 500,000	\$ -	\$ -	\$ -	\$ 500,000
Interest	\$ 526,500	\$ 507,500	\$ 219,750	\$ 112,400	\$ 56,400	\$ 50,760	\$ 1,473,310
Transfers (IT Projects)	\$ 50,000	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Total Other Increases	\$ 576,500	\$ 6,757,500	\$ 4,339,750	\$ 112,400	\$ 56,400	\$ 50,760	\$ 11,893,310
TOTAL ESTIMATED SOURCES	\$ 25,537,499	\$ 20,595,844	\$ 13,493,773	\$ 12,914,327	\$ 8,963,672	\$ 7,763,305	\$ 65,827,809
ESTIMATED USES	2025	2026	2027	2028	2029	2030	Totals for 2025-30
Transportation Programs							
Street Resurfacing Program	\$ 439,066	\$ 685,954	\$ 595,542	\$ 615,230	\$ 688,071	\$ 744,968	\$ 3,768,830
Sidewalk Improvement Program	\$ 168,320	\$ 241,090	\$ 207,770	\$ 214,520	\$ 240,090	\$ 261,048	\$ 1,332,840
Americans with Disabilities Act (ADA) Program	\$ 73,623	\$ 86,258	\$ 79,732	\$ 81,868	\$ 89,970	\$ 96,960	\$ 508,412
Transportation Programs - Subtotal	\$ 681,009	\$ 1,013,302	\$ 883,044	\$ 911,618	\$ 1,018,132	\$ 1,102,977	\$ 5,610,081
Transportation Projects/Programs (Awaiting/Utilizing/Can utilize Grant funding)							
Town Center Improvement Project - Phase III (PC: \$14,797,050) <sup>3,4</sup>	\$ 419,500	\$ -	\$ 2,555,600	\$ 5,533,100	\$ -	\$ -	\$ 8,508,200
Meadowbrook Bridge Restoration Project (PC: \$3,163,800) <sup>3</sup>	\$ -	\$ -	\$ -	\$ 296,200	\$ 2,692,600	\$ -	\$ 2,988,800
Railroad Crossing Project	\$ -	\$ 2,144,500	\$ -	\$ -	\$ -	\$ -	\$ 2,144,500
Complete Streets Improvement Program	\$ 67,800	\$ 80,625	\$ 68,242	\$ 71,254	\$ 81,064	\$ 88,422	\$ 457,407
Transportation Projects with Grant Funding - Subtotal	\$ 487,300	\$ 2,225,125	\$ 2,623,842	\$ 5,900,554	\$ 2,773,664	\$ 88,422	\$ 14,098,907
Total Transportation Projects/Programs	\$ 1,168,309	\$ 3,238,427	\$ 3,506,886	\$ 6,812,171	\$ 3,791,796	\$ 1,191,399	\$ 19,708,989
Parks/Open Space Capital Projects/Programs							
Playgrounds Replacement Program	\$ 689,424	\$ -	\$ 593,877	\$ -	\$ 669,665	\$ -	\$ 1,952,966
Trails Improvement Program	\$ -	\$ 134,029	\$ -	\$ 114,525	\$ -	\$ 139,131	\$ 387,685
Sport Court Improvement Program	\$ 28,600	\$ 29,871	\$ 29,542	\$ 31,813	\$ 34,125	\$ 38,172	\$ 192,124
Parks Parking Lot Resurfacing Program	\$ -	\$ 134,806	\$ -	\$ 138,860	\$ -	\$ 161,283	\$ 434,949
Parks Facilities Improvement Program	\$ 43,072	\$ 42,611	\$ 35,750	\$ 37,090	\$ 42,205	\$ 46,173	\$ 246,901
Rivertrail Project - NW of Sandy Cove Park (PC: \$3,607,751) <sup>3</sup>	\$ 2,678,560	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,678,560
Parks/Open Space/Community Capital Projects - Subtotal	\$ 3,439,656	\$ 341,318	\$ 659,169	\$ 322,288	\$ 745,995	\$ 384,758	\$ 5,893,184
Parks/Open Space Capital Projects/Programs (Awaiting/Utilizing Funding from outside City Source)							
Riverfront Land Acquisitions & Demolitions (PC: Variable or unknown \$) <sup>3</sup>	\$ 850,000	\$ -	\$ 1,000,000	\$ -	\$ 650,000	\$ -	\$ 2,500,000
Rivertrail Project - Arboretum Trail	\$ -	\$ 249,100	\$ 871,100	\$ 589,500	\$ -	\$ -	\$ 1,709,700
Rivertrail Project - Boardwalk (PC: \$ 6,212,240) <sup>3,4</sup>	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,496,140	\$ 1,496,140
Environmental Improvement Program	\$ -	\$ 57,600	\$ -	\$ 58,810	\$ -	\$ 68,282	\$ 184,692
Parks/Open Space Capital Projects/Programs with Grant Funding - Subtotal	\$ 850,000	\$ 306,700	\$ 1,871,100	\$ 648,310	\$ 650,000	\$ 1,564,422	\$ 5,890,532
Total Parks/Open Space/Community Capital Projects/Programs	\$ 4,289,656	\$ 648,018	\$ 2,530,269	\$ 970,597	\$ 1,395,995	\$ 1,949,181	\$ 11,783,716
Facility Projects/Programs							
Facilities Improvement Program	\$ 277,559	\$ 273,455	\$ 229,290	\$ 236,286	\$ 268,835	\$ 293,922	\$ 1,579,349
Police Station Facility improvements Project	\$ -	\$ 251,600	\$ 93,400	\$ -	\$ -	\$ -	\$ 345,000
Fire Station Facility Improvement Project	\$ -	\$ 74,300	\$ -	\$ -	\$ -	\$ -	\$ 74,300
Facility Project/Programs - Subtotal	\$ 277,559	\$ 599,355	\$ 322,690	\$ 236,286	\$ 268,835	\$ 293,922	\$ 1,998,649
Facility Projects Awaiting/Utilizing Outside City Sources							
Community Center Expansion Project (PC: \$30,226,669) <sup>3A,7</sup>	\$ 13,171,630	\$ 13,249,021	\$ -	\$ -	\$ -	\$ -	\$ 26,420,651
Facility Projects Awaiting/Utilizing Outside City Sources - Subtotal	\$ 13,171,630	\$ 13,249,021	\$ -	\$ -	\$ -	\$ -	\$ 26,420,651
Total Facility Projects/Programs	\$ 13,449,189	\$ 13,848,377	\$ 322,690	\$ 236,286	\$ 268,835	\$ 293,922	\$ 28,419,300
IT Projects							
Server Improvements	\$ -	\$ 75,000	\$ -	\$ -	\$ -	\$ -	\$ 75,000
Fiber Optic Backbone replacement	\$ 50,000	\$ 375,000	\$ -	\$ -	\$ -	\$ -	\$ 425,000
IT Projects - Subtotal	\$ 50,000	\$ 450,000	\$ -	\$ -	\$ -	\$ -	\$ 500,000
Debt Service <sup>6</sup>	\$ 87,000	\$ 87,000	\$ 217,000	\$ 348,000	\$ 348,000	\$ 348,000	\$ 1,435,000
TOTAL ESTIMATED USES	\$ 19,044,154	\$ 18,271,821	\$ 6,576,846	\$ 8,367,055	\$ 5,804,627	\$ 3,782,502	\$ 61,847,005
Estimated Ending Non-Utility CIP Cash Balance	\$ 6,493,344	\$ 2,324,023	\$ 6,916,927	\$ 4,547,272	\$ 3,159,045	\$ 3,980,804	\$ 3,980,804

Project & Programs by Color	
	Transportation Sources and Uses
	Sources that can be used for Transportation, Parks, and Facilities
	Parks/Open Space Sources and Uses
	Facilities Sources and Uses
	IT Sources and Uses
	Debt Service

<sup>1</sup>This revenue forecast assumes that the voter-approved 2020-2025 King County Parks Levy will be replaced by a new county-wide parks levy.

<sup>2</sup>Depends upon a policy decision from Council regarding what to do with excess cash, above adopted reserve levels, that may accumulate within "Government Type - Operating".

<sup>3</sup>PC refers to the total Project Cost for those projects that began before 2025 and/or will extend after 2030.

<sup>4</sup>This Statement of Sources and Uses attempts to include revenues primarily from known and/or awarded grants. However, certain grants are only awarded to projects that are included in the City's CIP and have committed City funding. In order to meet these eligibility requirements, the funding mix for this project includes grants that have not yet been awarded.

<sup>5</sup>Costs during these years have been adjusted to accommodate for a one-year Community Center delay. Changes include a 6% escalation for Community Center project costs, the loss of a \$1.2 million YMCA grant, and the redistribution of city labor costs, which results in an decrease of labor costs for other projects occurring in 2025 and a decrease of labor costs for other projects occurring in 2026. A bond is not assumed for the funding gap shown on the Community Center Project Worksheet, resulting in decreased debt service from the 6/18/2024 version of the Non-Utility CIP. In addition, Art has been adjusted to \$50,000, which is the maximum that can be assigned to any one project by Ord. 913.

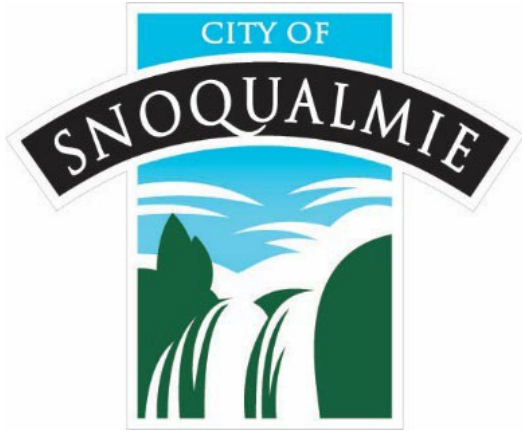
<sup>6</sup>If the *Grant or Other Undetermined Community Center Funding Sources* is determined to be a bond, debt service would increase by \$1.7 million over the 6-year CIP, or by \$416 thousand annually from 2028 and onward. Unlike the two-year delay scenario, bonding for this amount would not result in an increase to the current *Grant or Other Undetermined Community Center Funding Sources* in order to maintain an adequate ending fund balance of 1.5 times annual debt service.

<sup>7</sup>The intent is that as soon as an acceptable set of options and funding is secured to move forward with this project.



## A6: Financial Management Policy





# **FINANCIAL MANAGEMENT POLICY**

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## 1.0 INTRODUCTION AND OBJECTIVES

The financial management policy of the City of Snoqualmie is established by the City Council. The policy is designed to provide guidance to all stakeholders whether they be directly involved in financial processes, internal control oversight, or any financial transaction. The financial management policy is intended to serve as a blueprint to achieve fiscal stability required to accomplish goals and objectives in the city's Strategic Plan, Comprehensive Plan financial elements, and all master plans.

### 1.1 Policy Objectives

The City Council sets forth the authorities, responsibilities, and accountability requirements of those participating in the operations of Snoqualmie City government at all levels of the organization and endeavors to:

- Set forth financial principles
- Reduce financial risks to withstand the ups and downs of local and regional economic environments
- Maintain appropriate financial capacity for present and future levels of service
- Ensure the legal use of financial resources through an effective system of internal controls
- Provide financial transparency to the public

#### 1.1.1 Financial Procedures

Financial management policy is guideline for financial decision making; whereas financial procedures are separate and cover the detailed steps needed for the administration and management to accomplish business processes. The Finance Director will establish financial procedures to complement policy and align the day-to-day work performed by all city staff.

## 2.0 RESERVES AND FUND BALANCE

Reserves provide the City of Snoqualmie with options to respond to unexpected issues and provide a buffer against minor fiscal challenges. It is the intent of the City to provide a stable financial environment for which its residents can depend on a consistent and quality level of service and for planned future expenditures. The Finance Director is responsible for monitoring reserve levels and reporting current and projected reserves during each budget development cycle.

### 2.1 Fund Balance Definitions

As defined by GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, the City will reserve funds per the following:

#### 2.1.1 Non-spendable Fund Balance

Inherently non-spendable portions of net resources that cannot be spent because of their form or portions of net resources that cannot be spent because they must be maintained intact.

#### 2.1.2 Restricted Fund Balance

Externally enforceable limitations, on the use of funds, that are imposed by creditors, grantors, contributors, or laws and regulations of other governments or limitations imposed

will be designated as restricted.

### **2.1.3 Committed Fund Balance**

Self-imposed limitations, on the use of funds, that are set in place prior to the end of a period. Limitations imposed by the City Council that require formal action at the same level to remove. Capital Project fund balances typically will consist of funds designated by City Council for future capital improvement projects.

### **2.1.4 Assigned Fund Balance**

Limitations resulting from intended use that is established by the highest level of decision making or intended use established by the City Council for a specific purpose. The resources for these funds may be acquired through the budgeting process or funds that are deposited with the city for specific purposes. Special Revenue fund balances typically consist of funds assigned by other governmental agency for specific use or by the City Council for specific use.

### **2.1.5 Unassigned Fund Balance**

Residual net resources that make up the fund balance in the general fund more than non-spendable, restricted, committed, and assigned fund balance or excess of non-spendable, restricted, and committed fund balance over total fund balance.

## **2.2 Fund Type Definitions**

As defined by the Budgeting, Accounting, and Reporting System (BARS) Manual of the Washington State Auditor's Office.

### **2.2.1 General Fund**

Used to account for and report all financial resources not accounted for and reported in another fund.

### **2.2.2 Reserve Fund**

Used to set aside certain resources within the General Fund in order to provide support to the General Fund during a financially challenging period. In addition, the Reserve Fund helps to provide visibility over the amount set aside.

### **2.2.3 Other Managerial Funds**

Used to set aside certain resources within the General Fund in order to provide a higher degree of control and visibility over those resources.

### **2.2.4 Special Revenue Funds**

Used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

### **2.2.5 Capital Project Funds**

Used to account for and report financial resources that are restricted, committed, or assigned to expenditure for the acquisition or construction of capital facilities or other capital assets.

### **2.2.6 Enterprise Funds**

Used to report any activity for which a fee is charged to external users for goods or services. Enterprise funds are required for any activity whose principal revenue sources meet any of the following criteria: (1) Debt backed solely by a pledge of the net revenues from fees and charges, (2) legal requirement to recover cost, (3) policy decision to recover cost.

### **2.2.7 Internal Service Funds**

Use to report any activity that provides goods or services to other funds, departments or agencies of the government, or to other governments, on a cost-reimbursement basis.

## **2.3 Reserve Level Target and Fund Balance – Governmental Operating (General Fund, Reserve Fund, and Other Managerial Funds)**

A healthy unassigned fund balance is needed to provide cash flow to pay expenditures when due and allows for cash flow while the city waits to receive its tax collections and shared revenues. The unassigned fund balance is also a security against unforeseen changes or needs, i.e., natural disasters, loss of state shared revenues, etc.

### **2.3.1 Reserve Fund**

The City of Snoqualmie shall establish a separate fund for reserves assigned or committed to the General Fund. Reserves may only be used with approval of the City Council. The fund balance carried annually within the Reserve Fund (i.e., Reserve Level Target) should equal between 15-20% of annual ongoing General Fund expenditures.

### **2.3.2 Conditions for Using General and Reserve Fund Balances**

The City shall endeavor to avoid the appropriation of fund balance for ongoing expenditures. If at any time the utilization of fund balance to pay for ongoing expenditures is necessary to maintain the quality or a defined level of service, an explanation of the circumstances for the utilization of fund balance and demonstration of strategy through the long-term financial model on future fund balance will be deliberated by the City Council.

### **2.3.3 Other Managerial Funds**

The fund balance carried annually within managerial funds may equal between 15-20% of annual operating expenditures.

## **2.4 Reserve Level Target – Governmental Operating (Special Revenue Funds)**

The fund balance that accumulates within a Special Revenue Fund must be used in accordance with the restrictions placed on the revenue and will be monitored continuously to ensure compliance. The fund balance carried annually within special revenue funds, except for the ARPA Covid Local Recovery Fund, may equal between 15-20% of annual operating expenditures.

### **2.4.1 Drug Enforcement Fund**

As defined by Ch. 69.50.505 RCW, SMC 3.30, and an interlocal agreement between the City and County Drug Task Force, law enforcement asset seizure funds shall be used for payment of all expenses of the investigation that led to the seizure, including the proceedings for forfeiture and sale, expenses of seizure, maintenance of custody, advertising, actual costs of prosecuting, city attorney and court costs. Funds should also be used in accordance with city code for public safety purchases.

## **2.5 Reserve Level Target – Governmental Capital (Capital Project Funds)**

The fund balance carried annually within capital project funds should equal one and a half times (1.5x) total annual debt service.

### **2.5.1 Real Estate Excise Tax (REET)**

The Real Estate Excise Tax (REET) is levied on all sales of real estate, measured by the full selling price, including the amount of any liens, mortgages, and other debts given to secure

a purchase. As defined by Ch. 84.46.035 RCW, the City of Snoqualmie is authorized to levy REET and use in accordance with state law. REET revenues shall be allocated towards capital projects as defined in the six-year adopted Capital Improvement Plan (CIP) and should be leveraged towards debt service obligations.

## 2.6 Reserve Level Target - Enterprise Funds

It is the goal of enterprise funds to cover the cost of operations, capital improvements and maintenance, and debt service while maintaining a financially healthy enterprise over time. The City will establish utility rates and capital connection fees that are structured to meet several financial requirements. The Enterprise fund balance financial indicators are as follows:

- 2.6.1 Capital reserves:** as defined within the most recent utility rate study.
- 2.6.2 Operating reserves:** equal to 90 days of operating expenditures for water, wastewater, and stormwater .
- 2.6.3 Debt service reserves:** as defined by bond covenants or equal to the amount needed to pay for one and a half times (1.5x) total annual debt service.
- 2.6.4 Debt coverage ratio:** net revenues (operating revenues over operating expenditures) equal to one and half times (1.5x) total annual debt service, in support of a strong city bond rating.

## 2.7 Reserve Level Target – Internal Service Funds

It is the goal of internal service funds to cover the cost of operations, annual maintenance, and the replacement of certain capital assets on a lifecycle such as network servers or vehicles. The fund balance carried annually within an internal service fund should equal between 15-20% of annual operating expenditures, plus an amount that adequately accounts for the City's preferred financial method to replace all capital assets at the end of their lifecycle/useful life.

## 2.8 Replenishment of Reserves

Should assigned fund balance or reserve targets fall below stated thresholds, **the City will strive toward regaining the minimum threshold** and forecast the timing of the unassigned fund balance improvement within a long-term financial model.

## 2.9 Excess Fund Balances

Fund balances above the targeted reserve levels should be used for new expenditures, with emphasis on one-time uses that achieve future operating cost reductions, capital asset investments with a long-term benefit or prepaying existing debt. Use of excess fund balance above a reserve level target of 20% or the reserve level target as specified under sections 2.5 and 2.6 may be determined by the Administration subject to the approval authority of Council as expressed in other sections of this Financial Management Policy.

# 3.0 REVENUES

## 3.1 Revenue Objectives

The city will maintain a diversified and stable revenue system to shelter it from short-term fluctuations.

- 3.1.1 Fees** may be set at levels sufficient to cover the entire cost of service delivery.

Service delivery costs may be subsidized, as Council deems appropriate.

All utility enterprise funds shall be self-supporting, generating enough revenue to pay for all operating, debt, and capital costs. Utility rate studies will be conducted periodically and should divide costs equitably among customer classes per benefit and cost of service. If rates are set that subsidize one class of customer at the expense of another, this action should be taken in support of explicit City policy, or a plan should be put into place to bring customer classes back into alignment with their respective cost of service.

### **3.2 Fee Schedule**

Charges and fees, including utility rates, should be reviewed, and updated periodically based on factors such as impact of inflation, other cost increases, adequacy of coverage of costs, and current competitive rates.

### **3.3 Cash Management**

The City shall maintain a cash management program, which includes collection of accounts receivable, disbursement of funds, and prudent investment of available idle cash. Deposits and cash receipting practices must be adhered to, by all Departments and at all City Facilities per Ch. 43.09.240 RCW. Only authorized personnel may accept cash receipts from customers. The Finance Director is responsible for the strict enforcement of internal control, deposit of collections and oversight on all changes to revenue items in the financial system.

### **3.4 Revenue Distribution to Funds**

- a) Sales tax is a major revenue source of the City. Construction sales tax shall be recorded within capital project fund sources. All other sales tax revenue shall be recorded within the General Fund.
- b) REET tax should be recorded within capital project fund sources, except for the allowance for street maintenance operations determined by the City Council which should be recorded to the general fund.
- c) Utility taxes are recorded within the General Fund except for the portion apportioned to the non-utility capital fund as per Ordinance 1135.

### **3.5 Grants Management**

Grant funding may significantly leverage City resources to provide services, equipment and capital projects that would otherwise be unaffordable. The city is committed to pursuing grant funding as an appropriate funding source.

### **3.6 Donations & Gifts**

All donations of money or property donated, devised, or bequeathed to the City, as per Ch. 35.21.100 RCW and Ch. 35A.11.040 RCW, shall be presented to the City Council for approval. The City Council delegates approval and acceptance of donations of up to \$10,000 to the Mayor.

#### **3.6.1 Substantial Gifts**

The City of Snoqualmie seeks to recognize donors who, through a distinguished effort or substantial financial gift, wish to support a city facility or structure. For example, structures may include pavilions, shelters, plazas, real estate to be used for parks, trails or open space, interpretive areas, or active recreation; or other large-scale projects as discussed with the Advisory Boards and City Council. The following guideline will be used for recognizing donations for amenities or projects, in addition to defining the period in which the donation or gift will be received by the city. All proposed facility or structure naming is determined



by the City Council.

For the purposes of this policy, “Substantial Financial Gift” is determined by the City Council based on estimated cost of:

- 1) New construction, remodeling, or renovation
- 2) Developing a new real property, such as park buildings, structures, or real estate
- 3) Replacement of an existing, unnamed facility or landmark that requires substantial renovation at the time of the gift.

## **4.0 EXPENDITURES & PROCUREMENT**

### **4.1 Expenditure Objectives**

The City of Snoqualmie endeavors to connect expenditures to a fundamental level of stewardship by committing to a level of expenditures that are sufficient to ensure the on-going health, safety, and welfare of its residents. Operating expenditures, within funds, must be supported by the operating revenues generated by that fund. Expenditures will not expand beyond the City’s ability to pay for them with current revenues.

The objectives of the expenditure guidelines are:

- To obtain supplies, equipment, and services as economically as possible and that are best suited to the specific departmental needs.
- To support Snoqualmie businesses by contracting for goods and services within the community subject to meeting other expenditure guideline objectives as per Ch. 39.04.190 RCW.
- To enhance service methods that increase efficiency and effectiveness of the delivery of city services through technology improvements.
- To improve the speed of delivery to departments by predetermining, through contracts or other appropriate means, the sources of supply before the actual needs.

### **4.2 Efficiency**

To ensure compliance with all applicable policies and regulations of the City, the State, and Federal Government, the City will make efficient use of limited resources and will continually look for and implement cost effective and reliable methods of delivering services. The Administration will develop service delivery changes that are needed to respond to budget shortfalls using system-wide and productivity measures. Opportunities should be found to improve efficiencies by pursuing a range of productivity-enhancing techniques such as:

- Analyzing systems and procedures to remove unnecessary requirements
- Evaluating new technologies and capital investments
- Establishing a systematic, ongoing process for periodic formal reviews of operations
- Maintaining the right balance between centralization and decentralization in managing the City support functions

### **4.3 Purchasing Standards**

All employees of the City shall comply with the City of Snoqualmie Code of Ethics, State Law, and Federal statutory requirements regarding purchase of materials or services. The following practices are specifically forbidden so as not to create a conflict of interest or potential for conflict of interest, including but not limited to:

- Using information available to an employee solely because of their position for personal

profit, gain, or advantage. An employee should recuse themselves from the appearance of conflict of interest

- Directly or indirectly furnishing estimating services, or any other services or information not available to all prospective bidders, to any person bidding on, or who may reasonably be expected to bid on, a contract.
- Using their position or status in the city to solicit business of any kind directly or indirectly for private use or to obtain supplies and equipment at special discounts or with special concessions from any vendor who sells or solicits sales to the city.

#### **4.4 Purchasing Authorization & Accountability**

The Administration is responsible for Procurement and purchasing and failure to follow guidelines may result in disciplinary action, loss of purchasing privileges and a personal liability for purchases.

##### **4.4.1 Authorized Purchasers**

Authorized staff are those City employees who have been expressly authorized in writing by their department director and approved by the Finance Director, to purchase materials, supplies, and equipment (including technology services, systems, or equipment) with the authorized employee's discretion and best judgement, within the Purchasing and Contract Commitment Threshold limitations in section 4.5.2. A manager, department director, Finance Director, City Administrator or Mayor may reduce or revoke these privileges at any time.

##### **4.4.2 Auditing Officer**

Pursuant to Ch. 42.24.080 and Ch. 42.24.180 RCW, claims presented for payment to the City must be in writing, itemized and audited by the Auditing Officer. The Finance Director or a Financial Operations Manager are designated as City of Snoqualmie Auditing Officer(s). Department managers will be responsible for ensuring invoices meet this requirement and provide them to the Finance department for internal audit and prompt payment.

##### **4.4.2.1 Claim Reporting**

The Finance Director or a Financial Operations Manager shall prepare a Claims Report to the City Council for their approval and shall present the Claims Report for preliminary review by the F&A Committee prior to the next City Council meeting.

#### **4.5 Level of Purchasing and Commitment Authority**

Contracting with other public agencies or the private sector for the delivery of goods and services should provide the City with opportunities for cost containment and productivity service enhancement. As such, the City is committed to using outside resources for delivering municipal services as a key element in our continuing effort to provide effective and efficient programs while minimizing costs.

- All contractual obligations, including zero-dollar contracts, are subject to compliance.
- All purchases shall be made per the Purchasing and Contract Commitment Threshold and shall include requirements for acquiring quotes, estimates and competitive bidding.

The Mayor or his or her designee(s) is/are authorized to purchase materials, supplies and equipment and execute minor contracts without individual city council approval of each contract, subject to compliance with the Purchasing and Contract Commitment Threshold of this policy section. The Mayor may bring any contract forward for approval by the city council, notwithstanding the authority delegated to the Mayor by this policy.

RCW provides various competitive processes for obtaining bids and awarding contracts for construction of a “public work”, as provided in RCW Ch. 35A.40.200, Ch. 39.04, and Ch. 35.23.352 and approval authority for certain procurement categories. Thus, the City’s procurement matrix identifies separate procurement categories and the minimum approval authority and competitive process required at each threshold. Competitive negotiations include the process for acquisition of electronic data processing and telecommunications equipment, software, services, or systems as per RCW Ch. 39.04.270.

#### **4.5.1 Minor Contracts**

A minor contract may be defined by at least one of the following conditions:

- a. The term is three years or less, and funds have been appropriated by city council in the biennial budget, and the contract does not require expenditures that exceed available fund balances.
- b. Contracts with third parties renewing an existing contract for services on the same or substantially similar terms as the existing contract.
- c. Contracts creating no financial liability on the part of the city that are for the sole purpose of becoming eligible to receive revenues.
- d. Contracts with other public agencies for the exchange of information, for confidentiality for participation in legal proceedings, or other purposes of a like nature not involving financial obligations; or
- e. Contracts that are for the sole purpose of housekeeping changes or clarifications to an existing contract where such changes do not alter any material term or condition.

#### **4.5.2 Definitions**

“Purchase cooperative” means an intergovernmental agency created or established via interlocal agreement for the purpose of obtaining competitive bids from vendors/suppliers of municipal supplies, materials and/or equipment, as authorized pursuant to RCW 39.34.030(5).

“Interlocal agreement” refers to the use of an interlocal agreement with another governmental entity to provide the city the ability to purchase materials, supplies or equipment using the results of the bid process followed by the other governmental entity, as allowed pursuant to RCW 39.34.030(5).

“Small works roster” refers to the process of inviting quotations from and awarding a contract to a contractor included on a list of public works contractors available to perform public works projects for the city, as allowed pursuant to RCW 35.23.352 and 39.04.155.

“Limited small works roster” refers to the process of inviting quotations from and awarding a contract to a contractor included on a subset of contractors listed on the small works roster, as allowed pursuant to RCW 39.04.155(3).

“Technology systems and services” means electronic data processing and telecommunications equipment, software, services or systems, as those terms are used in RCW 39.04.270 and 36.92.020(5).

“Vendor roster” refers to the process of inviting quotations from a list of vendors from whom the city may purchase materials, equipment, supplies or services, which list is maintained pursuant to RCW 35.23.352(9) and 39.04.190.

**To identify the necessary requirements for procurement, staff must first identify the procurement category as defined below:**

### **Purchasing and Contract Commitment Thresholds**

PROCUREMENT CATEGORY	DOLLAR LIMIT	Procedural Requirement(s)	APPROVAL AUTHORITY	REQUIRED SECONDARY APPROVAL
<i>Materials, Supplies, &amp; Equipment</i>				
Materials, Supplies, & Equipment (Including Capital Equipment)	Under \$2,000	Purchasing Card	Authorized Staff	None <sup>1</sup>
	\$2,000-\$7,500	Purchasing Card	Authorized Staff	Manager
	Over \$7,500-\$15,000	Purchasing Card, Purchase Cooperative, Vendor Roster, OR Formal Competitive Bid	Manager	Department Director
	Over \$15,000 - \$50,000	Purchasing Card, Purchase Cooperative, Interlocal Agreement OR Formal Competitive Bid	Department Director	Mayor or City Administrator
	Over \$50,000	Purchase Cooperative, Interlocal Agreement OR Formal Competitive Bid	Mayor or City Administrator	City Council
<i>Personal Services</i>				
Architectural, Engineering & Landscape Architect Services ("A&E")	Under \$15,000	MRSC Consultant/Vendor Roster OR On-Call Contract	Manager	Department Director
	\$15,000-\$50,000	MRSC Consultant/Vendor Roster OR On-Call Contract	Department Director	Mayor or City Administrator
	Over \$50,000-\$100,000	MRSC Consultant/Vendor Roster OR On-Call Contract	Mayor or City Administrator	City Council
	Over \$100,000	MRSC Consultant/Vendor Roster, On-Call Contract or Request for Qualifications	Mayor or City Administrator	City Council
General or Purchased Services (Other Than A&E)	Under \$15,000	<u>Purchasing Card</u> OR Vendor Roster	Manager	Department Director
	\$15,000-\$50,000	Purchasing Card, Purchase Cooperative, Vendor Roster, OR None	Department Director	Mayor or City Administrator
	Over \$50,000	Purchase Cooperative, Interlocal Agreement (of any dollar amount), Vendor Roster OR None	Mayor or City Administrator	City Council

PROCUREMENT CATEGORY		DOLLAR LIMIT	Procedural Requirement(s)	APPROVAL AUTHORITY	REQUIRED SECONDARY APPROVAL
<i>Technology Systems &amp; Services</i>					
Technology Systems & Services		Under \$7,500	<u>Purchasing Card</u>	Authorized Staff	Manager
		\$7,500-\$15,000	<u>Purchasing Card</u> , Purchase Cooperative, Consultant/Vendor Roster, OR Competitive Negotiation	Manager	Department Director
		Over \$15,000-\$50,000	Purchasing Card, Purchase Cooperative, Consultant/Vendor Roster, OR Competitive Negotiation	Department Director	Mayor or City Administrator
		Over \$50,000	Purchase Cooperative, Consultant/Vendor Roster, OR Competitive Negotiation	Mayor or City Administrator	City Council
<i>Public Works</i>					
Public Works Project Staff Labor	Single Craft	Under \$75,500	None	Manager	Department Director
	Multi Craft	Under \$116,155	None	Manager	Department Director
Public Works Contract		Under \$7,500	None	Authorized Staff	Manager
		\$7,500-\$50,000	Limited Small Works Roster OR Small Works Roster	Manager	Department Director
		Over \$50,000-\$116,155	Small Works Roster OR Formal Competitive Bid	Department Director	Mayor or City Administrator
		Over \$116,155-\$350,000	Small Works Roster OR Formal Competitive Bid	Mayor or City Administrator	City Council
		Over \$350,000	Formal Competitive Bid	Mayor or City Administrator	City Council
<i>Amendments &amp; Change Orders</i>					
Contract Amendments (Services)		No Value Change	None <sup>2</sup>	Manager	Department Director
		Under \$50,000, cumulatively	None <sup>2</sup>	Department Director	Mayor or City Administrator
		Over \$50,000, cumulatively	None <sup>2</sup>	Mayor or City Administrator	City Council
Change Orders (Public Works)		No Value Change	None <sup>2</sup>	Manager	Department Director
		Under \$50,000, cumulatively	None <sup>2</sup>	Department Director	Mayor or City Administrator
		Over \$50,000, cumulatively	None <sup>2</sup>	Mayor or City Administrator	City Council

<sup>1</sup>While prior approval for materials, supplies, and equipment purchased by authorized staff under \$1,000 is not required by this section, purchasing card program procedures may require Manager and/or Director and/or Finance Director approval.

<sup>2</sup>While contract amendments and change orders do not require a competitive process, they shall be processed in accordance with the specifications or procedural requirements set forth in the underlying contract. And the proposed scope of any change order or contract amendment must not deviate from the original scope of work in such a manner or degree that they constitute a separate project.

#### **4.6 Purchasing Controls & Methods**

Primary responsibility and authority for the expenditure of monies appropriated per the adopted budget will be vested by the Mayor in the City Administrator and Department Directors or authorized designee. In addition to the primary responsibilities, the Finance Director shall exercise a secondary oversight responsibility for all budget expenditures and contractual obligations.

To facilitate a sound and cost-effective purchasing operation, authorized personnel shall follow procurement methods as defined by state law which contain guidelines for procurement, bidding, and awarding contracts.

##### **4.6.1 Commercial Card Program**

A purchase order system and/or commercial card programs (purchasing or fleet cards) should be used for purchases for goods and services use. Purchasing cards are used as a form of payment, by authorized purchasers, with the city liability to vendors and not the card program provider.

#### **4.7 Exemptions to Purchasing and Commitment Thresholds**

##### **4.7.1 Sole Source**

In circumstances where the city is limited to a single source of supply, competitive bidding requirements may be waived by the department director or Finance Director per RCW 39.04.280(1)(a). The city must be able to demonstrate that the purchase is clearly and legitimately limited to a single source such that bidding the purchase would be useless and futile based on drafted specifications. If a sole source exception is used, the City will make reasonable efforts to ensure that it is receiving the lowest price and best terms from the vendor.

##### **4.7.2 Favorable Market Conditions**

The Mayor or City Administrator may waive established bidding requirements if an opportunity arises to purchase favorably priced equipment at an auction or supplies or used goods that will be sold before the city can conduct the bid process per RCW 39.04.280(1)(b) and RCW 39.30.045.

##### **4.7.3 Insurance and Bonds**

In the insurance and bond procurement process, RCW 39.04.280 allows for the exemption of a competitive bid process.

##### **4.7.4 Emergency Purchases**

Emergency purchases as per RCW 39.04.280 are those made by the Mayor or authorized designee, such as a Department Manager, where an immediate purchase is necessary to correct a situation which would adversely affect the life, health, or safety of the residents.

In case of an emergency, a Department Manager may directly purchase any supplies, materials, or services necessary to alleviate the emergency. Every effort shall be made to contact the Mayor and City Administrator whether the emergency occurs during or after

normal working hours.

In the event where emergency purchasing is related to natural disaster events, a Declaration of Emergency Resolution shall be considered by the City Council per State Law at the first opportunity available. The Finance Director shall review and approve of account coding for all emergency purchases and maintain a tracking system per FEMA requirements, Emergency Management Plan, BARS and GFOA recommended practices for emergency management recordkeeping.

## **4.8 Personnel Expenditures**

Because personnel costs are the largest expenditure area of the annual budget, compensation guidelines are defined in the Personnel Policy, and Local Bargaining Agreements, which establish salary ranges, performance evaluation requirements and total compensation costs as the basis for all compensation planning and bargaining. Within budget limitations and Council authorized appropriations, market assessments may be conducted prior to bargaining.

### **4.8.1 Travel and Training**

The City of Snoqualmie shall reimburse City elected and appointed officials, employees and members of boards and commissions for their reasonable expenses actually incurred in the conduct of their business. Generally, eligible expenditures include travel, meals and lodging incurred by the individual while away from the City and necessitated by City business.

## **5.0 BUDGET**

### **5.1 Budget Objective**

The formal operating budget development process provides the primary mechanism by which key decisions are made regarding the levels and types of services to be provided, through the city council's appropriation of funds, functional classification, or capital programs or projects given the anticipated level of available resources. The City Council will meet to discuss Council goals and priorities prior to the start of the budget development process.

The budget will be developed per Ch. 35A.34 RCW.

### **5.2 Budget Principles**

#### **5.2 A. Link the budget to long-term, strategic financial plans**

The City's budget should be developed in accordance with the policies and priorities set forth in the Strategic Plan, long-term financial model, as per section 9.0, Comprehensive Plan, City Council goals, the needs of the community and federal and state laws.

#### **5.2 B. Critically examine past spending patterns**

The city seeks to maximize the value the public receives through its spending. Accordingly, management should develop budget tools and methods to measure and maximize value, particularly by critically examining existing spending patterns to make sure they continue to provide value.

#### **5.2 C. Prioritize programs and services**

The city should prioritize essential and discretionary programs services based on a results approach relative to the importance in preserving the community's health, safety, and welfare; mandates; risk assessments; long-term costs and evidence of their effectiveness in meeting strategic plan initiatives, comprehensive plan elements, annual goals and required

mandates.

#### **5.2 D. Risk management and mitigation of liabilities**

The City intends to fund the current portion of liabilities within the budget to maintain trust of creditors and to avoid or mitigate accumulating an unmanageable liability.

#### **5.2 E. Establish preferences for budget balancing strategies**

The City's preferred strategy for balancing the budget is to reduce expenditures through improved productivity. Except during dire economic circumstances, service, and program elimination is preferable. The biennial budget should not be balanced at the expense of long-term financial health.

### **5.3 Budget Scope & Basis**

The City will adopt budgets for all funds, functional classifications, and capital programs and projects as established by Council. A budget calendar will be prepared by the Finance Director in coordination with the Mayor and City Administrator and include all required public hearings. Proposed budgets will be viewed and discussed by the City Council and the public at the fund and department summary object code levels per BARS. The final budget is adopted by ordinance of the City Council by December 31 of each biennium. To encourage synchronization between the budget document and financial reporting, the City will establish the budget based on the cash basis of accounting.

### **5.4 Balanced Budget Requirement**

The objective of the operating budget is to pay for all current expenditures with current revenues. The budgets for all city funds should be structurally balanced throughout the budget development process. Ongoing revenue should equal or exceed ongoing expenditures in both the proposed and adopted budgets. If a structural imbalance occurs, then a plan should be developed and implemented to bring the budget back into structural balance. The City will endeavor to avoid budgetary allocations that balance current expenditures at the expense of meeting future years' expenses. Beginning fund balance sources may be used to fund capital improvement projects or other one-time, non-ongoing expenditures if the fund reserve targets are met.

### **5.5 Internal Cost Allocation**

The Internal Cost Allocation Plan (ICAP) is a method used to determine and assign the cost of indirect services to government users of those services or direct operating funds.

#### **5.5.1 References Guides**

RCW 43.09.210 states in part, "all service rendered by...from, one department...to another, shall be paid for at its true and full value by the department...receiving the same, and no department...shall benefit in any financial manner whatsoever by an appropriation or fund made for the support of another..."

#### **5.5.2 Definitions**

- Indirect Costs are incurred for a common purpose benefitting more than one cost function or organizational unit. They cannot be directly assigned without effort disproportionate to the benefit received.
- Indirect Services are activities that support the departments that provide direct service to the public. Examples include accounting, purchasing, human resources, engineering, and fleet and information technology.
- Direct Services are activities that provide services directly to or for the public and are supported by indirect services. Examples include parks, streets, and utilities (water, sewer, storm water).



### **5.5.3 Costs to be allocated**

Indirect cost allocation methods shall be reasonable, consistent, and equitable to distribute shared costs across funds and departments. Different factors are necessary to equitably allocate the various overhead costs. Costs shall only be allocated to departments that receive indirect support services. The city should be guided by reference authorities when creating the cost allocation plan to ensure that only allocable costs are included.

As part of the biennial budget development process, costs will be allocated based on the projected budget forecast.

## **5.6 Budget Amendments**

All budget amendments, such as shifting budget allocations from one fund or functional classification to another fund, functional classification, or capital program or project, must be approved by the City Council. Budget amendments changing the authorized appropriation level are subject to public hearing requirements in State Law.

### **5.6.1 Administrative Budget Adjustments**

Allocation adjustments within funds or functional classifications do not require city council approval. Department managers may, upon approval by the Mayor and City Administrator, request inter-departmental line item budget adjustments for operating purposes only, but not between appropriated functions. These administrative budget adjustments, authorized as per Ch. 35A.33.120 RCW, should primarily be for contractual, supplies and materials and other miscellaneous line items within the department.

### **5.6.2 Personnel Adjustments**

Any personnel adjustment that increases the City's ongoing expenditures relative to ongoing revenue, and negatively changes service levels as established by Council, requires legislative approval. Any personnel adjustment that does not lead to an increase in ongoing expenditures relative to ongoing revenue nor changes service levels negatively can be executed by the Administration without legislative approval.

## **5.7 Service Levels and Funding**

The City endeavors to maintain its present service levels for priority and essential services subject to available revenues. The objective is to maximize the benefit of available resources. The results or outcomes that matter most to residents should be defined by the City Council. New services or programs will be considered for funding within available resources.

Department managers will be given the opportunity to request personnel, goods, and capital items needed to carry out the department responsibilities. Department requests must include supporting documentation and justification of needs for operating requests. Requests should integrate strategic plan priorities and departmental objectives into the budget.

### **5.7.1 Social Services Organization Funding Requests**

The City receives requests from social services organizations and other entities seeking grants and funding. As part of the budget development cycle, the City Council will consider these requests and include a listing of entities to be included for grant giving.

## **5.8 Maintenance and Replacement**

Maintenance and replacement funding should be prioritized each year to ensure that capital facilities and equipment are sufficiently maintained to avoid service disruptions. Non-current liabilities have important implications for a local government's fiscal health. The City will strive to maintain its

capital assets in a manner adequate to protect the City's capital investment and to minimize future liabilities for maintenance and replacement costs.

### **5.8.1 Capital Asset Management**

The City should inventory and assess the condition of its buildings, equipment, and vehicles on a periodic basis. Budget development should include a multi-year projection of facilities, parks, equipment, vehicle replacement requirements and new asset additions. The budget should provide sufficient funding for adequate maintenance and orderly replacement of capital plant and equipment. Future maintenance needs and repairs should be costed out and included as budgetary decision criteria for the appropriate internal service fund.

## **5.9 Enterprise Fund Budgets**

Enterprise operations are to be self-supporting, including capital improvements and depreciation. Enterprise operations are to be reviewed biannually for self-sufficiency and proper cash-flow needs. Utility Rate studies, which occur periodically, will be included in the budget development process in the year for which new rates are established. Enterprise budgets will incorporate year one and two capital projects and programs as identified within the Capital Improvement Plan (CIP).

## **5.10 Budget Reporting**

The recommended and adopted budget documents will be available at City Hall. The City will maintain an internal control system to support adherence to the budget allocations. The City Council will receive a quarterly Financial Performance Report to include budget versus actual reporting. The financial performance report should be provided within sixty (60) days after the end of each quarter.

# **6.0 CAPITAL BUDGET**

## **6.0 Objective**

The City of Snoqualmie capital budget, which is a part of the biennial budget, has a major impact on the quality of local government services, the community's economic vitality, environmental stewardship, social equity, and overall quality of life for city residents, businesses, and visitors. The capital budget serves to identify, prioritize, and address community needs through careful long-term planning and balanced public investment in physical infrastructure. Capital budget goals include:

- Support the City's Strategic Plan, other plans and the community vision for growth and levels of service.
- Acknowledge and communicate capital investment priorities as community conditions change.
- Promote appropriate planning efforts to changing demands for a diverse set of infrastructure and capital assets.
- A financial assessment of capital funding resources available to meet future capital project planning needs.
- Maintain a high-quality service infrastructure able of meeting community needs today and, in the future.

## **6.1 Capital Definitions**

**Capital Outlay:** The City defines a capital outlay as the acquisition or renewal of relatively small or inexpensive physical assets with a useful life greater than one year. Examples include lawn mowers and laptops. Capital outlay expenditures are typically tracked in operating funds or internal service funds.

**Capital Program:** The City defines a capital program as the continuous acquisition or renewal, over

an extended period of time, of similar long-term physical assets with a useful life greater than one year. Given its continuous and ongoing nature, a capital program retains permanence in the Capital Improvement Plan. Examples include the resurfacing of streets and the replacement of utility mains.

**Capital Project:** The City defines a capital project as the discrete and one-time acquisition or renewal of a long-term physical asset(s) with a useful life greater than one year. Given its one-time nature, a capital project will exist for a finite period of time in the Capital Improvement Plan. Examples include the acquisition of a fire station or the replacement of a lift station.

## **6.2 Capital Improvement Plan (CIP)**

The Capital Improvement Plan (CIP) is a planning and financial management tool that helps the City identify and prioritize capital investments over a six-year period. Based on staff recommendations, stakeholder and public input, and Council deliberation, the CIP establishes the scope and cost of capital investments, communicates the estimated funding available from various sources, and balances both cost and the resources available in a cohesive and efficient financial plan. This long-term plan will provide guidance for each biennial budget process as well as for Council goal-setting processes.

The CIP is required by the State of Washington Growth Management Act to bring the Comprehensive Plan to life and should be informed by all master and functional plans (Water System Plan, General Sewer Plan, Parks, Recreation, Open Space, and Trails Plan (PROST)). The CIP will help the City to plan capital programs and projects wisely and most efficiently to maximize community impact with long-term sustainability in mind. In addition, as a critical communications tool, the CIP will increase the transparency of the capital decision-making process. Given its explicit and forward-looking nature, the City can avoid long-term adverse financial and operating surprises by creating and adopting a CIP.

The City Council should update the CIP biennially. The off year of the budget cycle allows for public engagement efforts to discuss future, potential projects, and programs with the community. Major changes that are discovered may be amended through the mid-period biennial budget adjustments. The administration should provide periodic project update reporting to the city council and/or council committee where project amendments would be addressed.

As resources are available and projects are financially feasible, the two most current years of the 6-year CIP should be recommended for incorporation into the upcoming biennial budget. Subsequent years of the CIP are for planning purposes and may be altered as they advance toward the budget inclusion year. Capital program or project appropriations are authorized by council at the project level and reviewed through period project updates and reporting identified in this section.

## **6.3 CIP Criteria and Ranking**

All projects submitted to the CIP should be initially ranked. The Administration will assess project rankings plus other factors such as minimizing construction impacts through project sequencing or a need to respond to emergent issues. The City Council, as part of biennial CIP deliberations may modify and/or finalize project rankings. Funding is a critical component of the criteria and ranking schedule. In addition to ranking, projects need an overall description, justification for the project, and a connection to a master plan or strategic plan.

## **6.4 Project Source and Use Identification**

Capital project and program submissions shall include multi-year funding sources, including grants, applicable impact fees, special funding, and other outside sources. Multi-year project costs shall include acquisition, design, permitting, inspections, mitigation, construction, in-house staff time,

inflationary costs and contingency.

#### **6.4.1 Project Sources**

Capital funding comes from operating revenues, grants, local improvement districts, impact fees, user fees and the issuance of debt. Washington State law limits the City of Snoqualmie's ability to raise funds for capital improvements such as tax rate limits and amount of debt capacity. Given the extensive number of capital improvement projects and finite funding sources available, the following are some of the capital financing strategies available when preparing or updating the Capital Improvement Plan:

- Seek out federal, state and county resources.
- Seek out private contributions or donations through public/private partnerships.
- Similar departmental capital projects will be combined for efficiencies and cost savings such as street improvements combined with utility improvements to minimize construction impact to the community.
- Mitigation and impact fees should be applied toward projects defined by the contributing source or agreement authorized by the City Council.
- REET funding.
- Local Improvement or Utility Local Improvement District (LID or ULID) assessments
- Enterprise (utility) fund projects must be paid for by user rates and capital connection charges.

##### **6.4.1.1 Funding Source Cash Flow**

Funding sources, such as REET or mitigation fees, will be reviewed as part of the biennial CIP development process for sufficient cash flow and long-term impact on funds. The availability and use of special funding sources is subject to State Law and/or reserve targets set by the City Council as per the Reserve section of the Financial Policy.

#### **6.4.2 Capital Cost Thresholds**

Capital outlay is distinguished from capital projects and programs and are expenditures between \$5,000 and \$49,999 and/or having less than an estimated five years of useful life.

Capital program or project expenditures over \$50,000 during a six-year period should be included in the CIP. Projects should not be combined to meet the minimum standard unless they are dependent upon each other. Projects should not be separated to forego the maximum standard.

Items that are operating expenditures (such as non-specific capital project related professional services, master plan updates, maintenance agreements, technology items, etc.) should not be considered within the CIP.

##### **6.4.2.1 Impact on Operating Budget**

All projects submitted for inclusion in the CIP should be reviewed to assess the long-term impact on the operating budget in terms of:

- Future year revenue generation
- Additional personnel, equipment and/or vehicle requirements
- Future operating and maintenance expenditures
- Return on investment potential

##### **6.4.2.2 Public Art Funding**

Pursuant to SMC 3.80, the City recognizes the importance of public art funding and establishes a funding source for public art works to be installed in certain public facilities and spaces. CIP projects and programs, as per municipal code, will include a line item identifying the art funding cost to be transferred to the special revenue fund.

## 6.5 Planning Process

The capital budget and CIP development process will begin prior to the biennial budget development process. The Mayor and Administration should present the CIP to the City Council for deliberations and approval to include in the biennial budget. Any substantive change to the CIP after approval must be approved by the City Council. CIP development shall include public engagement efforts to ensure the community has ample time to comment on and contribute to the CIP.

## 6.6 CIP Progress and Reporting

The City Council will receive a quarterly progress report regarding the CIP to include budget versus actual reporting. The progress report should be provided within sixty (60) days after the end of each quarter.

# 7.0 DEBT MANAGEMENT

## 7.1 Debt Purpose

Debt financing is primarily used for capital project expenditures. Use of long-term debt financing for operations and maintenance costs are forbidden. Debt financing will be considered if the City can repay debt without causing financial distress. It is the City's objective to:

- Identify the timing and amount of debt required as specifically as possible
- Achieve the most favorable interest rates and other related financing costs
- Ensure that future financial flexibility be maintained
- Utilize interfund loans from one fund to another as a first source of debt financing

## 7.2 Debt Practices

The City Council may authorize the following types of debt financing only for those purposes as provided by Ch. 39 RCW:

- Utilization of the Public Works Loan Fund, per WAC 399.30 for allowable purposes, if available.
- Utilization of interfund loans as per the BARS Manual.
- Issuance of revenue bonds to fund proprietary capital infrastructure projects such as water, sewer, and stormwater
- Issuance of councilmanic limited tax general obligation bonds for capital projects that generate adequate revenues from user fees to support operations and or debt service requirements.
- Issuance of councilmanic limited tax general obligation bonds for capital projects that are authorized to be supported by the General Fund or capital project funds through the Capital Improvement Plan (CIP) for debt service requirements.

Utility System replacements, due to age or the need to upgrade to meet minimum standards, should be financed by a combination of:

- Using portions of the Utility Enterprise fund balance for capital improvement projects.
- Borrowing and repaying on a schedule that matches the useful life of the capital

improvement.

The City of Snoqualmie will never issue debt more than limitations as prescribed in Ch. 39.36.020 RCW based on percentage of its total market value.

### **7.3 Bond Terms & Methods**

Long-term debt should be structured in a manner so that the life of the debt does not exceed the expected useful life of the capital asset being funded by the debt. The city will obtain the most competitive pricing on debt issuances to ensure a favorable value to the community.

### **7.4 Bond Rating**

Strong financial management is a key credit rating factor. For the City of Snoqualmie to respond quickly to economic and financial demands, the City will seek to maintain or continually improve its bond rating to seek the lowest possible interest rate available OR maintain its **AA** Bond Rating.

### **7.5 Financial Guarantees**

Should financial guarantees be utilized to defer public improvements required of development projects or to ensure that disturbed public facilities will be restored, the developer or property owner shall provide an irrevocable letter of credit issued by a banking institution approved by the Finance Director, a bond, an assignment of savings, or a cash deposit. The form of the financial guarantee shall be at the discretion of the Finance Director. The amount of any approved financial guarantee shall be at least 150% of the estimated improvement cost and may be increased to reduce risk to City resources based on the professional judgment of the Finance Director.

## **8.0 INVESTMENTS**

### **8.1 Policy and Scope**

It is the policy of the City of Snoqualmie to invest public funds in a manner which will provide the highest investment return with the maximum security while meeting the daily cash flow demands of the City and conforming to State law governing the investment of public funds.

The investment policy applies to all financial assets of the City of Snoqualmie. These funds are accounted for in the City of Snoqualmie's Annual Financial Report and include all operating, special revenue, capital project, enterprise, debt service and trust funds.

### **8.2 Prudence**

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

The standard of prudence to be used by investment officials shall be the "prudent person" and/or "prudent investor" standard and shall be applied in the context of managing an overall portfolio. Investment officers acting in accordance with this policy and with Ch. 35.39 RCW and exercising due diligence, shall be relieved of personal responsibility for an individual security's credit risk or market price changes, provided deviations from expectations are reported in a timely fashion and appropriate action is taken to control adverse developments.

### **8.3 Objective**

The primary objectives of the City of Snoqualmie investment activities shall be:

**8.3.1 Liquidity:** The City of Snoqualmie investment portfolio will remain sufficiently liquid to enable the city to meet all operating requirements, which might be reasonably anticipated.

**8.3.2 Return:** The City of Snoqualmie investment portfolio shall be designed with the objective of attaining a benchmark rate of return throughout budgetary and economic cycles, commensurate with the City's investment risk constraints and the cash flow characteristics of the portfolio. Short-term investment returns should attain a return rate of at least equal to the Washington Local Government Investment Pool (LGIP).

#### **8.4 Delegation of Authority**

Management responsibility for the investment program is hereby delegated to the Finance Director or a Financial Operations Manager, who shall be responsible for investment transactions up to \$1 million. Transactions over \$1 million shall require the additional approval of the City Administrator or Mayor. A strict system of controls to regulate the activities of subordinate personnel in the absence of the Finance Director must be undertaken.

#### **8.5 Ethics and Conflicts of Interest**

Public officials and city employees involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions. Employees and investment officials shall disclose to the City Council any material financial interest in financial institutions that conduct business within their jurisdiction, and they shall further disclose any large personal financial/investment positions that could be related to the performance of the City of Snoqualmie.

#### **8.6 Authorized Financial Dealers and Institutions**

The Finance Director will maintain a list of financial institutions authorized to provide investment services. In addition, a list will also be maintained of approved security broker/dealers selected by credit worthiness who are authorized to provide investment services in the State of Washington. These may include "primary" dealers or regional dealers that qualify under Securities & Exchange Commission Rule 15C3-1 (Uniform Net Capital Rule). No public deposit shall be made except in a qualified public depository as established by Washington State laws.

All financial institutions and broker/dealers who desire to become qualified bidders for investment transactions must supply the Finance Director, upon request, with annual audited financial statements, proof of National Association of Security Dealers (NASD) certification, and proof of State of Washington registration. Annual completion of Notification to Broker and Certification by Broker will be done.

#### **8.7 Authorized and Suitable Investments**

From the governing body perspective, special care must be taken to ensure that the list of instruments includes only those allowed by law and those that local investment managers are trained and competent to handle. Interest-bearing deposits in authorized depositories must be fully insured or collateralized.

The following is a list of investments which the City of Snoqualmie will be authorized to invest in as per Ch. 39.58 and 39.59 RCW:

**Government Securities:** Instruments such as bonds, notes, bills, mortgages, and other securities which are direct obligations of the federal government or its agencies, with the principal fully guaranteed by the U.S. Government or its agencies.

**Certificate of Deposit:** A negotiable or nonnegotiable instrument issued by commercial

banks, located in the State of Washington, and insured up to the Federal Deposit Insurance Corporation (FDIC), or, if exceeding FDIC coverage, is fully insured or collateralized.

**Prime Commercial Paper:** An investment used by corporations to finance receivables. A short-term (matures in 270 days or less) unsecured promissory note is issued for a maturity specified by the purchaser. Corporations market their paper through dealers who in turn market the paper to investors.

**State of Washington Securities and Pools:** Any security which is a general obligation of the State of Washington or any of its municipalities. Statewide investment pools which invest in authorized instruments.

**Money Markets:** Money market mutual funds which invest in authorized instruments.

### 8.8 Safekeeping and Custody

When a broker dealer holds, investments purchased by the City of Snoqualmie in safekeeping, the broker-dealer must provide asset protection of at least \$500,000 through the Securities Investor Protector Corporation (SIPC) and at least another \$49.5 million supplemental insurance protection.

### 8.9 Diversification

The City will endeavor to diversify its investments per type and maturity. The portfolio, as much as possible, will contain both short-term and long-term investments. The City will attempt to match its investments with anticipated cash flow requirements, as per the long-term financial model. Extended maturities may be utilized to take advantage of higher yields and to match investment maturities with debt obligations.

The City will attempt to diversify its investment portfolio per broker-dealer or financial institutions. No more than 65% of the entire investment portfolio shall be held with one broker.

### 8.10 Reporting

Periodic required investment reports to policymakers and elected officials provide necessary written communication regarding investment performance, risk analysis, adherence to policy provisions, as well as other information. The Finance Director shall provide the City Council quarterly investment reports, which provide a clear picture of the status of the current investment portfolio. This management report should include a summary of securities held at the end of the reporting period by authorized investment category, percentage of portfolio represented by each investment category, percentage of portfolio represented by each financial institution, and overall portfolio values.

## 9.0 LONG-TERM FINANCIAL PLANNING

The City's budget process involves incorporating the strategies, priorities and goals identified by the City Council to provide for the community's highest service delivery needs. Long-term planning begins with determining the City's fiscal capacity based upon long-term financial forecasts of ongoing resources.

### 9.1 Model Objective

Long-term financial models that address all funds should be utilized by the City Council, Mayor, and Administration in strategizing and aligning financial capacity with the City Council Strategic Plan. Long-term financial models serve as a foundation for conversations regarding allocation of resources and project planning. The forecasting methods utilized should be objective in nature to



minimize the risk of being too pessimistic or too optimistic.

The City's long-term financial models should include a governmental operating financial forecast, addressing the General and Reserve funds, a governmental capital financial plan, commonly observed through the six-year CIP, an enterprise (i.e., utilities) financial plan, often presented through the utility rate study and six-year CIP, and an internal cost allocation plan, which addresses the replacement schedule of important assets such as vehicles and software systems.

Models will include an analysis of historical, current, and future year's financial environment, revenue, operating and capital expenditures, and debt positions. The financial model will be updated as needed to provide direction to the budget process and other fiscal decision-making actions of the City Council.

## **10.0 AUDITING, ACCOUNTING & INTERNAL CONTROL**

The City of Snoqualmie will establish and maintain a high standard of accounting practices and procedures. Accounting standards will reflect best practices recommended by the Government Finance Officers Association (GFOA) and chart of accounts required by the Washington Office of the State Auditor (SAO) BARS manual.

After each fiscal year, the City will prepare a Annual Financial Report and the Washington SAO will conduct an audit of the City financial transactions, contract management and internal control.

### **10.1 Internal Control**

The City Council, Mayor and Administration are responsible for ensuring and maintaining a system of internal control to safeguard its assets against loss, check the accuracy and reliability of its accounting data, promote operational efficiency, and encourage adherence to prescribed financial procedures.

Council will adopt financial management policy and communicate with the State Auditor's Office as part of the annual financial audit entrance and exit conferences.

The Finance Director shall develop internal control processes to ensure and maintain a strong internal control function. Periodic updates and new recommended practices set forward by the SAO and GFOA are communicated and addressed with the City Council. Any weakness in internal control and accounting procedures shall be addressed immediately by the Mayor, City Administrator or Finance Director so a timeline to remedy improvement can be established.

### **10.2 Accounting Write-offs**

The Finance Director shall make every effort to collect all receivables owed to the City and will comply with Ch. 4.16 RCW regarding collection actions by local governments. The following is criteria that must be met before a receivable is allowed for write-off:

- Standardized collection procedures have been exhausted.
- A determination has been made that the debt is uncollectible or that further measures to collect the debt are inappropriate and deemed to exceed the cost of collection.
- The characteristics of the debt are such that write-off is appropriate - If funds are uncollectible, the Finance Director should determine for write offs to an individual bad debt expenditure up to \$5,000 up to an aggregate annual amount of \$50,000. City Council approval is required for balances above the annual threshold and must accompany the write off to the bad debt expenditure.

- The reason for the write-off is documented adequately and is made available for audit.

### **10.3 Petty Cash and Bank Account Controls**

The Finance Director shall establish processes for control and handling of petty cash funds, which include investigative buy funds. The Finance Director will oversee and manage all City of Snoqualmie Banking Accounts such as Imprest accounts, Claims accounts, and Payroll accounts. Bank accounts will be reconciled monthly.

### **10.4 Inventory of Small and Attractive Items**

Operating departments shall be responsible for conducting regular inventory of their small and attractive items as defined by State Law. and submit a physical inventory to the Finance Director.

### **10.5 Surplus Assets**

The mayor should administratively surplus non-public utility office equipment, computer equipment, small tools, computer software and minor equipment with a value of less than \$5,000. Titled vehicles, real property, and any City property with a value of greater than \$5,000 will be surplused by the City Council by resolution.

#### **10.5.1 Surplus or Inter-Governmental Disposition of Public Utility Assets**

As per Ch. 35.94.040 RCW, titled vehicles, real property, and equipment originally acquired for public utility purposes and which are no longer required for providing continued public utility service should be surplused after a public hearing and subsequent City Council resolution.

## **11.0 RISK MANAGEMENT**

The City should periodically review its insurance options and coverage for each risk or hazard and medical options to determine whether it is most cost effective to purchase commercial insurance, to fund a self-insurance program or to participate in a “pooled” self-insurance program with other jurisdictions. Such a determination should consider the long-term financial obligations of such a decision as well as the regular fluctuations in commercial insurance markets. Where the City decides to self-insure a risk, the City shall fully fund the expected costs of those risks through actuarial or other professional estimates of those costs.

## **FINANCIAL MANAGEMENT POLICY ADOPTION**

The City of Snoqualmie Financial Management Policy shall be adopted and amended by action of the City Council. The Snoqualmie City Council shall review the policy periodically and any modifications made thereto must be approved by the City Council.

### **Policy Adopted on: June 10, 2024**

This policy replaces separate, previously adopted policies and/or procedures regarding revenue management, procurement and contract management, fund reserves, purchasing or commercial credit cards, asset management policies or any other policy regarding financial management and financial procedures. Snoqualmie Municipal Code should be repealed or updated accordingly.

## A7: Department Presentations





# 2025-2026 Biennial Budget Department Review



## Fire & Emergency Management

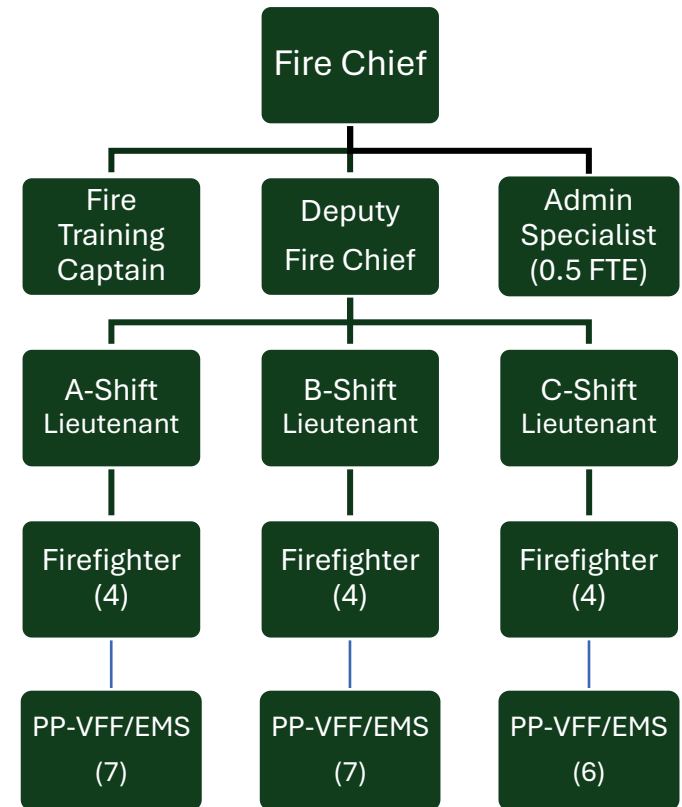
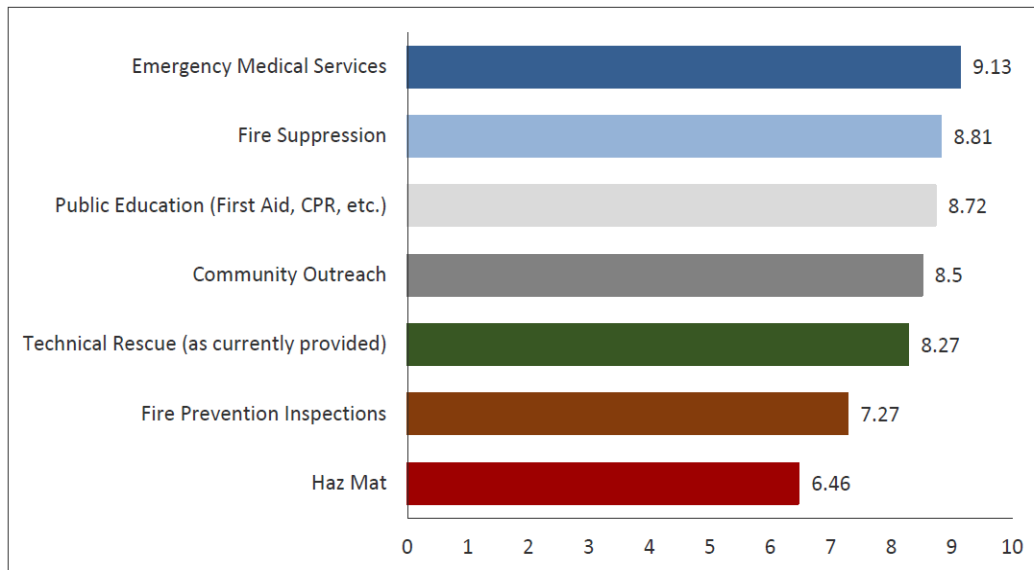


September 16, 2024

# Department Overview

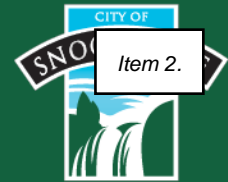


**Mission** - The Fire & Emergency Management Department is committed to providing superior community-based preparedness and emergency services in a timely and professional manner. Members of the Department, both professional and volunteer, work hard to safeguard life, whether through proactive planning, risk mitigation, or the prompt response of an elite and well-trained crew.



***FTE: 18.5 FTE + 20 Part-Paid Volunteer EMS / Firefighters***

# 2023-2024 Biennium Department Accomplishments



- Responded to 1,572 incidents (2<sup>nd</sup> highest in department history)
- Trained over 6,697 hours in 2023 (54% increase from 2022)
- Re-Accredited through CFAI for period of 2024-2029
- Re-signed contract with Echo Glen for Services
- Received Washington State Rating Bureau (WSRB) rating classification of 4
- Creating new Strategic Plan for the fire department (in progress. Set to be completed Dec 2024)
- Hired and trained five firefighters to fill vacancies
- Created a new marking and tracking system for hydrants
- Restarted the CERT training program and the SECAST Group
- Updating and re-configuring the EOC radio communications
- Updating Community Emergency Management Plan (CEMP). Currently in progress

## FIRE PERFORMANCE

### SAVE CALCULATION

(WHAT WAS AT RISK – WHAT WAS LOST = WHAT WAS SAVED)

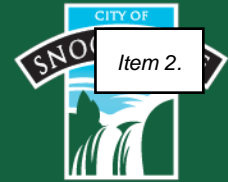
\$5,671,701- \$223,300 = \$4,793,501

### PERFORMANCE CALCULATION

(SAVED / RISK / SAVE PERCENTAGE)

\$4,793,501 / \$5,671,701= 84.5%

# 2025-2026 Biennial Budget



## Fire & Emergency Management Functional Classification (#001):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 4,256,992	\$ 4,785,749	49.0%	12.4%
<i>Employee Benefits</i>	\$ 1,523,781	\$ 1,703,856	17.4%	11.8%
<i>Supplies</i>	\$ 294,365	\$ 323,870	3.3%	10.0%
<i>Services</i>	\$ 2,343,313	\$ 2,862,384	29.3%	22.2%
<i>Capital Outlays</i>	\$ -	\$ 100,000	1.0%	0.0%
<b>Total Uses =</b>	<b>\$ 8,418,451</b>	<b>\$ 9,775,859</b>		<b>16.1%</b>

- **Major Changes/Additions:**

- Adding 3 Firefighters to reduce the amount of mandatory overtime required and the amount of burnout experienced by existing employees.
- Reduced overtime budget to account for increase in firefighter FTE's
- Increased training and protective equipment budget to account for new fire fighter positions
- Added \$100,000 for to purchase, equip, and maintain a Type 6 wildland brush truck
- Increased volunteer budget
- Added funding for ReadyRebound injury services

# 2025-2026 Biennium Department Outlook/Work Plan



- Maintain Accredited Status
- Hire, equip, and train three additional firefighters
- Start wildland/urban interface program
  - Research and purchase vehicle
  - Train entire department as red card (wildland FF certification)
  - Prepare department to participate in wildland mobilizations
- Implement new strategic plan
- Continue work to upgrade communication equipment in EOC
- Add additional volunteers (budgeted for 20)
- Create new response plans and guidelines to best utilize new firefighter and volunteer positions, and to increase unit availability within Snoqualmie







# Firefighter Justification



# Problem



## Overtime totals

Year	Misc OT	Shift OT	Mandatory OT	Total OT
2021	437	3827	540	4804
2022	564	4592	980	6136
2023	483	3990	1744	6217

### Effect of increased OT

- Costs
- Mental health/burnout
- Home/Work balance
- Retention
- Safety

### Mandatory OT

- Needed to maintain min staffing levels (3)
- Forced to work
  - Cancelled time off
  - Effects family
  - Mental strain on FF's

## Add an additional 3 FTE

- Funded through decrease in OT budget and assuming 5% vacancy rate for budgeted FTE across city departments
- Would provide for 5 personnel on each shift (1Ofc, 4FF)
  - Majority of daily staffing would be at 4 (would always be someone off on contractual day off)
  - Provides for 1 additional firefighter above minimum.
  - Can absorb unplanned vacancies without needing OT

# Additional Benefits



- Unit Reliability
  - Ability to split crew when transporting
    - With 4 on
      - 2 can transport, 2 can stay behind for subsequent aid call
    - With 5 on (augmented by volunteers)
      - Could have both engine and aid car available
      - Aid car transports (1 career with 1 or 2 vol)
      - Engine able to stay available in city with full staffing of 3 firefighters



# Wildland Brush Truck Justification



# Examples of Rigs Available



\$50,000 2003 F-550 50,000 miles



\$67,500 2006 F-450 46,000 miles



\$70,000 2009 F-550 79,260 miles



\$37,500 2007 F-550 48,500 miles





# Basic Needs/Requirements

- F-450 or higher
- 4-wheel drive
- Towing package
- Cab configuration for min 3 personnel
- Less than 100,000 miles
- On-board water tank
- Pump and Roll Capability
- On-board storage space



# Benefits



- Wildland Responses
  - Can be used for brush fire responses in the city
  - More nimble and can reach areas inaccessible to larger vehicles
  - Cross-staffed with engine and aid car (utilizing on-duty crew)
  - Quick response
  - More efficient hose lays
- Inclement Weather
  - 4x4 vehicle
  - Could be fitted with a plow



# Benefits continued



- Training and Experience
  - Crews gain valuable experience that can be applied to fires in Snoqualmie
  - Allow crews to train on own vehicle and with specialized equipment instead of relying on mutual aid partners
- Accreditation
  - Starting wildland program was recommendation that came out of most recent accreditation

# Benefits continued



- Equipment
  - Can carry more appropriate and specialized equipment not on structural engines
  - Flexibility for towing as adds another vehicle hitch to the fleet (SECAST Trailer, Boat Trailer)
- Entry-level
  - Low initial cost
  - Maintaining and servicing vehicle part of \$100,000
    - Wouldn't be on replacement cycle
  - Allows flexibility to find vehicle that fits our needs

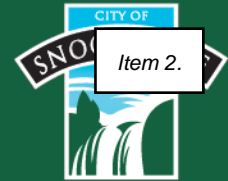


# **2025-2026 Biennial Budget Department Review**



**September 16, 2024**

# Department Overview



## Mission

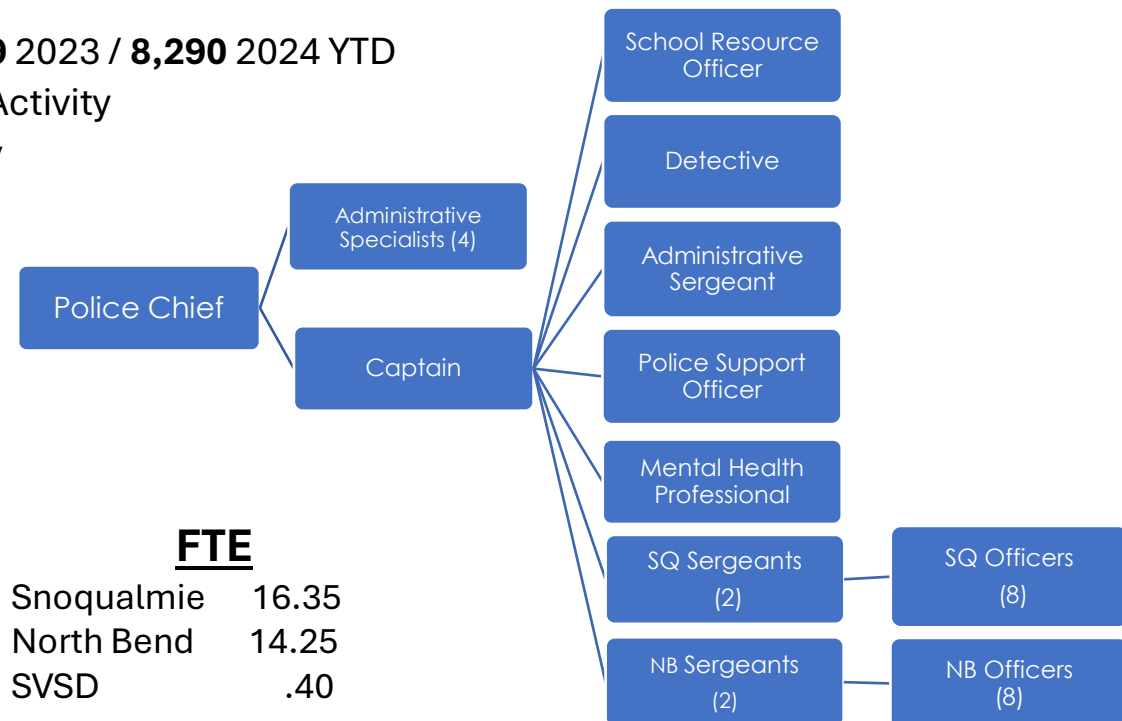
Snoqualmie Police Department is committed to service, professionalism, teamwork, and making a positive impact at every opportunity. We believe our greatest measure of success is the high level of trust and strong relationship that we have within our community.

## Core Functions

- Respond to Calls for Service – **12,249** 2023 / **8,290** 2024 YTD
- Proactive Patrol to Prevent Criminal Activity
- Identify Criminal Offenders & Activity
- Apprehend Criminal Offenders
- Protect Constitutional Guarantees
- Resolve Conflict

## Core Values

- Integrity
- Commitment to Employees
- Community Partnership
- Community Sensitive Policing
- Professionalism



	<u>FTE</u>
Snoqualmie	16.35
North Bend	14.25
SVSD	.40

# 2023-2024 Biennium

## Department Accomplishments



- Maintained High Level of Public Safety
- Continued Low Level of Violent Crime
- Hired 11 Officers (Doucett, Peter, Sanchez, Bostick, Rasmussen, Hoyla, Natkha, Westman, Schannauer, Losvar, Yang)
- Hired Captain (Horejsi)
- Established an Administrative Sergeant (Sgt. Weiss)
- Maintained Level of Service with Reduced Staffing
- Maintained Operations Support with Reduced Staffing
- Mental Health Professional Program Fully Implemented
- Opened North Bend Annex at the Outlet Mall
- Created Peer Support Team
- Maintained Budget Integrity Throughout



# 2025-2026 Biennial Budget



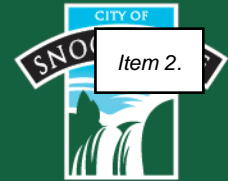
## Police (Snoqualmie) Functional Classification (#001):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 4,654,491	\$ 4,121,068	41.1%	-11.5%
<i>Employee Benefits</i>	\$ 1,646,467	\$ 1,708,674	17.0%	3.8%
<i>Supplies</i>	\$ 377,900	\$ 337,934	3.4%	-10.6%
<i>Services</i>	\$ 4,001,461	\$ 3,856,685	38.5%	-3.6%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 10,680,319</b>	<b>\$ 10,024,361</b>		<b>-6.1%</b>

### • Major Changes/Additions:

- Power DMS Programs:
  - Moving away from paper to a web-based computer platform for tracking of Use of Force Incidents, Vehicle Pursuit Incidents, Field Training Program, and Accreditation
- Firearms and Taser Program Upgrades:
  - Department's Firearms and Tasers are at the end of their service life and will need to be replaced

# 2025-2026 Biennial Budget



## North Bend Police Services Fund (#014):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 244,924</b>	<b>\$ 37,788</b>		
<b>Sources</b>				
<i>Intergovernmental Revenues</i>	\$ 37,500	\$ -	0.0%	-100.0%
<i>Charges for Goods &amp; Services</i>	\$ 4,995,282	\$ 8,321,000	100.0%	66.6%
<i>Miscellaneous Revenues</i>	\$ 3,700	\$ 3,330	0.0%	-10.0%
<b>Total Sources =</b>	<b>\$ 5,036,482</b>	<b>\$ 8,324,330</b>		<b>65.3%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 2,916,525	\$ 3,676,102	44.2%	26.0%
<i>Employee Benefits</i>	\$ 1,174,555	\$ 1,340,956	16.1%	14.2%
<i>Supplies</i>	\$ 158,400	\$ 231,342	2.8%	46.0%
<i>Services</i>	\$ 989,426	\$ 3,108,759	37.3%	214.2%
<b>Total Uses =</b>	<b>\$ 5,238,906</b>	<b>\$ 8,357,159</b>		<b>59.5%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (202,424)</b>	<b>\$ (32,829)</b>		
<b>Ending Fund Balance</b>	<b>\$ 42,500</b>	<b>\$ 4,959</b>		

# 2025-2026 Biennium Department Outlook/Work Plan



- LEMAP and Accreditation Projects
- Employee Retention & Hiring
- Enhanced Traffic Emphasis Capabilities – Radar Trailer
- Mental Health Co-Responder Program Expansion
- Enhanced Camera Capabilities (LPR)
- Critical Incident Tactical Equipment
- Investment in Community Events
- Learning Organization

“Our Community - Our Commitment”  
with the guiding principle and philosophy of service as  
“No Call Too Small”





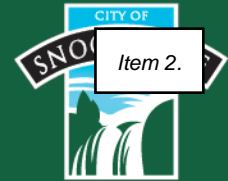


# **2025-2026 Biennial Budget Department Review**

## **Community Development**

**September 16, 2024**

# Department Overview

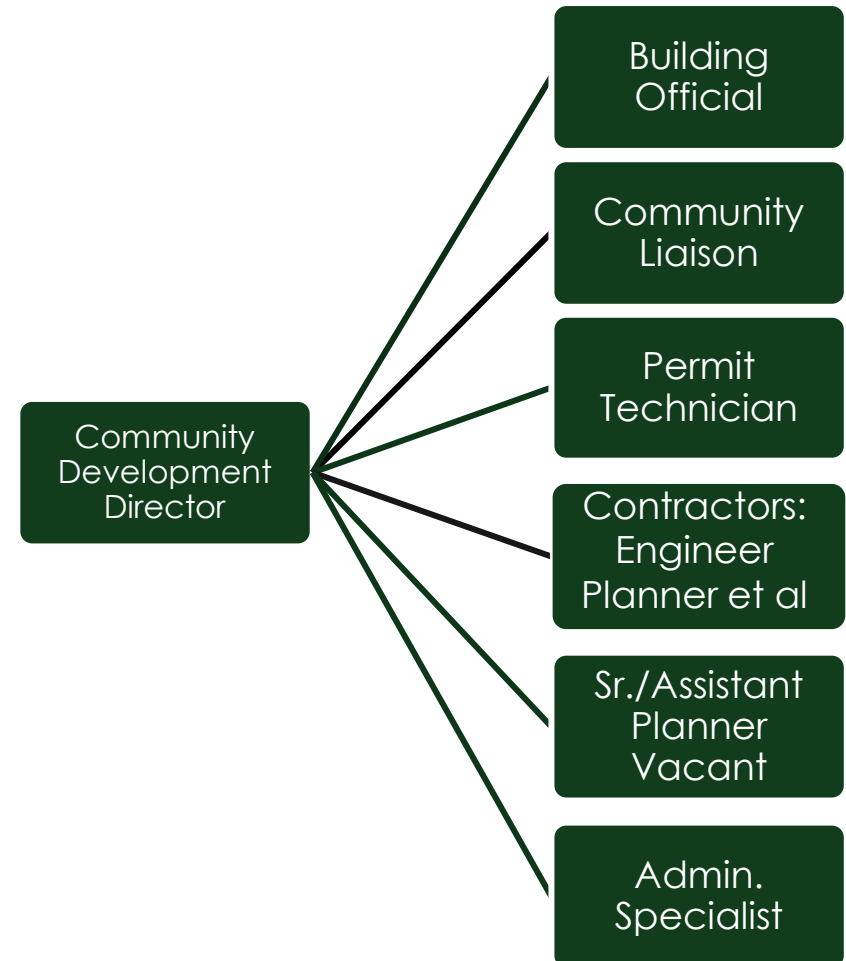


## Mission

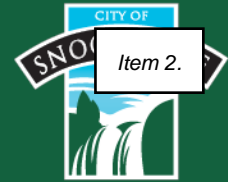
The Community Development Department implements smart growth principles through sustainable city planning, proactive local and regional administration, and balanced economic development.

## Core Functions

- Community Events and Outreach
- Long-Range and Current Planning
- Civil and Stormwater Engineering,
- Building Permit Review/Inspections, Code Enforcement, Fire Marshal
- Economic Development and Tourism,
- Climate Change, Meadowbrook Farm Preservation, Floodplain and Shoreline Management
- Growth Management



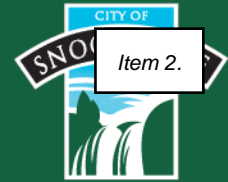
# 2023-2024 Biennium Department Accomplishments



- Tourism Website, Visit Snoqualmie
- Adoption of 2021 Building Code
- Comprehensive Plan Approvals
- GMA Housing Studies
- FEMA Recertifications
- Meadowbrook Farm Legislation
- Residential Targeted Area
- Awarded/Received: Over 4 Million in Grants
- Community Engagement



# 2025-2026 Biennial Budget



## Community Development Functional Classification (#001):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
Salaries & Wages	\$ 1,952,870	\$ 1,388,011	31.1%	-28.9%
Employee Benefits	\$ 890,909	\$ 573,563	12.8%	-35.6%
Supplies	\$ 36,314	\$ 37,213	0.8%	2.5%
Services	\$ 1,900,024	\$ 2,468,414	55.3%	29.9%
Capital Outlays	\$ -	\$ -	0.0%	0.0%
Transfers Out	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 4,780,118</b>	<b>\$ 4,467,201</b>		<b>-6.5%</b>

- **Major Changes/Additions:**

- Service Changes:

- Consultants will help to meet several challenges over the next two years including code integrations and business park expansion.



# 2025-2026 Biennium Department Outlook/Work Plan



- Integration of Development Code
- Maintain Community Rating System
- Lower CRS Classification
- Continued River Trail Acquisitions
- Home Elevation
- Tourism/Business Expansions
- Major Permitting
- Permitting Systems
- Code Enforcement
- Community Engagement





# **2025-2026 Biennial Budget Department Overview**

## **Parks & Public Works: Engineering**

**September 17, 2024**

# Division Overview

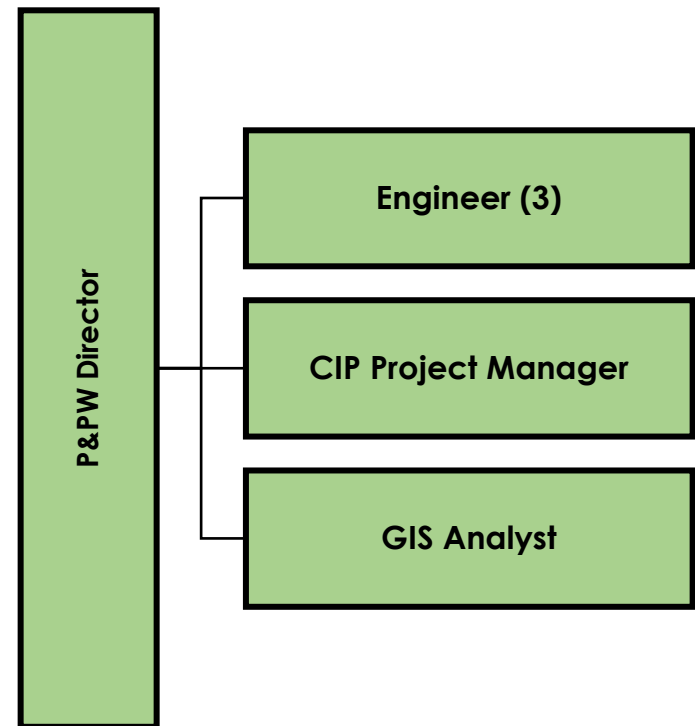


## Mission

The Non-Utilities Capital Fund is used for the acquisition or improvement of long-term park, transportation, and facility infrastructure (useful life greater than one year over the biennium).

The Utilities Capital Fund appropriates funds for the acquisition or improvement of long-term utility (water, sewer, and stormwater) infrastructure (useful life greater than one year over the biennium).

On July 8, 2024, Council adopted the 2025-2030 Non-Utility Capital Improvement Plan (CIP). The 2025-2026 budget represents the first Biennial term in the CIP schedule. The 2025-2030 Utilities CIP is anticipated to be adopted in November of 2024.



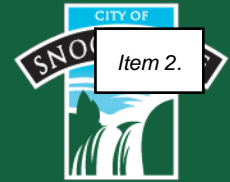
# 2023-2024 Biennium Division Accomplishments



- Water Reclamation Facility – Phase III (2024 Construction Underway)
- 384<sup>th</sup> St Sewer / Sidewalk Improvements (2024 Construction Underway)
- Kimball Creek Bridges Restoration (2024 Construction Underway)
- Centennial All-Inclusive Playground (2024)
- Community Center Design-Build – Phase 1 Design (2024)
- Sandy Cove Park Riverbank Stabilization – Phase 1 (2023)
- Snoqualmie Parkway Pavement Rehabilitation (2023)
- Lift Stations 1 and 2 Facilities and Force Main Improvements (2023)
- Williams Addition Water Main Replacement (2023)



# 2023-2024 Biennium Division Accomplishments



Snoqualmie Parkway Restoration



Centennial Fields All-Inclusive Playground



WRF 3 – In progress



# 2023-2024 Biennium Division Accomplishments



Kimball Creek Bridge Replacements – In Progress

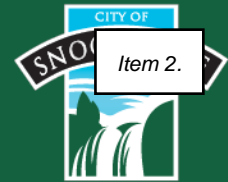


Sandy Cove Bank Stabilization – Phase 1



384<sup>th</sup> Sewer Main/Sidewalk

# 2025-2026 Biennial Budget: Non-Utilities Capital



## Non-Utilities Capital Fund (#310):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 20,100,000</b>	<b>\$ 20,095,791</b>		
<b>Sources</b>				
Taxes	\$ 5,445,154	\$ 6,809,000	34.8%	25.0%
Intergovernmental Revenues	\$ 12,974,950	\$ 9,901,208	50.7%	-23.7%
Miscellaneous Revenues	\$ 515,246	\$ 2,334,000	11.9%	353.0%
Other Increases in Resources	\$ 2,500,000	\$ 500,000	2.6%	-80.0%
<b>Total Sources =</b>	<b>\$ 21,435,350</b>	<b>\$ 19,544,208</b>		<b>-8.8%</b>
<b>Uses</b>				
Salaries & Wages	\$ 496,345	\$ 654,617	1.8%	31.9%
Employee Benefits	\$ 199,659	\$ 266,910	0.7%	33.7%
Supplies	\$ -	\$ -	0.0%	0.0%
Services	\$ 11,038,994	\$ 2,030,544	5.4%	-81.6%
Capital Outlays	\$ 27,745,208	\$ 34,149,134	91.5%	23.1%
Debt Service	\$ 174,000	\$ 174,000	0.5%	0.0%
Transfers Out	\$ 57,992	\$ 40,770	0.1%	-29.7%
<b>Total Uses =</b>	<b>\$ 39,712,198</b>	<b>\$ 37,315,975</b>		<b>-6.0%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (18,276,848)</b>	<b>\$ (17,771,767)</b>		
<b>Ending Fund Balance</b>	<b>\$ 1,823,152</b>	<b>\$ 2,324,024</b>		

# 2025-2026 Biennial Budget: Utilities Capital



## Utilities Capital Fund (#417):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 19,400,000</b>	<b>\$ 4,015,287</b>		
<b>Sources</b>				
Intergovernmental Revenues	\$ 1,884,000	\$ -	0.0%	-100.0%
Miscellaneous Revenues	\$ 10,174,089	\$ 1,988,201	10.0%	-80.5%
Transfers In	\$ 13,217,438	\$ 17,956,768	90.0%	35.9%
<b>Total Sources =</b>	<b>\$ 25,275,527</b>	<b>\$ 19,944,969</b>		<b>-21.1%</b>
<b>Uses</b>				
Salaries & Wages	\$ 863,444	\$ 766,691	4.1%	-11.2%
Employee Benefits	\$ 337,852	\$ 329,892	1.8%	-2.4%
Supplies	\$ -	\$ -	0.0%	0.0%
Services	\$ 6,965,275	\$ 1,637,303	8.7%	-76.5%
Capital Outlays	\$ 16,519,275	\$ 11,237,529	59.8%	-32.0%
Debt Service	\$ 4,817,000	\$ 4,823,800	25.7%	0.1%
Transfers Out	\$ 211,096	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 29,713,942</b>	<b>\$ 18,795,215</b>		<b>-36.7%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (4,438,415)</b>	<b>\$ 1,149,754</b>		
<b>Ending Fund Balance</b>	<b>\$ 14,961,586</b>	<b>\$ 5,165,041</b>		

# 2025-2026 Biennium Division Outlook/Work Plan



- In 2025, the Parks & Public Works Engineering Division will be updating Department policies, procedures, training and filing systems to improve performance tracking. Engineering will also integrate with implementation of the Tyler Asset Management System, beginning Q4 2024.
- Completion of Water Reclamation Facility – Phase III Project (2025)
- Source of Supply Improvement Project – Pilot Study (2025)
- River Trail Phase I and Sandy Cove Bank Stabilization Projects (2025)
- Community Park Splashpad Project & Community Center Expansion (2026)
- Reclaimed Water Reservoir and Irrigation Pump Station (2026)
- Railroad Crossing Improvements (2026)



# 2025-2026 Biennial Budget Programs and Studies



## Ongoing Programs

- Sidewalk Maintenance Program
- Pavement Management Program
- ADA Transition Program
- NPDES Stormwater and Wastewater Programs
- Solid Waste Contract
- Parks replacement, Sport Court Replacements, Parks Facilities, Park Parking lots Programs

## Studies

- Parks, Recreation, Open Space and Trails (PROST) Plan (implementation)
- Wastewater Discharge Mixing Zone Study
- Meadowbrook Bridge Repair and Rehab
- Snoqualmie River Utility Corridor Crossing

# 2025-2026 Biennial Budget Programs and Studies



**nhc** **RH2**

**Stormwater Management Action Plan - City of Snoqualmie**

Prepared by:  
Northwest Hydraulic Consultants Inc.  
22000 Highway 200 S.  
Burien, WA 98148  
Tel: (206) 445-0400  
www.nhc.com

Prepared for:  
City of Snoqualmie  
2000 N. 2nd Street  
PO Box 100  
Snoqualmie, WA 98065

Prepared by:  
RH2 Engineering, Inc.  
2000 N. 2nd Street, Suite 100  
Snoqualmie, WA 98065  
Tel: (206) 724-0000  
www.rh2.com

March 28, 2023  
Final Report  
NHC Reference: 2023032



City of Snoqualmie  
Americans With Disabilities Act (ADA)  
Transition Plan for the Public Right-of-Way



Snoqualmie, WA  
October 2023

Prepared by  
**Transportation Solutions**  
INNOVATIVE | PRACTICAL | EQUITABLE



Parks Replacement Program



Sidewalk Replacement Program

**PRELIMINARY - CITY REVIEW ONLY**

**AGENCY REVIEW DRAFT: AUGUST 2021**

**City of Snoqualmie**  
**WATER SYSTEM PLAN**

**JULY 2021**  
**FINAL JULY 2022**

**City of Snoqualmie**  
**GENERAL SEWER PLAN**

PREPARED BY RH2 ENGINEERING AND  
Michelle Campbell, PE, Project Manager

PREPARED BY RH2 ENGINEERING  
Kenny Gomez, PE, Project Manager

**RH2**

City of Snoqualmie 2025-2030 Five-Year Transportation Improvement Program (TIP) (DRAFT FROM 6/1/2024)									
Project or Program Name	Year	Start	End	Priority	Project Cost	Federal Share	State Share	Local Share	Total
Small Roadway Program	2025	2025	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2026	2026	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2027	2027	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2028	2028	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2029	2029	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2030	2030	2030	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2031	2031	2031	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2032	2032	2032	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2033	2033	2033	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2034	2034	2034	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2035	2035	2035	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2036	2036	2036	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2037	2037	2037	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2038	2038	2038	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2039	2039	2039	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2040	2040	2040	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2041	2041	2041	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2042	2042	2042	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2043	2043	2043	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2044	2044	2044	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2045	2045	2045	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2046	2046	2046	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2047	2047	2047	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2048	2048	2048	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2049	2049	2049	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2050	2050	2050	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2051	2051	2051	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2052	2052	2052	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2053	2053	2053	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2054	2054	2054	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2055	2055	2055	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2056	2056	2056	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2057	2057	2057	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2058	2058	2058	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2059	2059	2059	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2060	2060	2060	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2061	2061	2061	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2062	2062	2062	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2063	2063	2063	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2064	2064	2064	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2065	2065	2065	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2066	2066	2066	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2067	2067	2067	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2068	2068	2068	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2069	2069	2069	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2070	2070	2070	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2071	2071	2071	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2072	2072	2072	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2073	2073	2073	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2074	2074	2074	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2075	2075	2075	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2076	2076	2076	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2077	2077	2077	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2078	2078	2078	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2079	2079	2079	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2080	2080	2080	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2081	2081	2081	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2082	2082	2082	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2083	2083	2083	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2084	2084	2084	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2085	2085	2085	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2086	2086	2086	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2087	2087	2087	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2088	2088	2088	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2089	2089	2089	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2090	2090	2090	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2091	2091	2091	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2092	2092	2092	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2093	2093	2093	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2094	2094	2094	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2095	2095	2095	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2096	2096	2096	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2097	2097	2097	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2098	2098	2098	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2099	2099	2099	1	1,000,000	NA	1	1	1,000,000
Small Roadway Program	2100	2100	2100	1	1,000,000	NA	1	1	1,000,000



Urban Forestry Improvements Program



Street Resurfacing Program

\*Studies and plans



# **2025-2026 Biennial Budget Department Overview**

## **Parks & Public Works: Parks & Streets**

**September 17, 2024**



# Division Overview: Parks

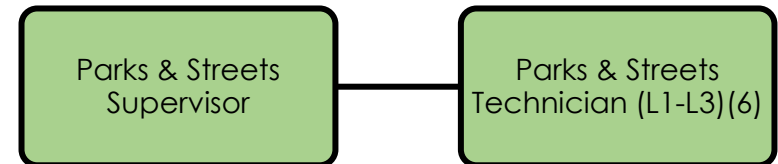


## Mission

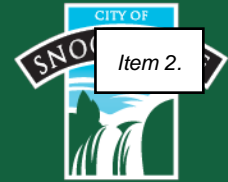
The Parks Division provides maintenance activities supporting safe, welcoming, and attractive experiences for users of playgrounds, sport courts, athletic fields, trails, and special events.

## Core Services:

- Maintain grass turf, beds, shrubs, and ground cover at parks and other rights-of-way
- Maintain park and other athletic field structures
- Pick up leaves during the fall
- Conduct pre-emergent work in parks as necessary in order to mitigate probable future issues
- Maintain the paved trail system
- Maintain and rent out park structures and shelters
- Assist with other City functions as needed such as events set-up and the holiday lighting of trees or in times of an emergency such as during snow events.



# Division Overview: Streets



## Mission

The Streets Division provides the maintenance necessary to sustain a transportation system that keeps Snoqualmie and its neighborhoods connected. With more than 40 lane-miles of road and adjacent sidewalk, the Division ensures that important destinations are accessible by all modes of travel.

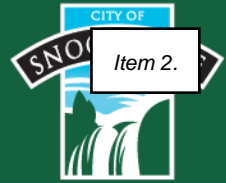
## Core Services:

- Maintain the condition, safety, and visibility of roads and pavements
- Maintain landscaped medians, bioswales, and roadsides
- Repair and replace damaged and faded signage; install new signage including traffic and wayfinding signs.
- Inspect bridges and other vital transportation structures for deterioration and design solutions to mitigate wear
- Oversee the condition, functionality, and luminance of streetlights
- Oversee the condition, functionality, and synchronicity of traffic control
- Work to keep the transportation network operating during snow events with the de-icing and snow plowing of roads
- Sweep the streets regularly to remove loose debris and to protect the stormwater system

Parks & Streets  
Supervisor

Parks & Streets  
Technician (L1-L3)(6)

# 2023-2024 Biennium Parks Division Accomplishments



- Azalea Park- rebuild of picnic shelter after fire
- Carmichael Park- Rehabilitation of baseball field
- Reestablished parks mow crew
- New all-inclusive Parks at Centennial and Riverview Park (CIP Projects)
- Refurbished Center Street Electrical System



# 2023-2024 Biennium Streets Division Accomplishments



- Implemented sidewalk repair program
- Managed snow and ice clearing through snowfall events
- Implemented in-house parking lot striping program
- Replaced many worn and missing signs



# 2025-2026 Biennial Budget



## Parks & Streets Maintenance Functional Classification (#001):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,497,968	\$ 1,744,509	26.6%	16.5%
<i>Employee Benefits</i>	\$ 706,987	\$ 704,562	10.7%	-0.3%
<i>Supplies</i>	\$ 690,686	\$ 611,645	9.3%	-11.4%
<i>Services</i>	\$ 3,003,605	\$ 3,484,201	53.1%	16.0%
<i>Capital Outlays</i>	\$ 9,050	\$ 21,408	0.3%	136.6%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 5,908,296</b>	<b>\$ 6,566,325</b>		<b>11.1%</b>



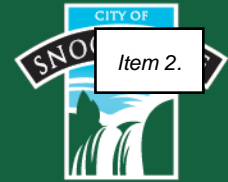
# 2025-2026 Biennium Parks Division Work Plan



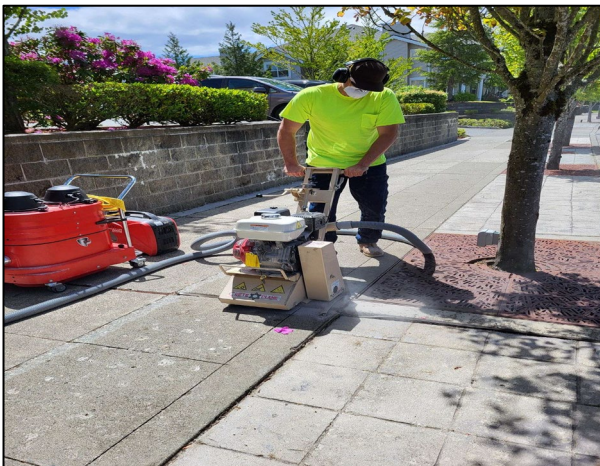
- Implement initiatives from Parks, Recreation, Open Space, and Trails plan
- Sports court refurbishing
- Replace aging and failed split-rail fence
- Address deferred maintenance in mini-Parks due to aging infrastructure
- Repair damaged walking path around the Bog at Community Park
- Utilize Tyler/Munis Enterprise Asset Management (EAM) system to generate and track work orders for division operations.



# 2025-2026 Biennium Streets Division Work Plan



- Continue to maintain streets in a safe and efficient manner to support all modes of transportation
- Formalize street sign inventory and replacement schedule
- Reestablish alleyway maintenance program
- Continue sidewalk repair program
- Utilize Tyler/Munis Enterprise Asset Management (EAM) system to generate and track work orders for division operations.





# **2025-2026 Biennial Budget Department Overview**

## **Parks & Public Works: Fleet & Facilities**

**September 17, 2024**

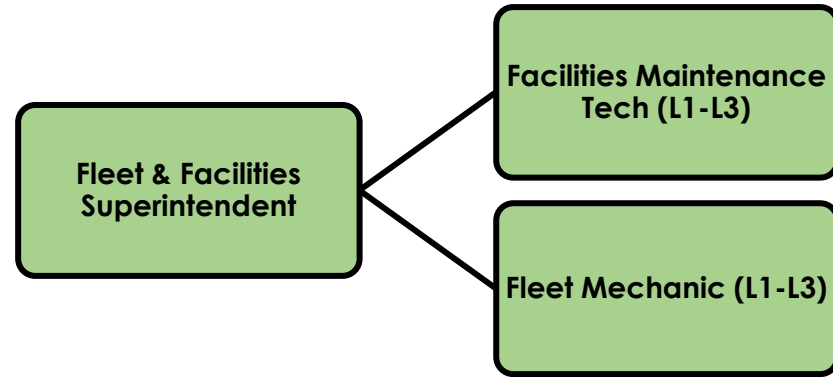


# Division Overview: Fleet



## Mission

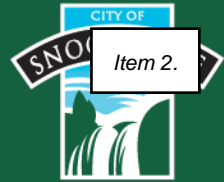
The Fleet & Facilities Division maintains a “keep the City moving” commitment by providing safe and operable equipment at the lowest possible cost per mile.



## Core Functions

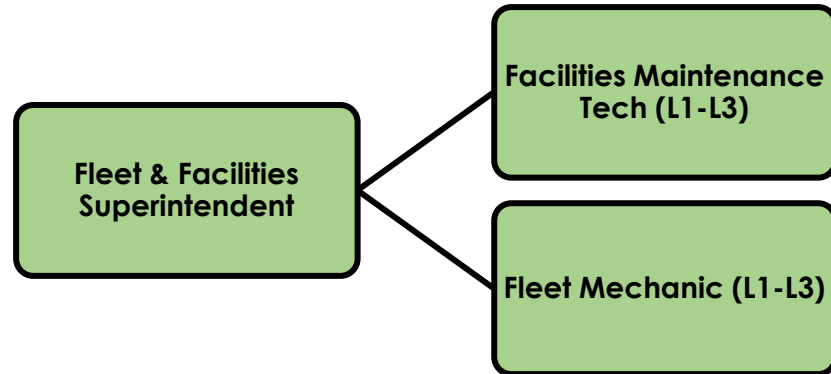
- Manage approximately \$13.8 million dollars' worth of City assets
- Maintain and replenish the inventory of high use parts on an as-needed basis.
- Manage and procure the replacement of all City vehicles and equipment.
- Manage the registration and insurance for all City vehicles and equipment.
- Support the City Clerk in repair or replacement due to accidents.
- Outsource specialty vehicles and equipment for repair and maintenance

# Division Overview: Facilities



## Mission

The Fleet & Facilities Division also provides the management, repair, and maintenance necessary to keep 5 municipal buildings and their grounds in excellent condition.



## Core Functions

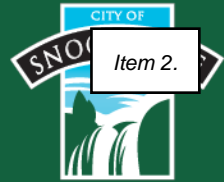
- Maintain the interior condition and functionality of buildings.
- Repair mechanical or electrical components.
- Maintain and inspect the outside of buildings for foundation, siding, roof, gutter, fence, lighting, and other issues.
- Work to move heavy pieces of equipment, furniture, etc. in and out of buildings.
- Work with the Information Technology Department to secure buildings.
- Maintain landscaped grounds through mowing, edging, weeding, trimming, etc.
- Respond to requests from staff.

# 2023-2024 Biennium Division Accomplishments



- Managed over 125 vehicles and equipment, ensuring multiple City departments can respond to calls for service through strict preventative maintenance and proper replacement management.
- Fleet fiscal year (biennium) runs from June 15<sup>th</sup> to June 15<sup>th</sup> to provide real data to the city budget process.
- Total miles driven: 917,577
- Purchased 12 new vehicles and decommissioned/surplussed 7 vehicles during the Biennium to date, along with 1,423 completed repair and service requests.
- Fleet is certified 3 star by Evergreen Fleet, meeting environmental and air quality criteria set by Evergreen Fleet Council.

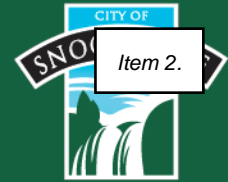
# 2023-2024 Biennium Division Accomplishments



- Facilities managed over 60,000 square feet of City buildings, maximizing the use of space to keep employees productive and accessible to visitors.
- Took the necessary preventative actions to ensure that each building will reach or exceed its anticipated useful life.



# 2025-2026 Biennial Budget



## Equipment Replacement & Repair Fund (#501):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 2,384,697</b>	<b>\$ 2,934,654</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 2,993,346	\$ 2,758,501	50.0%	-7.8%
<i>Miscellaneous Revenues</i>	\$ 79,580	\$ 2,173,325	39.4%	2631.0%
<i>Other Increases in Resources</i>	\$ 140,000	\$ 190,000	3.4%	35.7%
<i>Transfers In</i>	\$ 514,388	\$ 390,000	7.1%	-24.2%
<b>Total Sources =</b>	<b>\$ 3,727,314</b>	<b>\$ 5,511,826</b>		<b>47.9%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 413,008	\$ 603,334	9.6%	46.1%
<i>Employee Benefits</i>	\$ 170,272	\$ 244,046	3.9%	43.3%
<i>Supplies</i>	\$ 823,130	\$ 812,060	13.0%	-1.3%
<i>Services</i>	\$ 505,489	\$ 1,110,822	17.8%	119.8%
<i>Capital Outlays</i>	\$ 1,744,225	\$ 3,483,949	55.7%	99.7%
<b>Total Uses =</b>	<b>\$ 3,656,124</b>	<b>\$ 6,254,211</b>		<b>71.1%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ 71,190</b>	<b>\$ (742,385)</b>		
<b>Ending Fund Balance</b>	<b>\$ 2,455,887</b>	<b>\$ 2,192,269</b>		

# 2025-2026 Biennial Budget



## Facilities Maintenance Fund (#510):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 711,374</b>	<b>\$ 194,755</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 1,651,677	\$ 1,590,913	99.6%	-3.7%
<i>Miscellaneous Revenues</i>	\$ 16,413	\$ 6,500	0.4%	-60.4%
<b>Total Sources =</b>	<b>\$ 1,668,090</b>	<b>\$ 1,597,413</b>		<b>-4.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 363,930	\$ 360,084	22.8%	-1.1%
<i>Employee Benefits</i>	\$ 164,851	\$ 154,550	9.8%	-6.2%
<i>Supplies</i>	\$ 109,629	\$ 111,650	7.1%	1.8%
<i>Services</i>	\$ 818,786	\$ 955,543	60.4%	16.7%
<i>Capital Outlays</i>	\$ 207,000	\$ -	0.0%	-100.0%
<i>Transfers Out</i>	\$ 514,388	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 2,178,584</b>	<b>\$ 1,581,827</b>		<b>-27.4%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (510,494)</b>	<b>\$ 15,586</b>		
<b>Ending Fund Balance</b>	<b>\$ 194,755</b>	<b>\$ 210,341</b>		

# 2025-2026 Biennial Budget Fleet Division Work Plan



- Fleet anticipates replacing and/or newly acquiring 19 vehicles and 14 pieces of equipment during the Biennium, totaling \$3.46 million.
- Fleet will continue to inspect, maintain and service vehicles to keep all Departments moving.
- Continue to Utilize Ron Turley Associates (RTA) Fleet specific software to manage ER&R to include parts, fuel, and workorders.





# 2025-2026 Biennial Budget Facilities Division Work Plan



- City Hall security enhancements and building improvements to prevent property damage, protect employees from emergent threats, and free up useable space to house employees.
- Utilize Tyler/Munis (EAM) to generate and track work and requests.







# **2025-2026 Biennial Budget Department Review**

## **Parks & Public Works: Water**

**September 17, 2024**

# Division Overview

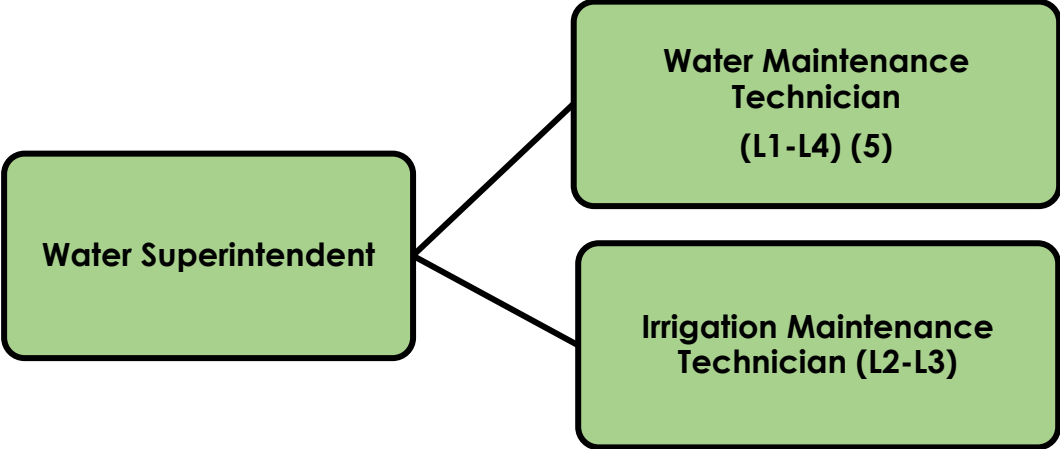


## Mission

To provide the management and maintenance necessary to deliver high quality drinking water to the residents and businesses of Snoqualmie.

## Core Functions

- Collect, convey, treat, and test water from spring and local sources.
- Test samples constantly to ensure and maintain compliance with federal and state standards.
- Clean, repair, and inspect mains, booster pump stations, pressure reducing valve stations, and other essential facilities to maintain the satisfactory distribution of water.
- Install, maintain and read water meters.
- Maintain adequate fire flow and ensure the proper replacement of fire hydrants.
- Monitor the supervisory control system to ensure system functionality and respond in a timely fashion to issues that may arise.
- Maintain and calibrate the irrigation system to support the health and vibrancy of City-owned parks, City-owned rights-of-way, and privately owned landscaping.



# 2023-2024 Biennium Division Accomplishments

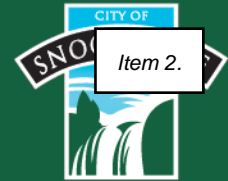


- Increased staffing from 4 to 7 FTE's in 2024
- Maintained high-quality drinking water throughout the biennium, by meeting or exceeding Department of Health (DOH) standards
- Responded to and repaired 12 emergency main line breaks, 10 of which were in William's addition
- William's addition water mains and service lines replaced (CIP project)
- Began implementation of a water efficiency program, on track to reduce irrigation by 30% in 2024 compared to 2023
- Completed lead service line report for Department of Ecology
- Resumed hydrant maintenance program through operating, flow testing and painting
- Replaced winery booster pump



January 18<sup>th</sup>, 2023 –  
repairing broken main in  
William's addition

# 2025-2026 Biennial Budget



## Water Operations Fund (#401):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 1,635,856</b>	<b>\$ 2,258,252</b>		
<b>Sources</b>				
<i>Licenses &amp; Permits</i>	\$ 6,770	\$ 7,182	0.1%	6.1%
<i>Charges for Goods &amp; Services</i>	\$ 10,638,437	\$ 12,167,834	99.6%	14.4%
<i>Miscellaneous Revenues</i>	\$ 50,427	\$ 44,350	0.4%	-12.1%
<b>Total Sources =</b>	<b>\$ 10,695,634</b>	<b>\$ 12,219,366</b>		<b>14.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,614,541	\$ 1,946,996	17.3%	20.6%
<i>Employee Benefits</i>	\$ 775,435	\$ 914,990	8.1%	18.0%
<i>Supplies</i>	\$ 712,585	\$ 930,915	8.2%	30.6%
<i>Services</i>	\$ 3,654,493	\$ 4,222,665	37.4%	15.5%
<i>Capital Outlays</i>	\$ 42,329	\$ 133,900	1.2%	216.3%
<i>Transfers Out</i>	\$ 4,584,774	\$ 3,136,411	27.8%	-31.6%
<b>Total Uses =</b>	<b>\$ 11,384,157</b>	<b>\$ 11,285,877</b>		<b>-0.9%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (688,524)</b>	<b>\$ 933,489</b>		
<b>Ending Fund Balance</b>	<b>\$ 947,332</b>	<b>\$ 3,191,741</b>		

# 2025-2026 Biennium Division Outlook/Work Plan



- Continue new staff training and progression towards certification
- Utilize Tyler/Munis Enterprise Asset Management (EAM) system to generate and track work orders for division operations
- Upgrades to the communication infrastructure
- Install new automated Pressure Reducing Valve (PRV) at Canyon Springs
- Reinstitute valve turning program
- Upgrades to irrigation system





# **2025-2026 Biennial Budget Department Overview**

## **Parks & Public Works: Wastewater**

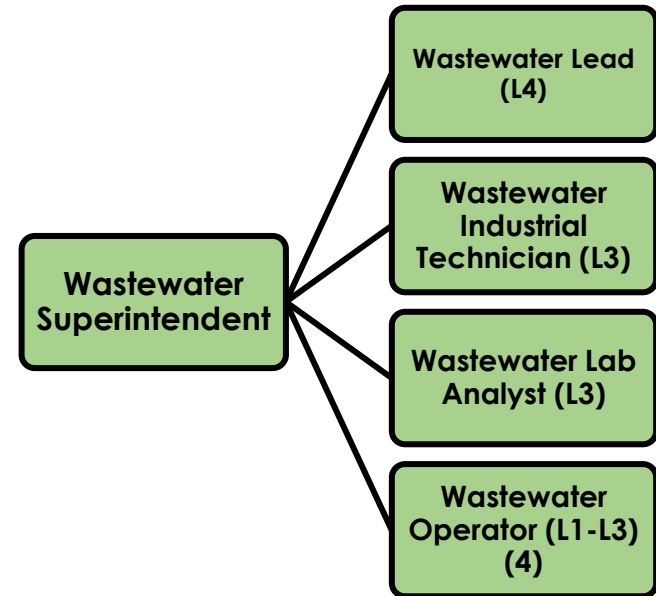
**September 17, 2024**

# Division Overview



## Mission

To maintain the collection, conveyance and treatment of sewage from residential and commercial users, and to recover water as a valuable resource through the management and maintenance of a reuse system for the distribution of irrigation water.

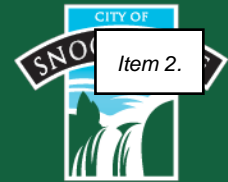


## Core Functions

- Clean, repair, and inspect collection mains, lift stations, and other essential facilities.
- Treat the sewage through effective means and technology to recover water from the waste stream.
- To produce beneficial biosolids from the wastewater for application on farmland.
- Test samples constantly to ensure and maintain compliance with federal and state standards.
- Monitor the supervisory control system to ensure plant functionality and respond in a timely fashion to issues that may arise.



# 2023-2024 Biennium Division Accomplishments

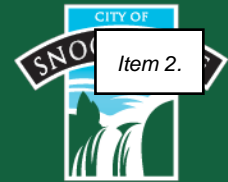


- Treated and recovered almost a billion gallons of water
- Completed Lift station communication improvements
- Responded to 1350 utility locates
- Cleaned over 11 miles of sanitary sewer main out of a total of 57 miles
- Produced over 500 metric tons of biosolids, a renewable resource used on farms and forests to generate healthier, more productive soil that increases crop yields and boosts tree growth
- Cleaned 55 wet wells
- Completed upgrades on two critical wastewater lift station facilities





# 2025-2026 Biennial Budget



## Wastewater Operations Fund (#402):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 786,844</b>	<b>\$ 819,934</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 13,130,317	\$ 16,960,209	99.7%	29.2%
<i>Miscellaneous Revenues</i>	\$ 31,086	\$ 42,610	0.3%	37.1%
<b>Total Sources =</b>	<b>\$ 13,161,403</b>	<b>\$ 17,002,819</b>		<b>29.2%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,689,630	\$ 2,266,396	17.1%	34.1%
<i>Employee Benefits</i>	\$ 764,773	\$ 888,470	6.7%	16.2%
<i>Supplies</i>	\$ 588,902	\$ 824,590	6.2%	40.0%
<i>Services</i>	\$ 4,121,444	\$ 4,953,532	37.4%	20.2%
<i>Capital Outlays</i>	\$ 13,850	-	0.0%	-100.0%
<i>Transfers Out</i>	\$ 5,983,911	\$ 4,307,351	32.5%	-28.0%
<b>Total Uses =</b>	<b>\$ 13,162,510</b>	<b>\$ 13,240,339</b>		<b>0.6%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (1,107)</b>	<b>\$ 3,762,480</b>		
<b>Ending Fund Balance</b>	<b>\$ 785,737</b>	<b>\$ 4,582,414</b>		

# 2025-2026 Biennium Division Outlook/Work Plan



- Focus on collection system deficiencies and improvements
- Clean 16 miles of sewer gravity main, including identifying and mapping root intrusion areas
- Clean 85 wet wells
- Negotiate with Department of Ecology for NPDES permit renewal – and prioritize compliance activities.
- Manage and maintain Water Reclamation Facility Phase III improvements
- Develop and implement reclaimed water cross-connection control program
- Coordinate with planning/development of Class A Reclaimed water reservoir and pumping station.
- Institute several pump station and lift station Improvements
- Utilize Tyler/Munis Enterprise Asset Management (EAM) system to generate and track work orders for division operations.



# 2025-2026 Biennial Budget Department Overview

**Parks & Public Works:  
Stormwater & Urban Forestry**

**September 17, 2024**



# Division Overview



## Mission

To provide the management and maintenance necessary to preserve storm drainage, catch basin, and water retention facilities critical for healthy streams, clean water, and a green environment.

Stormwater & Urban  
Forestry Superintendent

Stormwater & Urban  
Forestry Maint. Tech  
(L1-L7) (4)

## Core Functions

- Clean and repair the storm drainage system to maintain satisfactory stormwater conveyance and water quality, remove pollutants and reduce flooding and stream erosion/and support the flood control efforts of the City.
- Maintain the City's National Pollutant Discharge Elimination System (NPDES) permit.
- Maintain the Urban Forestry Program with annual funding.
- Maintain the City's soft-surface trail system, including trail bridges and boardwalks.
- Manage the Green Snoqualmie Partnership to coordinate volunteer, partner, and staff efforts to maintain and restore the City's 1200 acres of open space.
- Maintain 10,000 street and park trees.
- Respond to wind and snowstorm events to ensure access to all City right of ways.

# 2023-2024 Biennium Division Accomplishments



- 156 Street and Park trees planted and complete tree replacement on Autumn Ave and the streets of O'Neill, Pratt, and Ridge. 149 to be planted downtown this fall.
- Green Snoqualmie Partnership inspired 893 volunteer hours towards restoring Snoqualmie's forests, including \$94,000 in partner funding.
- Inspected 3,020 catch basins and cleaned 237 to date.
- Repaired or replaced 3.64 miles of stormwater pond fencing w/Dept of Corrections.
- Maintained 20 miles of soft-surface trails and repaired or replaced 5 trail structures.
- Pruned 819 street trees on 36 different streets throughout the City to date.
- Removed sediments from 5 stormwater ponds, and along 2 miles of Snoqualmie Parkway bioswale edge to maintain optimal function – “Project: Side Shave” (below).





# Project “Side-Shave”



# 2025-2026 Biennial Budget



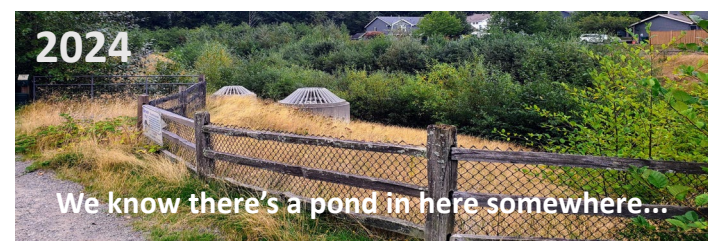
## Stormwater Operations Fund (#403):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 984,709</b>	<b>\$ 588,834</b>		
<b>Sources</b>				
<i>Charges for Goods &amp; Services</i>	\$ 5,896,025	\$ 6,887,799	99.7%	16.8%
<i>Miscellaneous Revenues</i>	\$ 18,357	\$ 20,941	0.3%	14.1%
<b>Total Sources =</b>	<b>\$ 5,914,382</b>	<b>\$ 6,908,740</b>		<b>16.8%</b>
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 1,015,184	\$ 1,414,558	20.8%	39.3%
<i>Employee Benefits</i>	\$ 520,704	\$ 602,475	8.9%	15.7%
<i>Supplies</i>	\$ 254,073	\$ 262,125	3.9%	3.2%
<i>Services</i>	\$ 2,055,814	\$ 2,546,682	37.5%	23.9%
<i>Capital Outlays</i>	\$ -	\$ 267,800	3.9%	0.0%
<i>Transfers Out</i>	\$ 2,676,644	\$ 1,701,624	25.0%	-36.4%
<b>Total Uses =</b>	<b>\$ 6,522,419</b>	<b>\$ 6,795,264</b>		<b>4.2%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (608,037)</b>	<b>\$ 113,476</b>		
<b>Ending Fund Balance</b>	<b>\$ 376,672</b>	<b>\$ 702,310</b>		

# 2025-2026 Biennium Division Outlook/Work Plan



- **Plant 450 Street & Park trees, including complete street replacements.**
- **Green Snoqualmie Partnership: Increase participation up to 1,200 volunteer hours and enroll 6 new forest stewards into the program.**
- **Inspect and perform necessary maintenance on all 58 stormwater ponds, bioswales, rain gardens, vaults, and 3,700 catch basins.**
- **Maintain 20 miles of soft-surface trails, and update trail signage.**
- **Prune 1,500 street trees throughout the Cities unique neighborhoods.**
- **Complete sediment removal for “Project: Side-Shave” & 6 more storm ponds.**
- **Utilize Tyler/Munis Enterprise Asset Management (EAM) system to generate and track work orders for division operations.**
- **And next up: “Project: Find-A-Pond” – Intensive Vegetation Removal 2025-2026.**

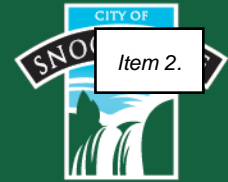




# Additional Request for project “Find-a-Pond”



# 2025-2026 Biennium Additional Budget Request



## Why Project Find-a-Pond?

To meet NPDES permit requirements for:

- Vegetation maintenance
- Annual pond inspections
- Utility functions as designed



## What We Have:

- 45 Stormwater Ponds to maintain.
- No landscape maintenance contract for ponds since 2020.
- Dedicated staff and a clear plan.

## Next Steps:

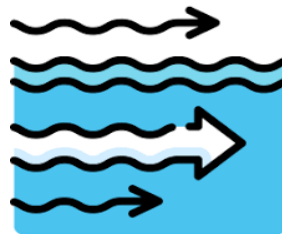
- ✓ Pond condition assessment: Rated at 1,2 or 3.
- ✓ Scope of work to meet requirements.
- ✓ Identify contractors and get quotes.
- ☐ Secure funds to fulfill on the project



# 2025-2026 Biennium Division Outlook/Work Plan



**22** Ponds rated at Level 2 or 3



**Currently**



**23** Ponds rated at Level 1

## **Project Needs:**

- 1) Professional landscape services to bring Level 2 and 3 ponds down to Level 1.
- 2) Maintain status of existing Level 1 ponds (23) with Department of Corrections.
- 3) Professional landscape services to keep newly rated Level 1 ponds (22) at that status, with 88 maintenance visits annually.
- 4) Utilize 2024 budget to fund maintenance of 6 ponds in the remaining months.

---

**Funding Request:** **\$84,000 (2025) to bring remaining 16 ponds to Level 1 status.**  
**\$172,000** **\$88,000 (2025-2026) to maintain 22 ponds over next 2 years**

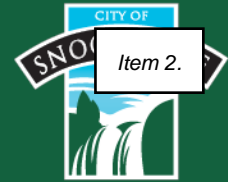


# **2025-2026 Biennial Budget Department Review**

## **Information Technology**

**September 17, 2024**

# Department Overview

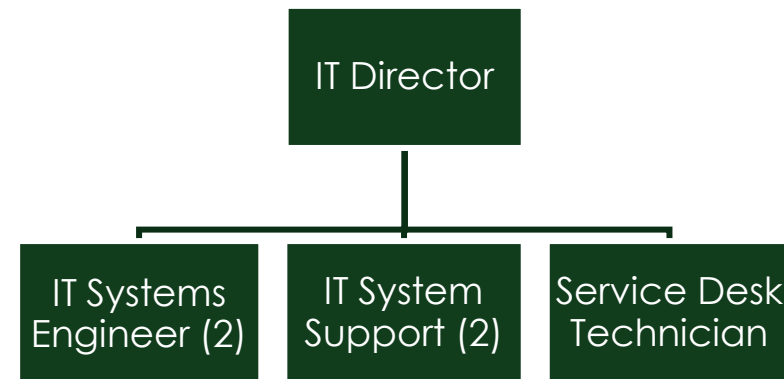


## Mission

Deliver cost-effective and sustainable solutions through strategic partnerships, collaborative and trustworthy engagement, effective and accountable leadership that prides itself on innovation, responsiveness, and transparency in support of citywide operations and excellent service delivery to the community and its citizens

## Core Functions

- Continuity Services - email, application support, disaster recovery
- Personal Computing Services – desktops, laptops, printers
- Communication Services – telephones, mobile phones
- Infrastructure Services – network, server, security, access control, service desk
- Professional Services – training, acquisition/contract management, equipment lifecycle management, external partnerships



# 2023-2024 Biennium Department Accomplishments



- Created and deployed an update schedule for Munis ERP apps.
- AB24-077 for Council Chambers AV Upgrade passed.
- 1,663 completed service desk requests for 2023-2024.
- Partnered with the Fire Department to deploy a cloud VOIP phone system.
- AB24-086 Network Modernization is moving forward to Finance and Administration Committee October 8<sup>th</sup>.
- Andy received a grant for staff cybersecurity training.
- Thank you to the IT Team for their efforts to keep the City of Snoqualmie running with limited staff!

# 2025-2026 Biennial Budget



## Information Technology Fund (#502):

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025-26 % Change
<b>Beginning Fund Balance</b>	<b>\$ 2,251,692</b>	<b>\$ 1,635,916</b>		
<b>Sources</b>				
Charges for Goods & Services	\$ 5,175,902	\$ 5,527,920	98.7%	6.8%
Miscellaneous Revenues	\$ 60,725	\$ 70,000	1.3%	15.3%
Transfers In	\$ 150,000	\$ -	0.0%	-100.0%
<b>Total Sources =</b>	<b>\$ 5,386,627</b>	<b>\$ 5,597,920</b>		<b>3.9%</b>
<b>Uses</b>				
Salaries & Wages	\$ 1,925,651	\$ 1,495,501	26.9%	-22.3%
Employee Benefits	\$ 755,118	\$ 561,633	10.1%	-25.6%
Supplies	\$ 132,638	\$ 395,984	7.1%	198.5%
Services	\$ 2,022,730	\$ 1,978,214	35.6%	-2.2%
Capital Outlays	\$ 1,392,385	\$ 1,115,600	20.1%	-19.9%
Transfers Out	\$ 771,317	\$ 2,683	0.0%	-99.7%
<b>Total Uses =</b>	<b>\$ 6,999,839</b>	<b>\$ 5,549,615</b>		<b>-20.7%</b>
<b>Sources Over (Under) Uses =</b>	<b>\$ (1,613,212)</b>	<b>\$ 48,305</b>		
<b>Ending Fund Balance</b>	<b>\$ 638,480</b>	<b>\$ 1,684,221</b>		

# 2025-2026 Biennium Department Outlook/Work Plan



- Replace core storage systems to SSD(Solid State Drives) and move current storage to a high availability site.
- Replace aging laptops and servers that will be end-of-life.
- Move software costs to IT for better compliance with state accounting rules (GASB 96).
- Continue works on a citywide phone system replacement.
- Deploy staff cybersecurity training including phishing emails.
- Create an IT Training Program that meets the needs of our team.



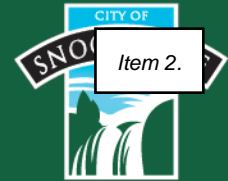


# **2025-2026 Biennial Budget Department Review**

## **Administration**

**September 17, 2024**

# Department Overview

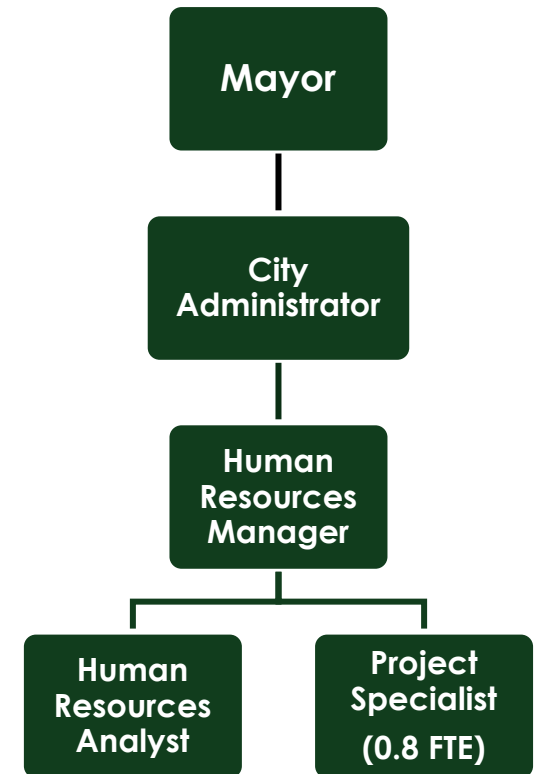


## Mission

The Mayor and her team provide guidance and leadership to the City through policy implementation and propel the vision of the City as expressed through the legislative process.

## Core Functions

- Serve as the Chief Executive of the City and provide leadership and oversight over all department functions.
- Serve as City representative in legislative affairs and intergovernmental relations.
- Implement the priorities of the City Council throughout the entire organization.
- Support departments with additional analytical capacity when needed, especially in regard to large or abnormal projects.
- Manage the Human Resources program for the City including personnel, benefits, labor relations, and organizational development.



# 2023-2024 Biennium

## Department Accomplishments



- Transitioned to a new leadership team, including a new City Administrator
- Oversaw the appointment of a new Parks & Public Works Director, Finance Director, Police Chief, Fire Chief, and Information Technology Director
- Reorganized City Departments for improved efficiency, and responsiveness.
- Streamlined hiring processes.
- Expanded employee performance management program.
- Implemented MUNIS HR/Payroll modules.
- Reestablished City Wellness program.

# 2025-2026 Biennial Budget



## Administrative Depts. Functional Classification (#001): *Administration Table*

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Uses</b>				
Salaries & Wages	\$ 759,864	\$ 1,215,604	54.1%	60.0%
Employee Benefits	\$ 201,790	\$ 367,263	16.3%	82.0%
Supplies	\$ 4,171	\$ 13,500	0.6%	223.7%
Services	\$ 552,001	\$ 652,306	29.0%	18.2%
Capital Outlays	\$ -	\$ -	0.0%	0.0%
Transfers Out	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 1,517,826</b>	<b>\$ 2,248,673</b>		<b>48.2%</b>

# 2025-2026 Biennium Department Outlook



- The development of a strategic plan to provide guidance and direction to departments, uncover ways to protect key services, and find those strategic investments that will help to propel the City well into the future.
- Complete the implementation of the new personnel policies.
- Continue support of the MUNIS transition. Begin to focus on outside facing components.
- Continue expanded employee management and development programs.
- Continue focus on employee satisfaction and wellness.



# **2025-2026 Biennial Budget Department Overview**

**City Attorney's Office**

**September 17, 2024**

# Office Overview



## Mission

The City Attorney provides the services necessary to keep the City in good standing, providing timely advice and guidance to City Council, the Mayor, City Administrator and departments on multiple legal issues facing the City. The department defends the City against litigation, brings litigation on behalf of the City as authorized by City Council, and contracts for the court, prosecutorial, and defender services necessary to maintain the rule of law.

## Core Functions

- Provide ongoing legal advice to the elected and appointed officials of the City, the City Administrator, and City departments.
- Prepare legal documents, ordinances, resolutions, and other legal instruments.
- Represent the City in civil legal actions to which the City is party, including in federal, state and local courts, and administrative agencies.
- Contract for court, prosecutorial, and defender services.

**City Attorney**

# 2023-2024 Biennium Office Accomplishments



- Negotiated and completed reacquisition of the King Street lot.
- Negotiating development agreement and contingent property transfer agreements necessary to enable construction of the model train museum (in progress)
- Prepared substantial updates to B&O Tax code to comply with state legislation
- Completed new Meadowbrook Farm Governance Agreement (ILA) with North Bend, and Meadowbrook Farm Operating Agreement with North Bend and Si View Metropolitan Park District
- Major revisions to City Commissions and Committees Handbook, bringing rules of procedure into greater uniformity and compliance with state laws
- Prepared temporary holdover and site vacation agreement for Girard Resources facility
- Assisting with acquisition of land and temporary construction easement from Snoqualmie Ridge Golf Club for the proposed reclaimed water storage facility (in progress)
- Coordinated and supervised outside counsel in various litigation matters, including C.A. Carey appeal and code enforcement proceedings
- Assisted with drafting new solid waste collection contract
- Traffic Impact Fee ordinance to collect fair share of new transportation infrastructure costs from developers (in progress)



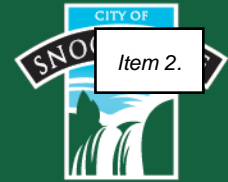
# 2025-2026 Biennial Budget



## Administrative Depts. Functional Classification (#001): *City Attorney Table*

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 892,314	\$ 343,399	53.8%	-61.5%
<i>Employee Benefits</i>	\$ 339,064	\$ 117,397	18.4%	-65.4%
<i>Supplies</i>	\$ 4,015	\$ 5,500	0.9%	37.0%
<i>Services</i>	\$ 477,831	\$ 172,197	27.0%	-64.0%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 1,713,224</b>	<b>\$ 638,493</b>		<b>-62.7%</b>

# 2025-2026 Biennium Office Outlook/Work Plan



- Complete negotiation and documentation for the proposed model train museum
- Complete negotiation and documentation of a new Police Services ILA with North Bend
- Complete YMCA operating agreement for the new aquatic center
- Comcast cable and broadband franchise renewal
- Snoqualmie Municipal Code revisions relating to wireless communications facilities, code enforcement procedures and penalties, and cost recovery for hearing examiner appeals
- Work with City Council and Police Department on potential public camping ordinance in light of recent Supreme Court decisions
- Assist with land use and permit review for Snoqualmie Valley Hospital expansion project.
- Complete the CBA with the International Association of Firefighters (IAFF).

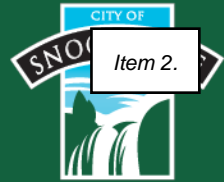


# **2025-2026 Biennial Budget Department Review**

## **City Clerk's Office**

**September 17, 2024**

# Office Overview

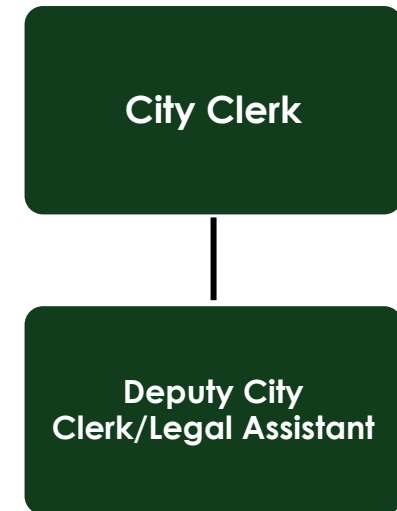


## Mission

The City Clerk preserves the legislative history of the city, serves as custodian of official documents, and provides transparency and access to the policy making process.

## Core Services:

- Manage the legislative affairs of the City.
- Provide administrative support to Administration including the Mayor and elected officials.
- Serves as the City's Public Records Officer and oversees the City's records management program.
- Serves as the City's Risk Manager and receives claims against the city.
- Oversees the Human Services allocation process, under the advisement of the Human Services Advisory Committee.

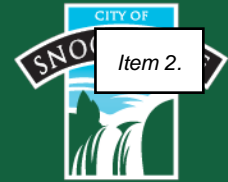


# 2023-2024 Biennium Office Accomplishments



- Implemented Laserfiche, Enterprise Content Management software, for cloud-based secure records storage.
- Created automated Public Records Request process.
- Created automated Agenda Bill Submittal process (pending).
- Savings to the city through elimination of off-site records storage, vendor change for e-signatures, vendor change for secure shredding services, and elimination of redundant software platform.

# 2025-2026 Biennial Budget



## Administrative Depts. Functional Classification (#001):

### City Clerk Table

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 236,504	\$ 449,231	16.6%	89.9%
<i>Employee Benefits</i>	\$ 101,548	\$ 231,974	8.6%	128.4%
<i>Supplies</i>	\$ 716	\$ 600	0.0%	-16.2%
<i>Services</i>	\$ 1,711,163	\$ 2,019,969	74.8%	18.0%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 2,049,931</b>	<b>\$ 2,701,774</b>		<b>31.8%</b>

- **Major Changes/Additions:**

- **Hiring of Deputy City Clerk – May 1, 2024**
- **Inclusion of expenditures from 2022 inadvertently left out of 2023-2024 budget**

# 2025-2026 Biennium Office Outlook/Work Plan



- In 2025, the focus of the Clerk's Office is on records management.
  - Migrate legislative records from the network drives, AP Builder, and the website into Laserfiche for permanent retention.
  - Organize, inventory, and legally dispose of Community Development Department records.
  - Export legal records from Legal Files and then organize and review for duplication and either permanent retention or disposition.
  - As requested, build automated workflows within Laserfiche.



# **2025-2026 Biennial Budget Department Review**

## **Communications**

**September 17, 2024**



# Office Overview

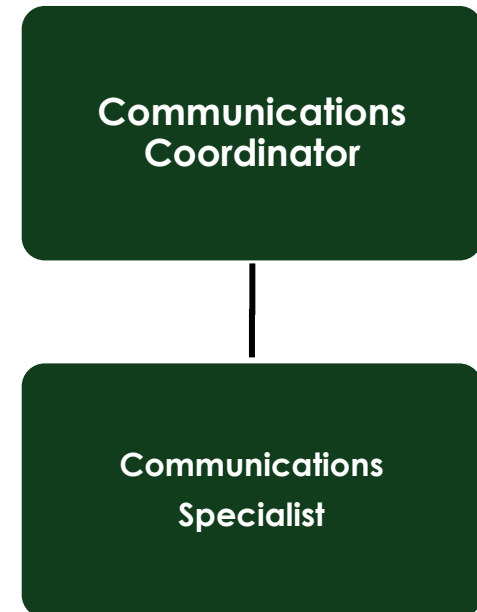


## **Mission**

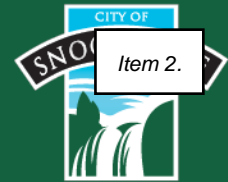
The Communications Office is charged with providing transparent and timely communications and information to Snoqualmie residents, as well as assisting with internal City communications.

## **Responsibilities**

The Department is responsible for maintaining and updating the City's website, and social media channels; videography, graphic design, and photography needs; speech writing; answering general resident inquiries; coordinating community surveys; writing City news releases and emergency communications; and other communication-related needs.



# 2023-2024 Biennium Office Accomplishments



- Management of multi-channel access to city news and happenings, including City Council meetings uploaded to YouTube, City E-News, Facebook, NextDoor, Twitter, Instagram and Notify Me.
- Conducted first comprehensive Community Survey since 2017.
- Facebook followers → 38% increase; Instagram followers → 50% increase (Since new Comms Coordinator started in 2022).
- Emergency Alert subscribers → 560% increase. (Since new Comms Coordinator started in 2022).
- Re-designed City website.
- Launched Tourism website.
- Community Center Expansion community engagement.
- New: police blotter, fire blotter, Ross Report, internal video and graphics production.

# 2025-2026 Biennial Budget



## Administrative Depts. Functional Classification (#001): *Communications Table*

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Uses</b>				
Salaries & Wages	\$ 364,181	\$ 422,417	47.6%	16.0%
Employee Benefits	\$ 198,635	\$ 216,282	24.4%	8.9%
Supplies	\$ 7,730	\$ 5,500	0.6%	-28.8%
Services	\$ 205,293	\$ 242,894	27.4%	18.3%
Capital Outlays	\$ -	\$ -	0.0%	0.0%
Transfers Out	\$ -	\$ -	0.0%	0.0%
<b>Total Uses =</b>	<b>\$ 775,839</b>	<b>\$ 887,093</b>		<b>14.3%</b>

- **Major Changes/Additions:** website budget increase due to rise in text subscribers and addition of tourism website; community survey each biennium; communication assistant moved full-time to communications specialist; Archive Social (social media account archiving); less outsourcing → internal video, photography, and graphics production software and subscriptions; increased utility bill insert frequency to reach residents who don't use social media/website.

# 2025-2026 Biennium Office Outlook



- Replace Communications Specialist.
- Community Survey – 2025.
- Re-launch Citizens Academy.
- Launch podcast.
- Continue to grow social media following.
- More City Council and Mayor connection opportunities with residents (town halls, coffee with council, podcast interviews, council recaps, etc.)



# 2025-2026 Biennial Budget Department Review

## Finance

September 17, 2024

# Department Overview



## Mission

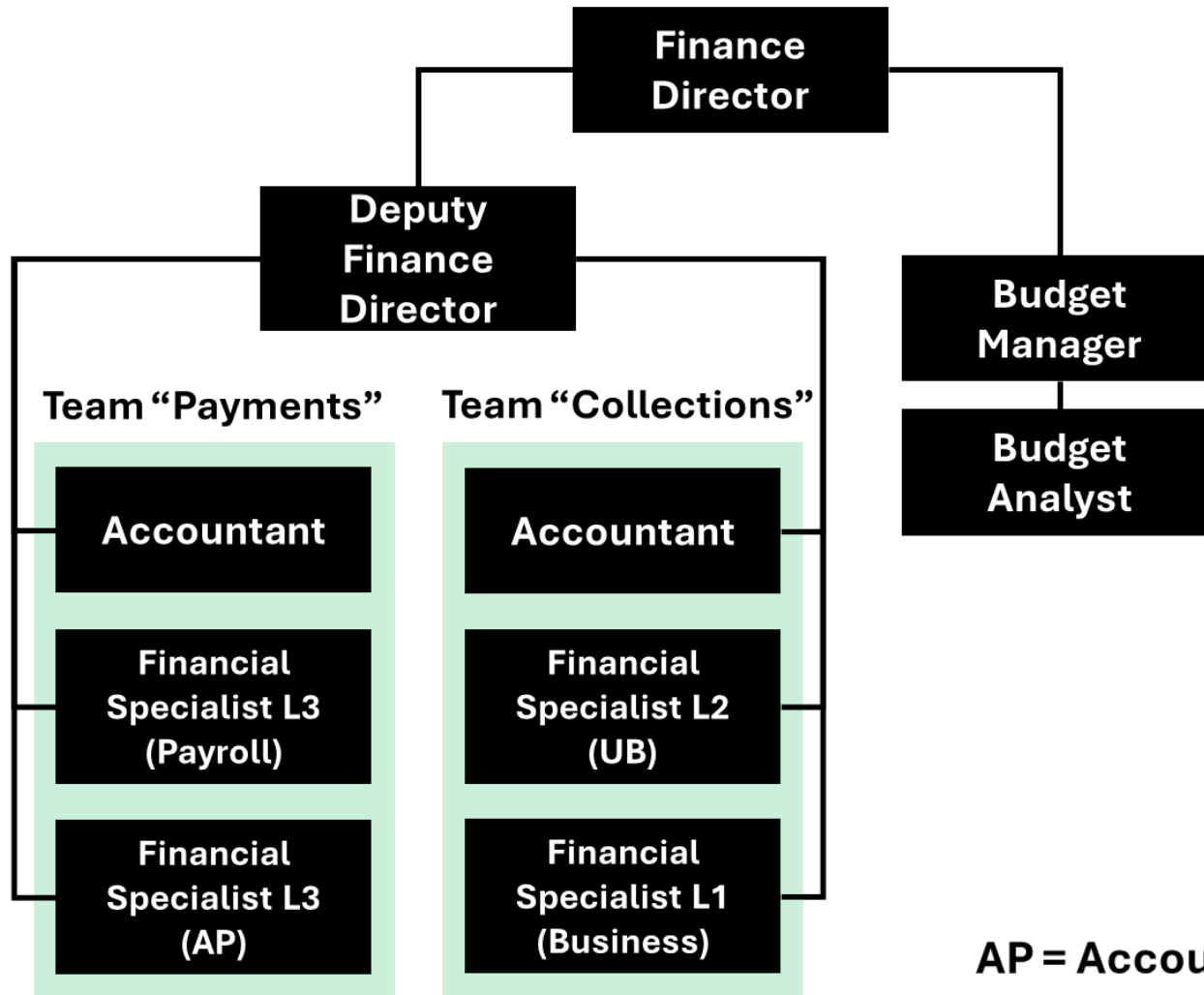
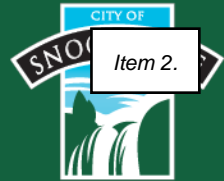
**Manage and protect the financial resources entrusted to the City by the community.**

As stewards of the money and keepers of the policies and regulations governing its use, the Department promotes **accountability**, **transparency**, and **continuity** of City services. Through effective leadership and sound practices, the City is able to maintain a healthy financial condition and work environment to support other departments and the levels-of-service they provide to the community.

## Core Functions

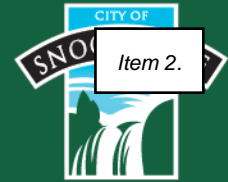
- Prepare annual financial reports, maintain compliance with BARS requirements, and facilitate the annual audit review.
- Prepare the biennial budget and support the development of the CIP, conduct long-range financial planning, and provide the analysis necessary to drive sound financial decision-making.
- Serve as City Treasurer, manage cash and investments, and oversee the issuance of debt.
- Manage utility billing and business licensing and taxes.
- Oversee citywide payroll and payment to vendors.
- Maintain internal controls and ensure compliance with internal policies.

# Department Overview



AP = Accounts Payable  
UB = Utility Billing

# 2023-2024 Biennium Department Accomplishments



- **Reorganization**
  - Replacing the work of seven (7) employees (with HR) with multiple “gems”.
- **ERP System Project**
  - Accounting/GL, Cash Management, Accounts Payable, Accounts Receivable, General Billing, Cashiering, Budgeting
  - Currently implementing Payroll, Time & Attendance, Human Resources, and Recruiting, with an expected go-live date of January 1, 2025. This includes two separate portals (Employee Access, Time & Attendance).
- **Financial Analysis and Support**
  - CBA Approvals (Teamsters, Police)
  - Retroactive Payments
- **Sales Tax Approvals & Implementation**
  - 0.1% TBD Sales Tax
  - 0.1% Public Safety Sales Tax

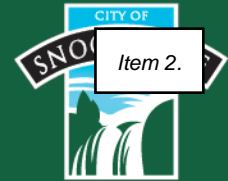


# 2023-2024 Biennium Department Accomplishments



- **Utility Rate Study (with P&PW)**
- **2025-2030 Capital Improvement Plan (with P&PW)**
- **2025-2026 Biennial Budget (with Everyone)**
- **Keeping the Flow Going**
  - Accounts Payable, Utility Billing, B&O Taxes, etc.

# 2025-2026 Biennial Budget



## Administrative Depts. Functional Classification (#001): Finance Table

	2023-24 Biennial Budget	2025-2026 Proposed Budget	% of Total	2023-24 to 2025- 26 % Change
<b>Uses</b>				
<i>Salaries &amp; Wages</i>	\$ 2,594,842	\$ 2,232,666	50.8%	-14.0%
<i>Employee Benefits</i>	\$ 1,098,152	\$ 953,311	21.7%	-13.2%
<i>Supplies</i>	\$ 3,830	\$ 26,150	0.6%	582.8%
<i>Services</i>	\$ 1,109,427	\$ 1,183,560	26.9%	6.7%
<i>Capital Outlays</i>	\$ -	\$ -	0.0%	0.0%
<i>Transfers Out</i>	\$ 100,000	\$ -	0.0%	-100.0%
<b>Total Uses =</b>	<b>\$ 4,906,251</b>	<b>\$ 4,395,687</b>		<b>-10.4%</b>

### • Major Changes/Additions:

- Reduction in Limited Term Employees (LTEs)
- Payroll Recalculations
- Comprehensive Fee Study
- Continue implementation of the ERP System

# 2025-2026 Biennium Department Outlook/Work Plan



## *Building Back Better (BBB) Plan*

- **Points of Emphasis Across the Department:**
  - Training
  - Records Cleanup
  - Standard Operating Procedures
- **Accounting Division:**
  - 2024 & 2025 Financial Reporting
  - 2022, 2023, 2024, and 2025 Audit
  - Financial Procedures Manual & Internal Controls
  - Payroll Recalculations & Corrections
  - Purchasing Card Program
  - Finishing the ERP Project – Phase 1 Financials
  - Finishing the ERP Project – Phase 2 Human Capital Management
  - Finishing the ERP Project – Phase 3 Utility Billing & Revenue
  - Enhanced Revenue Management & Oversight

# 2025-2026 Biennium Department Outlook/Work Plan



## *Building Back Better (BBB) Plan*

- **Budget Division:**
  - 2027-2028 Biennial Budget
  - 2027-2032 Capital Improvement Plan (CIP)
  - Internal Cost Allocation Plan
  - Finishing the ERP Project – Phase 1 Financials
  - Quarterly Reporting
  - Comprehensive Fee Study
  - Revenue Options/Expenditure Reductions
  - Financial Analysis & Support
  - Bond Issuances/Debt Management

## A8: Vehicle & Equipment Replacement Schedule





[illegible]

### Estimated Annual Cost

### Stormwater Division (38)

[illegible]

### Estimated Annual Cost

**Street Division (42)**

226	2023	LOADER/CASE	321F	40	\$ 161,500																	\$ 291,687		
227	2009	FORD	F-550 DUMP	35856	\$ 160,000		\$ 169,744														\$ 249,275			
229	2020	DUMP TRUCK	PETERBILT	3271	\$ 287,700													\$ 448,227						
235	2017	FORD	F-350 Ext. cab 4x4	62083	\$ 82,000		\$ 89,604																	
247	2000	LINELAZER/GRACO	3900	na	\$ 14,000					\$ 16,717								\$ 120,420						
262	2016	BE PRESSURE WASH		na	\$ 6,000		\$ 6,365				\$ 7,379			\$ 8,554								\$ 9,916		\$ 26,045

### Estimated Annual Cost

**Fleet Division (48)**

[illegible]

### Estimated Annual Cost

### Parks Department (76)

401	2008	FORD	F-250 Ext. cab 4x4	124477	\$ 75,000		\$ 77,250								\$ 103,522								\$ 139,522
403	2009	FORD	F-350 4X4	96750	\$ 82,000		\$ 86,994													\$ 135,534			
404	2011	FORD	F-350 Ext. cab 4x4	82363	\$ 82,000							\$ 100,850								\$ 135,534			
405	2020	FORD	F-350 Ext. cab 4x4	21847	\$ 82,000										\$ 127,753								
406	2008	TORO	4100D	1214	\$ 120,000		\$ 127,308								\$ 171,091								\$ 229,932
409	2021	TORO	54" Walkbehind	245	\$ 12,700		\$ 13,473					\$ 15,619				\$ 18,107				\$ 20,990			
412	2013	MOWER-TORO	4700 M#30868	3089	\$ 150,000		\$ 159,135						\$ 201,587							\$ 255,365			
421	1999	PAROS	Trailer 2 1/2 T	na	\$ 20,000		\$ 21,218													\$ 33,057			
422	2023	EAGLE	Trailer 1 1/2 T	na	\$ 12,000								\$ 16,127								\$ 21,673		
423	2020	KUBOTA	SIDE BY SIDE	154	\$ 21,600										\$ 33,652								
430	2020	KUBOTA	L4701 TRACTOR	254	\$ 62,900										\$ 97,996								
433	2020	TORO	54" Walkbehind	598	\$ 12,700		\$ 13,081					\$ 15,164				\$ 17,579				\$ 20,379			\$ 23,625
434	2008	FORD	F-250	83750	\$ 75,000				\$ 84,413									\$ 113,444					
437	2022	EAGLE	Trailer 1 1/2 T	na	\$ 12,000								\$ 15,201										
441	2007	TORO	Sand Pro 2020	1104	\$ 20,000	\$ 20,000								\$ 26,878							\$ 36,122		
41	2003	TORO	Sand Pro 2020	854	\$ 20,000		\$ 21,218								\$ 27,684								\$ 37,205
442	2020	TORO	GM3500D	801	\$ 65,000						\$ 77,613									\$ 117,397			
444	2023	PJ TRAILER	Trailer	na	\$ 12,000													\$ 18,151					
460	2013	TORO	Z450	580	\$ 16,500		\$ 17,505					\$ 20,293				\$ 23,525				\$ 27,272			
465	2022	YAMAHA	YFM45KPAM	50	\$ 13,800								\$ 17,481								\$ 23,494		
467	2013	DR MOWER	Walk Behind	na	\$ 12,700		\$ 13,081				\$ 15,164				\$ 17,579				\$ 20,379				\$ 23,625
470	2023	TORO BLOWER	Towbehind Buff.	5	\$ 13,000	\$ 13,000								\$ 17,995								\$ 23,479	
472	2011	PJ TRAILER	TILT 14K	na	\$ 20,000						\$ 23,881								\$ 32,094				
477	2018	CARGOMATE	Enclosed Trailer	na	\$ 22,600			\$ 24,696									\$ 33,189						
503	2012	Chevrolet	Colorado	56257	\$ 55,000		\$ 58,350											\$ 83,193					
217	2018	PJ TRAILER	7K TILT	na	\$ 12,000				\$ 13,506									\$ 18,151					

### Estimated Annual Cost

### Total Cost

## A9: Glossary of Common Budget Terms





## GLOSSARY OF COMMONLY USED BUDGET TERMS

**Accrual Basis-**A method of accounting in which revenue is recorded in the period in which it is earned (whether or not it is collected in that period), and expenses are reported in the period when they are incurred (not when the disbursements are made). This method differs from the cash basis of accounting, in which income is considered earned when received and expenses are recorded when paid.

**Administrative Departments-** Refers to organizational units or departments that primarily provide services to other departments or divisions.

**Accounts receivable (AR)-** The amount of money owed by customers to the City after services have been delivered and/or used.

**Accounts payable (AP)-** The amount of money the City owes vendors and other agencies in return for goods and/or services they have delivered.

**Agency Fund-** A governmental accounting classification used to describe those situations where one jurisdiction is acting on behalf of another.

**Assessed Valuation-** The value assigned to properties within the city that is used in computing the property taxes to be paid by property owners.

**BARS-** The Budgeting, Accounting, and Reporting System for accounting systems prescribed by the Washington State Auditor's Office.

**Benefits -**City-provided employee benefits, such as social security insurance, retirement, worker's compensation, life insurance, medical insurance, vision insurance. and dental insurance.

**Biennial Budget-** A budget covering a two-year period. Under state law, a biennium begins with an odd numbered year

**Budget-** A financial plan of operations for the city. It is a plan, not a list of accounts and amounts.

**Budget - Adopted and Proposed-** The Mayor submits to the City Council a recommended expenditure and revenue level for all City operations for the coming fiscal year as the Proposed Budget. When the City Council agrees upon the revenue and expenditure levels, the Proposed Budget becomes the Adopted Budget, funds are appropriated, and legal expenditure limits are established.

**Budget Calendar-** The schedule of key dates or milestones which the City follows in the preparation, adoption, and administration of the budget.

**Capital Improvement Plan (CIP)-** The element of the budget that deals with the expenditure of funds on durable capital facilities and equipment, typically with a value of more than \$50,000.

**Capital Project-** A single project within the Capital Improvement Plan.

**Cash Flow-** The revenue or expenditures expected to be generated through daily receipts and

payments over a period.

**Charges for Services-** A revenue category that includes a charge for a specific service. These primarily include park recreation fees, law enforcement services, zoning fees, and other miscellaneous fees.

**Chart of Accounts-** A list of expenditure, revenue, and other accounts describing and categorizing financial transactions.

**Costs Allocation-** The assignment of applicable costs incurred by a central services department (like “administrative or technology services”) to a fund based on the benefit to the fund being assessed.

**Councilmanic Bonds-** Bonds that can be authorized by the city council without a vote of the public in an amount up to .75 percent of the assessed valuation of the city.

**Debt Service-** Interest and principal payments on debt.

**Debt Service Funds-** The type of fund that accounts for the payment of debt service on general obligations of the city.

**Enterprise Fund-** A type of proprietary fund in which the direct beneficiaries pay for all costs of the fund through fees, or where a periodic determination of revenues and expenses is desired by management.

**Fund-** A self-balancing group of accounts that includes revenues and expenditures.

**GAAFR "Governmental Accounting, Auditing and Financial Reporting."**- The "blue book" published by the Municipal Finance Officers Association (now the Government Finance Officers Association) to provide detailed guidance for the application of accounting principles for governments.

**“GAAP” Generally Accepted Accounting Principles-** which are mostly determined by the GASB for governments.

**“GASB” Governmental Accounting Standards Board-** which determines the underlying principles to be used in accounting for governmental activities.

**General Fund-** The fund of the city that accounts for all activity not specifically accounted for in other funds. Includes such operations as police, fire, engineering, planning, parks, museums and administration. This is the main operating fund of the City.

**General Obligations-** Bonds or other indebtedness of the city for which the pledge made for repayment is the full faith and credit of the city.

**Governmental Fund Types-** Funds that provide general government services. These include the general fund, special revenue funds, capital projects funds and debt service funds.

**Intergovernmental Revenues-** Interfund charges to pay for quasi external transactions of the fund.

**Internal Controls-** A system of controls established by the city that are designed to safeguard

the assets of the city and provide reasonable assurances as to the accuracy of financial data.

**Internal Service Funds-** A type of proprietary fund that accounts for the goods and services provided to other units of the city. Payment by the benefiting unit is intended to fund the costs of providing such services.

**Levy Rate-** The property tax percentage rate used in computing the property tax amount to be paid.

**Licenses and Permits-** A revenue category of the city derived from business licenses and building or development permits.

**Operating Budget-** The annual appropriation to maintain the provision of city services to the public. **“PERS” Public Employee Retirement System-** The state system for public employment retirement applicable in most cities for employees, except where LEOFF is applicable.

**Program-** A group of services within a department, aligned by common purpose.

**Proposed Budget-** That budget which is proposed by the Administration to the council and has not yet been adopted by the council.

**Proprietary Funds-** A group of funds that account for the activities of the city that are of a proprietary or “business” character, such as the Water, Sewer and Storm Water Funds.

**Public Safety-** A term used to define the combined budget of the police and fire departments.

**Reclassification Request-** A request to change the job title or classification for an existing position.

**Regular Full-Time-** Defined as a position budgeted for 2,088 compensated hours per year, 40 hours per week, 80 hours per pay period, and is also known as one full-time equivalent (FTE).

**Regular Part-Time-** Defined as a position designated as part time, and requiring an average of 20 hours or more, but less than 40 hours of work per week during the year. This equates to an FTE value of at least 0.50 and no more than 0.99.

**Reorganization-** Refers to changes in the budget and reporting structure within departments.

**Return on investment (ROI)-** A measure used to evaluate the financial performance relative to the amount of money that was invested. The ROI is calculated by dividing the net profit by the cost of the investment. The result is often expressed as a percentage.

**Revenue-** Income received by the City in support of our program of services to the community. It includes such items as property taxes, fees, user charges, grants, and fines. Interest income and miscellaneous revenue.

**Revenue Bonds-** Bonds sold by the city that are secured only by the revenues of a particular system, usually the water/sewer fund and the regional water fund.

**Special Revenue Funds-** General government funds for which the source of monies is dedicated to a specific purpose.

**Standard Work Year-** 2,080 hours a year, 260 days (except leap year).

**Salaries and Wages-** Most City employees are paid a monthly salary based on an annual standard work year consisting of 2,080 hours. Some types of positions are paid hourly wages based on the prevailing wage scale.

**Supplemental Appropriation-** An appropriation approved by the Council after the initial budget appropriation. Council approves supplemental appropriations during the year and budget amendment ordinances are approved mid-year and year-end.

## A10: Question & Answer Log



## 2025-2026 Biennial Budget Questions & Answers Log

#	Question	Administration's Response	Requestor	Received	Status
1	Why does the City require three (3) firefighters and not two (2) firefighters?	The City has three shifts, this allows for a new position on each shift and can also allow redeployment in case of a vacant position. Shifts function best when the team is familiar with each other.	CM Holloway	9/3/2024	Addressed 9/4/2024
2	How many overtime hours did the Fire and Emergency Management Department require in 2023?	6,057 hours, equating to \$367,910. Additionally, this figure is subject to certain mandatory benefits including social security, pensions, etc, for an additional \$69k. The total cost during 2023 for firefighter overtime is estimated at \$437k. 2024 estimates appear to be close to 6,000 hours and \$467k.	All CMs	9/3/2024	Addressed 9/4/2024
3	How many calls for service take place during the day time versus the night time?	70.2% of incidents occur between 8am and 8pm.	CM Wotton	9/3/2024	Addressed 9/4/2024
4	How much has the City historically spend on overtime within the Fire and Emergency Management Department and how does that compare to the 25/26 budget?	The City is currently budgeting \$94k and \$97k for overtime during 2025 and 2026, respectively. This represents a decrease from total actual overtime cost of approximately \$343k and \$370k for the same timeframe.	All CMs	9/3/2024	Addressed 9/4/2024
5	How many firefighter positions would the proposed reduction in overtime fund?	The reduction in average overtime in a six-year period is roughly equal to 1.15 FTEs. The reduction in 2023 overtime is roughly equal to 2.25 FTEs.	CM Holloway	9/3/2024	Addressed 9/4/2024
6	How does modifying the full staffing assumption to include a 5% vacancy rate help to fund the three (3) additional firefighters?	Including a 5% vacancy rate assumption within our budgeting process frees up \$579k in appropriations during 2025 and \$614k during 2026.	All CMs	9/3/2024	Addressed 9/4/2024
7	What constitutes "services" in the Non-Utilities Capital Fund (#310)? What explains the percentage change in those services between 23/24 and 25/26 (p. 46)?	These amounts are based on the 2025-2030 Non-Utility CIP, approved 7/8/2024. The bulk of this item, \$6.6 million, relates to the Community Center. The <i>Services</i> line item relates primarily to construction management, design, and other professional services. Projects usually experience these costs earlier in their life cycle.	CM Johnson	9/3/2024	Addressed 9/4/2024
8	What is included in the Non-Utilities Capital Fund (#310)?	These amounts are based on the 2025-2030 Non-Utility CIP, approved 7/8/2024. Revenue increases between 2025 and 2026 include \$5.8 million for undetermined Community Center contributions, \$1.3 million for YMCA contributions to the Community Center, and \$2.1 million for a USDOT railroad crossing grant.	CM Holloway	9/3/2024	Addressed 9/4/2024
9	What explains the percentage change in General Fund (#001) intergovernmental revenues between 23/24 and 25/26 (p. 17)?	The majority of this difference is due to updated coding for Ground Emergency Transport Cost share (+\$720k), two WA Department of Commerce Grants (+\$875k), and the loss of the Salish Lodge PILT (-\$333k)	CM Holloway	9/3/2024	Addressed 9/4/2024
10	What explains the percentage change in General Fund (#001) transfers in between 23/24 and 25/26 (p. 17)?	The General Fund (#001) received \$2.1 million of American Rescue Plan Act (ARPA) money during 2023-2024. This money, intended to support the City's response to the public health emergency and its negative economic impacts, was transferred in from the ARPA Fund (#150) and is anticipated to be depleted by the end of 2024.	CM Johnson	9/3/2024	Addressed 9/4/2024
11	What constitutes "Non-Departmental (Sustainability, etc)" in the financial forecast table (A1)?	Non-Departmental (Sustainability, etc) is composed of shared supplies (\$33k), memberships and other dues (\$99k), and customer deposits refunded (\$50k)	CM Holloway	9/3/2024	Addressed 9/4/2024
12	Why does the City need an additional Administrative Specialist (L1-L3) to specifically serve the utilities? What is causing this request?	One individual has not been able to keep up with the level of work required, resulting in additional support coming from other departments. With the new ERP, the de-centralization of Accounts Payable will increase this burden.	CM Holloway	9/3/2024	Addressed 9/4/2024
13	Why does the City need six (6) backup pumps?	The City needs 4 backup pumps that will support 6 locations. Rebuilt pumps can be as good as new pumps; however, a long lead time for these custom pumps and their parts, coupled with the costs of a rental pump, makes having backup pumps financially advantageous. In addition, it reduces the potential of a catastrophic failure within the sewer system.	CM Holloway	9/3/2024	Addressed 9/4/2024
14	Why has nothing been budgeted for the Affordable Housing Fund (p. 43)?	Once Council makes a decision regarding a plan for these dollars, staff will be able to come back with a budget amendment reflecting the decision.	CM Holloway	9/3/2024	Addressed 9/4/2024
15	How was the estimated increase in Comprehensive Fee Study revenue derived? How much of the estimated increase is constituted by certain fees?	At times, Building Department revenue (permits, inspections, etc) has exceeded Building Department expenditures, with a six-year average of 74% cost recovery. Currently a \$100k+ deficit exists between revenue and expenditure. In the Parks department, cost recovery is 6% on average over six years. Adjusting these cost recovery percentages to 'right size' them can result in the estimated budgetary increases.	CM Johnson	9/3/2024	Addressed 9/4/2024
16	When is the City going to review the Solid Waste Administrative Fee?	The next time to address this item is before 9/1/2025, with any changes enacted effective 1/1/2026. Administration will add this to the F&A agenda next summer to ensure the change is discussed by the fee deadline.	CM Holloway	9/3/2024	Addressed 9/23/2024

#	Question	Administration's Response	Requestor	Received	Status
17	What are some of the revenue and other advantages associated with the Type 6 Wildland Brush Truck	Wildland deployment reimbursement models show that this vehicle is worth \$1,373 per day for department to use, with personnel paid separately. As an example, Fall City Fire Department sent out its vehicle 5 times and received approximately \$30k. This money is not guaranteed but is a potential revenue stream. Other benefits include its ability to reach areas in the City a large engine cannot, that it is cheaper to operate on wildland responses and would be quicker than waiting for a brush truck from a different department. It also protects the more expensive trucks from certain adverse uses.	CM Wotton	9/4/2024	Addressed 9/9/2024
18	Are we getting a City Attorney? Why are we budgeting for legal support?	We have advertised for the City Attorney position but have not yet received any applications. The "Legal Support" line items are outside of the scope of a City Attorney and will be required whether or not we are able to hire for this position.	CM Holloway	9/4/2024	Addressed 9/4/2024
19	Why do we only have one City Attorney?	The assistant City Attorney position was eliminated during department reorganization in 2023	CM Christensen	9/4/2024	Addressed 9/4/2024
20	What was the 2023-2024 budgeted cost for the strategic plan? Why did it jump	The 2023-2024 budget appropriated \$60,000 for the development of the Strategic Plan. We have experienced cost increases for other similar plans and have estimated \$100,000 for 2025-26.	CM Holloway	9/4/2024	Addressed 9/4/2024
21	Why did Parks & Streets Maintenance Services increase by \$500k?	This increase relates almost entirely to services within the City, including Fleet, Facilities, and IT, which represents an approximate 16.7% increase for Parks and Streets Maintenance.	CM Holloway	9/4/2024	Addressed 9/4/2024
22	Community Development salary and benefit costs are decreasing, but the number of employees has remained the same. Why?	In 2023, the number of FTEs within Community Development was reduced by three. However, the budget was not amended for this change, resulting in the current decrease from the 2023-24 budget to the 2025-26 budget of approximately 28.9%	CM Holloway	9/4/2024	Addressed 9/4/2024
23	Why is the Snoqualmie Police budget decreasing?	City staff have adjusted the portion of FTEs assigned to Snoqualmie and North Bend to reflect the population of each city. In addition, North Bend is being charged for its portion of shared services, including Fleet, Facilities, and IT. The adjustment of these shared costs results in a decrease in expenditures for the Snoqualmie Police Department and an increase to the North Bend Police Services Fund.	CM Christensen	9/4/2024	Addressed 9/4/2024
24	Do we expect a North Bend contract to be adopted by the time of budget adoption?	North Bend has hired a consultant with results expected in 2025. North Bend doesn't appear to be willing to sign a contract until after this date.	CM Johnson	9/4/2024	Addressed 9/4/2024
25	Are we looking at increasing B&O taxes and the Utility Tax rate?	Not immediately. We are anticipating continuing our B&O tax audit. The square footage tax hasn't yet been revisited but remains a potential revenue opportunity.	CM Johnson	9/4/2024	Addressed 9/4/2024
26	Does the Utility Tax discussion correlate with the Utility Rate Study?	The Utility Rate Study will affect the amount of utility taxes collected. However, setting the utility tax rate is an independent process from the utility rate study.	CM Johnson	9/4/2024	Addressed 9/4/2024
27	Do we have a history of a 5% vacancy assumption in past budgets? Is this a normal practice for cities?	The City has not assumed a vacancy rate in past years. The Government Finance Officers Association (GFOA) notes that "If the government fully funds salaries associated with vacancies, it is building some potential cushion into the budget. Items to consider"	CM Johnson	9/4/2024	Addressed 9/9/2024
28	If we are going to balance the budget on a 5% vacancy assumption, what are we doing to prevent us from having to make a 10% vacancy assumption in two years?	Any change to the 5% vacancy assumption would require approval by Council.	CM Johnson	9/4/2024	
29	The City budgeted \$175k annually during 2023-2024 for the Tourism Promotion Fund (#110). Is this the typical amount?	From 2019 to 2022, the average annual expenditure was \$84k.	CM Cotton	9/8/2024	Addressed 9/9/2024
30	Why does the fund balance change within the Opioid Settlement Fund (#123), page 43?	Both amounts are estimates. The first column shows the 2023-2024 budget, approved in 2022. The second shows the 2025-2026 proposed budget, which it includes updated information allowing us to make a better forecast for the opening balance of the 2025-2026 budget.	CM Cotton	9/8/2024	Addressed 9/9/2024
31	The Home Elevations Fund (#144) Has \$1.5 Million left in 2023-2024 but 2025-2026 shows an opening balance of zero. Where did those monies go?	Both amounts are estimates. The first column shows the 2023-2024 budget, approved in 2022. The second shows the 2025-2026 proposed budget, which it includes updated information allowing us to make a better forecast for the opening balance of the 2025-2026 budget. The grant associated with this revenue source was not received, as no eligible homeowner applications were processed. However, the grant funds are still available for home elevations.	CM Cotton	9/8/2024	Addressed 9/9/2024
32	Non-Utilities Capital (#310) has an increase in wages of \$155k (\$78k annually), but only an increase of 0.25 FTEs, costing \$56k annually. Is this increase an approximation?	All budget numbers are approximations, but those for salaries and benefits are fairly accurate as we have many data points we can rely on to make forecasts. These increases that are above and beyond the FTE adjustments relate to cost-of-living adjustments.	CM Cotton	9/8/2024	Addressed 9/9/2024
33	Wastewater (#402) has a biennial increase in wages of \$577k, with \$372k explained by an 1.53 increase in FTEs. What accounts for the remaining \$200k increase?	All budget numbers are approximations, but those for salaries and benefits are fairly accurate as we have many data points we can rely on to make forecasts. These increases that are above and beyond the FTE adjustments relate to cost-of-living adjustments.	CM Cotton	9/8/2024	Addressed 9/9/2025
34	Stormwater (#403) has a biennial wage increase that doesn't match the change in FTEs. What accounts for the remaining increase?	All budget numbers are approximations, but those for salaries and benefits are fairly accurate as we have many data points we can rely on to make forecasts. These increases that are above and beyond the FTE adjustments relate to cost-of-living adjustments, overtime, and standby.	CM Cotton	9/8/2024	Addressed 9/9/2026
35	What does the Solid Waste Administration fee pay for?	Street maintenance and street sweeping	CM Cotton	9/9/2024	Addressed 9/9/2024

#	Question	Administration's Response	Requestor	Received	Status
36	Would any of the upcoming statewide initiatives have an effect on the city budget?	Two initiatives could expand our revenue options by removing supplanting restrictions for levy lid lifts and allowing us to share sales tax within certain areas between neighboring jurisdictions. Others may have slight tangential effects by increasing certain revenues or decreasing shared revenues and state grants. None of these initiatives have affected budgetary assumptions.	CM Johnson	9/17/2024	Addressed 9/23/2024
37	The GIS Analyst salary is listed at over \$170k. Is that a correct salary for this position?	Yes. This amount includes both salaries and benefits.	CM Cotton	9/20/2024	Addressed 9/23/2024
38	As shown in the Biennial Budget Comparison table, the Utilities Capital Fund expenditures appear to have decreased by \$10m. Why did this occur?	The main reason for this decrease relates to the Waste Reclamation Facility Phase 3, the bulk of which will be completed during 2023-2024. The total estimated project value is over \$15 million.	CM Cotton	9/20/2024	Addressed 9/23/2024





# Mayor's Proposed 2025-2026 Biennial Budget

Combined Question & Answer Presentations  
September 4, 9, and 23, 2024



# Question & Answer

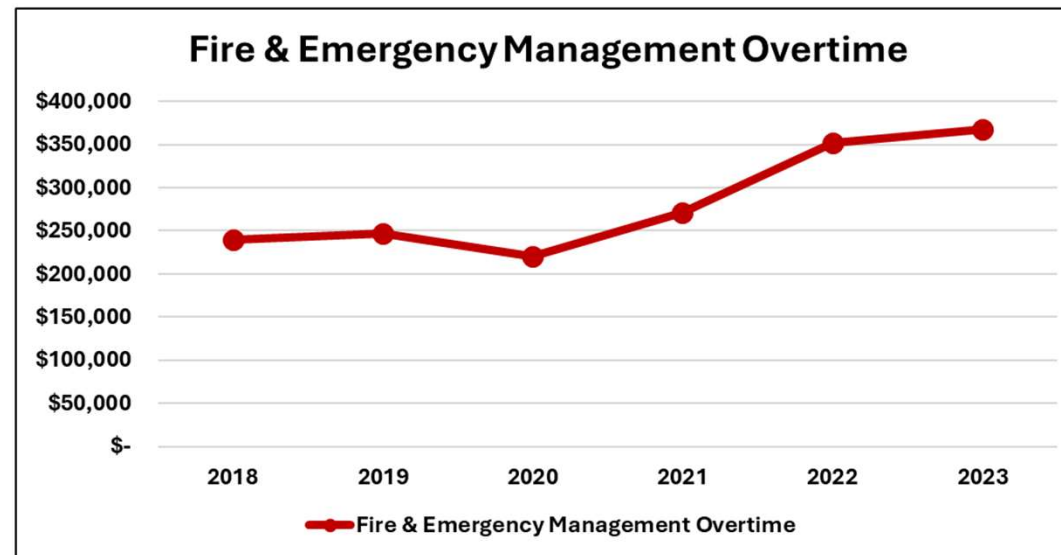
## Question:

- How much as the City historically spent on overtime within the Fire and Emergency Management Department and how does that compare to the 2025-2026 Biennial Budget?

## Answer:

Six (6) Year Average Spent = **\$283K**

The City has budgeted **\$94K** and **\$97K** in overtime for 2025 and 2026 respectively.





# Question & Answer



## Question:

- **How many firefighter positions would the proposed reduction in overtime fund?**

## Answer:

- Six (6) Year Average Spent = **\$283K**
- The City has budgeted **\$94K** and **\$97K** in overtime for 2025 and 2026 respectively.
- The difference is roughly equal to **\$188K** annually.
- The average cost of an employee in the Fire and Emergency Department who may work overtime is approximately **\$164K**.
- This means that the proposed reduction in overtime budgeted is roughly equal to **1.15 FTEs**.
- If you account for 2023 overtime only, then the reduction in overtime budgeted is roughly equal to **2.25 FTEs**.



# Question & Answer

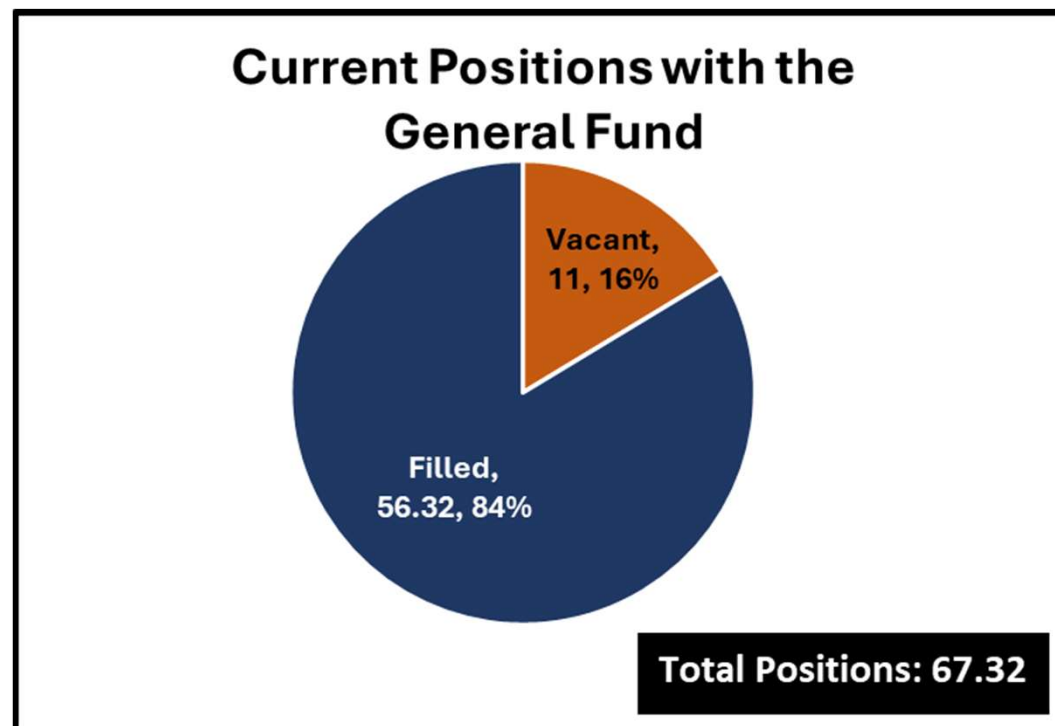


- **Question:**
  - **How does modifying the full staffing assumption to include a 5% vacancy rate help to fund the three (3) additional firefighters?**
- **Answer:**
  - Historically, the General Fund (#001) has been budgeted under the assumption that all positions will be filled. Realistically, many positions are vacant.



# Question & Answer

- Currently, the General Fund has 11 vacancies, representing 16.3% of the total 67.32 total currently approved FTEs.





# Question & Answer



- The table below shows an estimate for the 2025-2026 General Fund (#001) Salary and Benefit budget if every position in the General Fund were assumed to be filled during biennium, an estimate that assumes 5% of General Fund positions will be vacant, and finally, an amount available for other uses if a 5% vacancy rate is assumed.

	2025	2026
Salaries & Benefits – No Vacancies	\$11.6 M	\$12.3 M
Salaries & Benefits – 5% Vacancy	\$11.0 M	\$11.7 M
Money Available for Other Uses	\$579 K	\$614 K

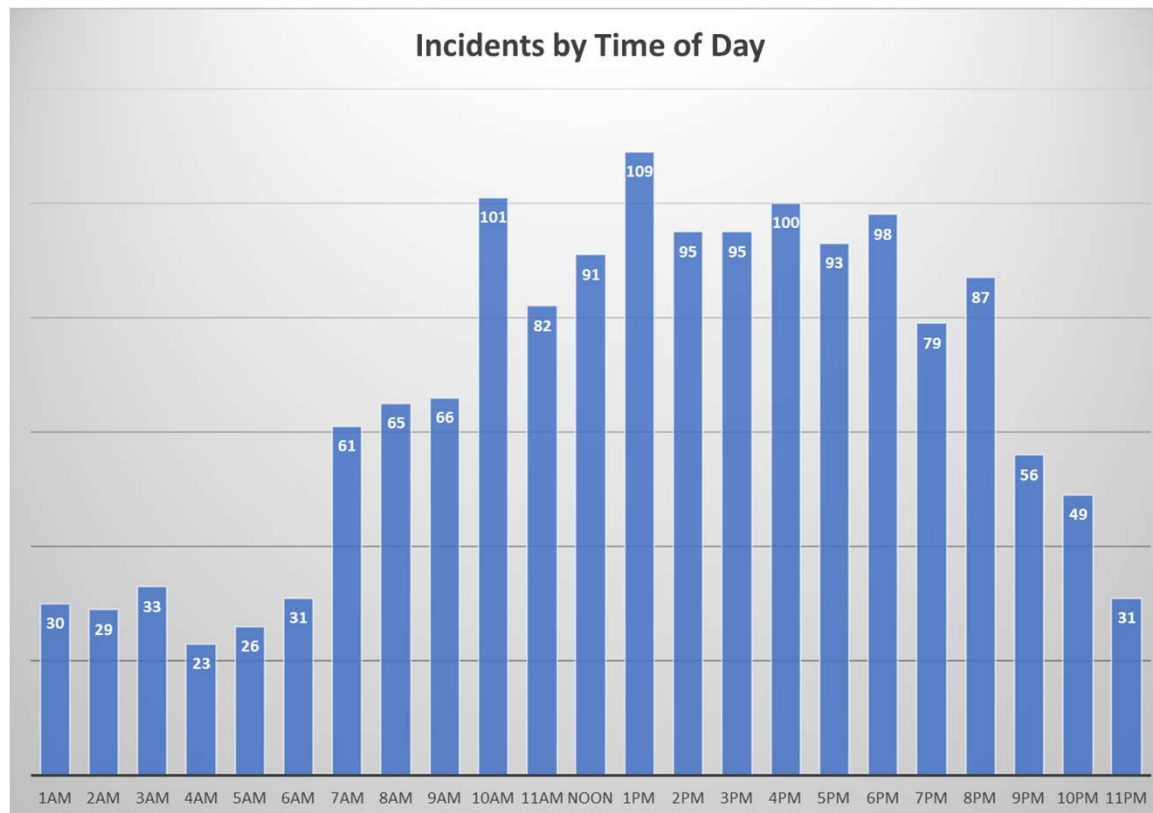


# Question & Answer

## Question:

- How many calls for service take place during the day time versus the night time?

## Answer:



# Overtime Hours by Year



2021

Total OT 4,804

- Miscellaneous 437
- Shift 3,827
- Mandatory 540

2022

Total OT 6,136

- Miscellaneous 564
- Shift 4,592
- Mandatory 980

2023

Total OT 6,217

- Miscellaneous 483
- Shift 3,990
- Mandatory 1,744





# Question & Answer



## Question:

- **How was the estimated increase in Comprehensive Fee Study revenue derived? How much of the estimated increase is constituted by certain fees?**

## Answer:

- The 2025-2026 Biennial Budget currently includes an estimated **\$100k** and **\$300k** in revenue respectively for 2025 and 2026 resulting from the Comprehensive Fee Study.
- **This estimate is consistent with was put into the 2023-2024 Biennial Budget.**



# Question & Answer



## Answer:

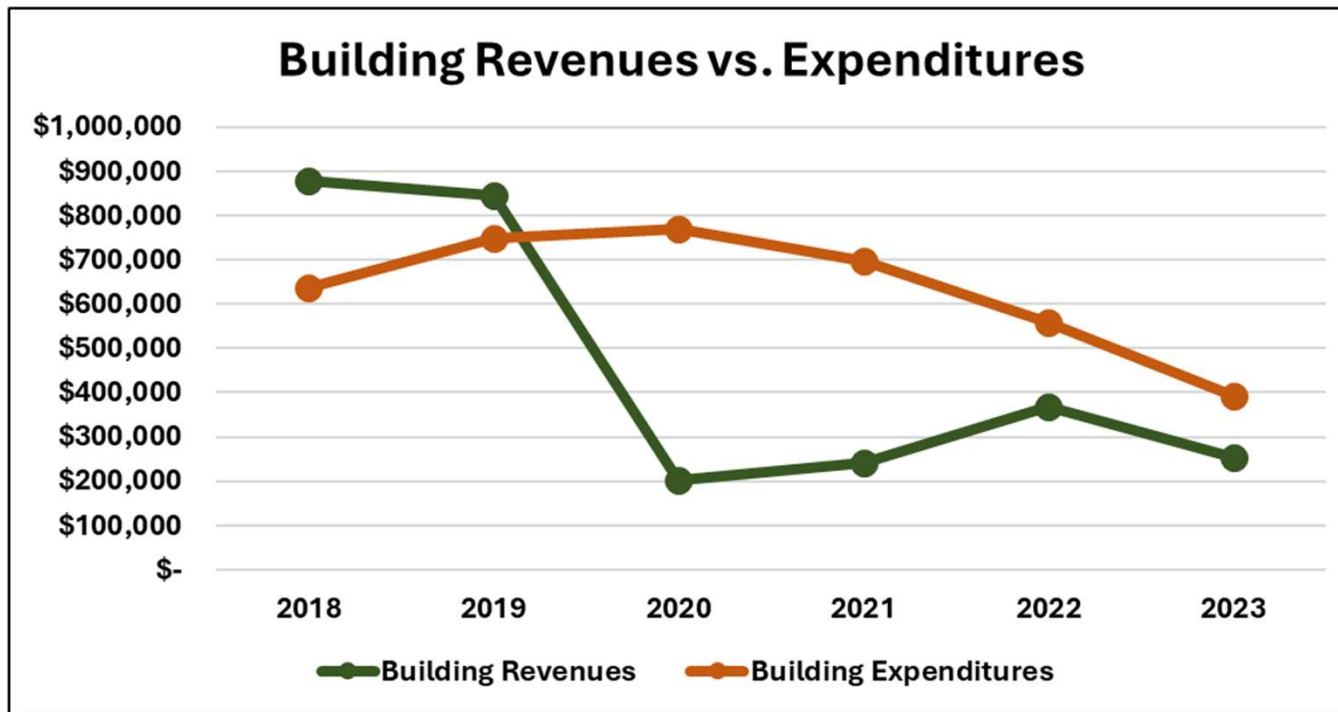
- Due to staffing issues, **the comprehensive fee study was not completed during the 2023-2024 biennium** and was therefore carried into the 2025-2026 biennium, including the estimated revenue amounts.
- The estimated revenue was an **educated guess** based on some of the following comparisons.



# Question & Answer

## Building Revenues vs. Expenditures:

- Revenues include building permits, building inspection fees, fire safety inspection fees, and plan checking fees.





# Question & Answer

## Ratio of Building Revenues to Expenditures:

- For every \$1.00 dollar spent how much fee revenue does the City collect?

2018	2019	2020	2021	2022	2023	Average
\$1.38	\$1.13	\$0.26	\$0.35	\$0.66	\$0.65	\$0.74

- Building fees were not updated between 2014 and 2021 and there has been no catch up for that period of time.
- How much more would the City have collected (assuming same level of activity)?:

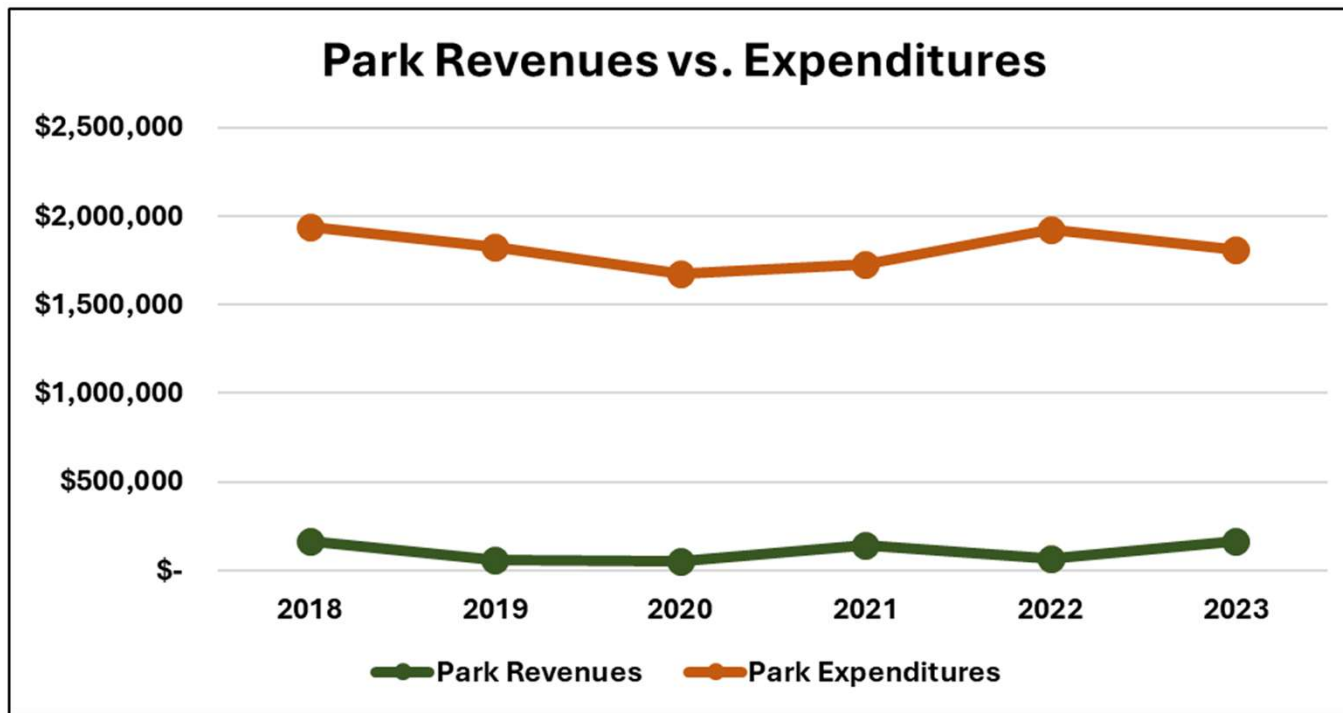
Cost Recovery %	6-Year Total	Average Per Year
100%	\$1.01M	\$168K
90%	\$630K	\$105K
80%	\$250K	\$42K
70%	(\$130K)	(\$22K)



# Question & Answer

## Park Revenues vs. Expenditures:

- Revenues include park rentals (i.e., recreational activity fees).





# Question & Answer

## Ratio of Park Revenues to Expenditures:

- For every \$1.00 dollar spent how much fee revenue does the City collect?

2018	2019	2020	2021	2022	2023	Average
\$0.08	\$0.03	\$0.03	\$0.08	\$0.03	\$0.09	\$0.06

- How much more would the City have collected (assuming same level of activity)?:

Cost Recovery %	6-Year Total	Average Per Year
20%	\$1.53M	\$255K
15%	\$986K	\$164K
10%	\$440K	\$73K
5%	(\$104K)	(\$17K)



# Question & Answer



- **Question:**

- **Why have Non-Utility Capital (#310) services decreased by \$9 million?**

- **Answer:**

- The budget amounts for Non-Utility Capital were determined within the 2025-2030 Non-Utility Capital Improvement Plan, adopted July 8, 2024.

2025 Expenditures	\$19,044,154
2026 Expenditures	<u>\$18,271,821</u>
Proposed Budget	\$37,315,975

- The Services line item relates primarily to construction management, design, and other professional services. Projects usually experience these costs early in their life cycle. The largest decrease relates to the Community Center Expansion, with a total decrease of \$6.6 million for these items.



# Question & Answer



- **Question:**

- **Why does Non-Utility Capital (#310) revenue increase from \$5.4 million in 2025 to \$14.1 million in 2026 (p. 14)?**

- **Answer:**

- The revenue amounts for Non-Utility Capital were determined within the 2025-2030 Non-Utility Capital Improvement Plan, adopted July 8, 2024. The majority of the difference between the two years is as follows:

Undetermined Community Center Contribution	\$5,800,000
YMCA Contribution to the Community Center	\$1,300,000
<u>USDOT Grant for Railroad Crossing</u>	<u>\$2,073,000</u>
<b>Total</b>	<b>\$9,173,000</b>





# Question & Answer



- **Question:**

- **Why have “Intergovernmental Revenues” increased 93% within the General Fund (p. 17)?**

- **Answer:**

- Updated coding for GEMT: +\$720k (64%)
- WA Dept. of Commerce Grants: +\$875k (78%)
- Loss of PILT: -\$333k (-30%)
- Total: \$1,262k (112%)



# Question & Answer



- **Question:**

- **Why have “Transfers In” decreased by 100% within the General Fund (page 17)?**

- **Answer:**

- The General Fund received \$2.1 million from the American Rescue Plan Act (ARPA) Fund (#150). These funds were given to the City to respond to the public health emergency or its negative economic impacts. These funds are expected to be fully used by 12/31/2024, before the start of the 2025-26 biennium.



# Question & Answer



- **Question:**

- **What is in “Non-Departmental (Sustainability, etc)” with the 10-Year Forecast (Appendix A1)?**

- **Answer:**

- Non-Departmental is composed of Human Services, Court Services, and a mix of other items identified on the 10-year Financial Forecast as “Non-Departmental (Sustainability, etc.)” that cannot be assigned to a specific department including:
  - Shared supplies
  - Membership & other dues
  - Customer deposits refunded



# Question & Answer



- **Question:**

- **Did the Administration budget for any license or permit fee revenue from potential development activity outside of Snoqualmie Mill?**

- **Answer:**

- Outside of a base amount of license and permit activity for small infill development or building modifications, and the aforementioned Snoqualmie Mill, the Administration did not budget for any other significant development activity.



# Question & Answer



- **Question:**

- **Did the Administration budget for any payment in-lieu of taxes (PILT) or other sources of revenue generated by tribal properties?**

- **Answer:**

- No, the Administration did not budget for any source of revenue generated by tribal properties, except for the amount of utility rate revenue the City would expect to receive, forecasted by the utility rate study, from the casino and its expansion.



# Question & Answer



## Question:

- **Why has nothing been budgeted for the Affordable Housing Fund (#131)?**

## Answer:

- Council and staff are working/have worked to **develop an RFP**.
- Once proposals are received and a decision from Council is made, then staff will **come back with a budget amendment reflecting the decision**.
- Council directed staff during the creation of the 2023-2024 Biennial Budget to **not appropriate funds for affordable housing** unless there was a plan to support the budget requested.



# Question & Answer



## Question:

- **Would any of the upcoming statewide initiatives effect the City budget?**

## Answer:

- **HB 2044 – Removal of supplanting restrictions for levy lid lifts for cities within King County:**
  - This change expands our options for restructuring revenue. However, it does not affect our actions for the current budget cycle.
- **SHB 2428 – Cities and towns may agree to share sales tax within certain areas to promote shared projects:**
  - This change expands our options for collaborating with neighboring jurisdictions. It does not affect the current 2025-2026 budget.



# Question & Answer



- **Initiatives on the Ballot:**

- **Initiative No. 2066** – Require utilities to provide natural gas to eligible customers.
  - Potential slight revenue effect.
- **Initiative No. 2124** – Allow employees to opt out of long-term care insurance.
  - Affects processing of payroll, not budget.
- **Initiative No. 2109** – Repeal the capital gains excise tax on gains over \$250,000.
- **Initiative No. 2117** – Prohibit carbon tax credit trading and repeal provisions of 2021 Washington Climate Commitment Act (CCA).





# Question & Answer



- **Initiatives Approved by the Legislature:**
  - **Initiative No. 2113** – Remove certain restrictions on police vehicular pursuits.
  - **Initiative No. 2081** – Provide parents with a right to review educational materials, receive certain notifications, and opt out of sexual health education.
  - **Initiative No. 2111** – Prohibit the state or local governments from enacting taxes based on personal income.



# Question & Answer



## Question:

- Does the GIS Analyst position really carry a cost of compensation over \$170,000 per year?

## Answer:

- Yes, the GIS Analyst position really does cost over \$170,000 in compensation per year. The wage is approximately 65% of the cost (~\$110,000), medical premiums 23% of the cost, and pension expenses 7% of the cost.



# Question & Answer



## Question:

- In the Biennial Budget Comparison table (Appendix A3), the reduction in appropriation seems attributable to a decrease in the Utilities Capital Fund (#417). What changed?

## Answer:

- The Waste Reclamation Facility Phase 3, a \$14.7 million project within the 2023-2028 CIP, is currently being constructed. The bulk of this work occurs during the 2023-2024 biennium.
- The Utilities Capital Fund (#417) budget will be finalized in tandem with the Utility Rate Study and the 2025-2030 Utilities CIP.



# **2025-2026 Biennial Budget Question responses**

## **Parks & Public Works:**

# Utility Admin Position: 2025-2026 budget request

## Current combined PPW workload:

- **Street use permit review:** For utility work conducted within City Right-of-Way(ROW). Approximately 5-7 per month.
- **Invoicing:** Handling all three utilities invoicing (Approx. 200 invoices per month – currently processed by superintendents)
- **Park and Field Reservations:** reservation tracking, rental use and timing, fee calculation, for all park rentals and league reservations of fields.
- **Public Engagement:** managing 3 separate emails, 30-50 emails daily, 15-20 phone calls daily (significantly more during emergency situations).
- **Sewer and Water availability:** Several applications a year.
- Currently, we have no backup when existing 1 FTE is away from the office.

## Future increase in workload:

- Tyler/Munis: increased expectation to utilize workorders that come in from the public.
- Accounts Payable(AP): increased expectation to manage accounts payable system through Tyler (currently being managed by Finance).
- Backup for both parks and streets admin and utility admin.

# Wastewater Pump backups

- 4 backup pumps requested in 2025-2026 budget at a total cost of \$121K
- We need redundancy to prevent system failures. All stations are at least duplex, with a primary and a backup pump already installed
- When a pump fails, we no longer have the backup, which DOE requires
- Lead time for parts or entire pumps can be up to 4-6 months
- To determine priorities, staff assessed all pumps with the following criteria:
  - 1) Proximity to critical area/bodies of water
  - 2) Size of pump station
  - 3) Age of pumps
  - 4) Overall condition



Typical pump (WEMCO) for installation at Kimball Creek Lift Station

# Wastewater Pump backups: Data

	#1 Railroad <sup>1</sup>	#2 Pickering	#3 Park	#4 Meadowbrook	BP <sup>2</sup>	E Crestview <sup>2</sup>	F Fairway <sup>4</sup>	Honey Farm	Hospital <sup>3</sup>	K2 Burke <sup>3</sup>	K3 Muir <sup>2</sup>	L Carmichael <sup>2</sup>	S12A Vaughn	Z Gala	Kimball	N6	IPPS
#1 Railroad																	
#2 Pickering			X													X	
#3 Park		X														X	
#4 Meadowbrook														X			
BP <sup>2</sup>						X					X	X					
E Crestview <sup>2</sup>					X						X	X					
F Fairway <sup>4</sup>																	
Honey Farm													X				
Hospital <sup>3</sup>										X							
K2 Burke <sup>3</sup>									X								
K3 Muir <sup>2</sup>					X	X						X					
L Carmichael <sup>2</sup>					X	X					X						
S12A Vaughn								X									
Z Gala				X													
Kimball																	
N6			X														
IPPS																	

NAME	PUMP	AGE
#1 Railroad	KSB KRT K150-401/326XG	2002
#2 Pickering	FLYGT 3127.090-2952	2021
#3 Park	FLYGT 3127.090-2560	2010
#4 Meadowbrook	FLYGT 3102.090-1153	2010
BP	KSB KRT K100-316/294XG	1998
E Crestview	KSB KRT K100-316/294XG	1998
F Fairway	KSB KRT K100-316/284KLG	1998
Honey Farm	FLYGT 3085.092-0046 -1120	2005
IPPS	FLYGT 3171.091-5115	2009
Hospital	FLYGT 3153.095-0335	2014
K2 Burke	FLYGT 3153.095-0012	2004
K3 Muir	KSB KRT K100-316/294XG	1998
L Carmichael	KSB KRT K100-316/294XG	2000
S12A Vaughn	FLYGT 3085.092-1436	2014
Z Gala	FLYGT 3102.090-1219	2003
Kimball	WEMCO I10K-M-IETT7	1997/2012
N6	FLYGT 3127.090-2569	2007

Primary likelihood of failure

Secondary likelihood of failure

# Wastewater Pump backups: real-life scenarios

1) In 2023, a power cable failed at #1 Railroad lift station (our second most critical facility) This facility is designed to move 2200 GPM of sewage during peak flows.

Lead time on new cords was 4 months. Staff rented a backup pump at a cost of \$30K until this repair was completed.

2) In 2023, Carmichael lift station had a pump failure, and had to be rebuilt. Cost of rebuild was \$22k, not including staff time. It took 5 months to get parts, and a backup pump had to be rented at \$6,500 a month.

Total cost of repair and backup pump: \$54,500

A new pump for this location is \$28k